

**‘GLOCAL’ Mission, Resources & Locus in Organizational Strategy**

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**ABSTRACT:**

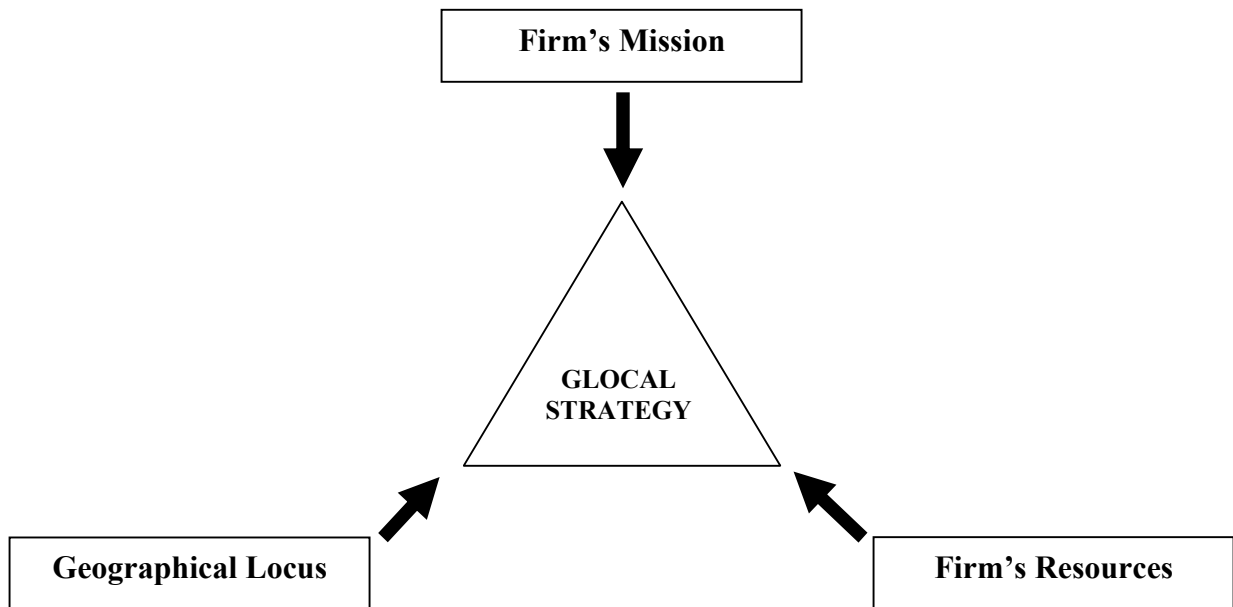
Strategic management in any type of organization – *whether big or small, whether profit-oriented or non-profit based, whether government-run or privately managed, whether in manufacturing sector or in services industry, whether a domestic player or an export oriented unit* – has got a new dimension today. This dimension is the all too familiar ‘GLOCAL’ vision. Well, what is really interesting and worth analyzing for all managers, leaders and entrepreneurs of today’s progressive, knowledge-based corporations, is that this ‘GLOCAL’ element is now an indisputably imperative ingredient for all successful organizations – in different flavours, of course! Critical factors that are examined in this paper would be ‘GLOCAL’ mission, resources and locus of organizational strategy.

**INTRODUCTION:**

Christopher A. Bartlett and Sumantra Ghoshal in their classic work, ‘*Managing across Borders*’<sup>1</sup>, classify the three types of organizational strategies: (i) a single globally coordinated strategy, (ii) a multinational strategy favouring strong national responsiveness and (iii) a core global standard strategy with some localized elements. This is also known as the ‘GLOCAL’ strategy, and deals with the localization of the global strategy.

What are the key elements of this ‘GLOCAL’ strategy? Well, rather than term them as elements, it is better to call them as the ‘GLOCAL’ mix. This is so, because the resultant effect, is a combined synergy of the 3 key constituents of this mix: Mission, Resources and Locus (Geography + Control). Mission refers to the goal. Resources refer to men, material, machine, money and management. Geographical locus specifies region/ location and control.

**Fig. 1.1 The ‘GLOCAL’ Strategy Mix**



*Therefore a ‘GLOCAL’ strategy incorporates the adaptation or customization of the worldwide resources, objective and location of a firm to suit regional requirements in order to attain competitive advantage.* Examples of ‘GLOCAL’ strategy abound among the multitudinous knowledge-based corporations today. Let us examine how some of the world’s most successful enterprises are following a ‘GLOCAL’ strategy.

**METHODOLOGY:**

The methodology followed is a three-step process. The veracity of the hypothesis that leading corporations of the world follow a ‘GLOCAL’ strategy, irrespective of their size, sector or country of origin, is tested.

As a first step, I begin with the world’s greatest organizations, i.e., top ten in the Global Fortune 500 Corporations<sup>2</sup> list. If the Fortune 500 companies are able to demonstrate that they have adopted ‘GLOCAL’ strategies, then it can conveniently be assumed that the world’s most successful corporations subscribe to the ‘GLOCAL’ strategy. If however, these global top 10 corporations are seen to have not followed a ‘GLOCAL’ organizational strategy, then it could be attributed to other success factors.

The second step that is followed relates to a brief examination of other successful corporations which are not featuring among the top 10 largest firms. These include some Indian multinationals (since none of the Indian companies featured in the first list), which are tested for pursuit of a ‘GLOCAL’ organizational strategy.

The third step would examine the success of the non-governmental, non-profit, as well as government-owned and domestic-oriented organizations. If this category too demonstrates the success of ‘GLOCAL’ strategy, then we could conclude beyond doubt that ‘GLOCAL’ organizational strategy is the ultimate success formula for today’s competitive environment.

**ORGANIZATIONAL STRATEGY OF WORLD’S TOP TEN CORPORATIONS:**

In order to study the above, the latest list i.e. 2006 revenues ranked in the Fortune 2007 Global 500 issue of July 23, 2007 is being considered. As per this list, the names featured in the top 10 are as indicated in Table 1.1:-

**Table 1.1\***

<b>Rank 2006</b>	<b>Company Name</b>	<b>Revenue (\$ million)</b>
1	Wal-Mart Stores (U.S.)	351,139.0
2	Exxon Mobil (U.S.)	347,254.0
3	Royal Dutch Shell (Netherlands)	318,845.0
4	BP (Britain)	274,316.0
5	General Motors (U.S.)	207,349.0
6	Toyota Motor (Japan)	204,746.4
7	Chevron (U.S.)	200,567.0
8	DaimlerChrysler (Germany)	190,191.4
9	ConocoPhillips (U.S.)	172,451.0
10	Total (France)	168,356.7

\*Extracted from Fortune 2007 Global 500 issue of July 23, 2007, pp 104 (F-1)

The organizational strategy of each of the above is examined in the following section, with respect to their ‘GLOCAL’ strategy comprising mission, resources and geographical locus.

**Wal-Mart Stores (U.S.):**

Let us begin by looking at Wal-Mart’s global operations<sup>3</sup>. The company’s international presence includes the locations depicted in Table 2.1, below:-

**Table 2.1** \*\*

Country	Retail Units	Date of Entry
Mexico	994	November 1991
Puerto Rico	54	August 1992
Canada	298	November 1994
Argentina	21	November 1995
Brazil	307	May 1995
China (*)	195	August 1996
United Kingdom	352	July 1999
Japan	394	March 2002
Costa Rica	146	September 2005
El Salvador	68	September 2005
Guatemala	145	September 2005
Honduras	47	September 2005
Nicaragua	44	September 2005

\* Includes a 35% interest in Trust-Mart, which operates 102 stores in China.

\*\* Extracted from [www.walmartstores.com](http://www.walmartstores.com), International data sheet

The company’s official figures for international sales for the Financial Year ended January 31, 2007, has been \$ 77.1 billion – a 30.2 percent increase over the previous year. Their operating profit was \$4.2 billion, which showed an increase of 21.5 percent compared to the previous fiscal year. Well’s what’s the secret of their success?

As per the company, *“At Wal-Mart, we go to great lengths to ensure our international stores reflect the local needs and wants of our customers.”*<sup>4</sup>

The above is clearly an organizational strategy that spells out their locational (country-specific) policy despite their basic global initiative to try giving the best quality goods at the best prices.

Wal-Mart, famous for its Every Day Low Prices (ELDP) global strategy, has applied localization flavours. While capitalizing on the brand name earned with its retail ventures in every market, including the United States, its successful foray in retail banking operations have been launched only in Mexico under the name, Banco Wal-Mart.

In CNN-Money’s January 29, 2008 report<sup>5</sup> titled, “Wal-Mart gets its bank - in Mexico”, Carolyn Whelan says that Wal-Mart decided to get into consumer banking because more than three quarters of the households in Mexico do not have a savings account. Easier procedural permission from government, a huge potential market, along with an established credibility of Wal-Mart’s brand confidence known for superior service at low cost, are factors that have led to Wal-Mart’s retail banking operations in Mexico. Indeed, this is to capture the fortune at the bottom of the pyramid<sup>6</sup>, an activity it could not do in any other global market, including on home turf, i.e. the U.S.<sup>7</sup>

### **Exxon Mobil (U.S.):**

For the Fortune 500’s No. 2 company, Exxon Mobil, what deceptively appears outwardly – that of a defiant, profit-hungry corporation under the leadership of CEO, Rex Tillerson<sup>8</sup>, – is only one half of the aggressive stance of the petrochemical leader to ‘not fall in line with the other oil companies’. Behind the successful operation is also a successful ‘GLOCAL’ strategy, firmly in place.

The site selection itself looks into advantages of location. However, apart from that, (for example, Asia-Pacific hubs like Saudi Arabia and Singapore), the fact that customer-specific preferences are taken into account for every region, speaks about their mission to be market leaders.

*“Much of our success results from a long-standing practice of locating our major chemical plants adjacent to world-class refineries that provide economical feedstock. That practice allows for a broad slate of financially attractive products that meet customer needs.*

*Complexes in Saudi Arabia and Singapore serve the rapidly growing Asia Pacific. Other complexes are in Canada, the United States, Belgium, France, the Netherlands and the United Kingdom. These world-scale manufacturing sites **provide the capacity to meet customer preferences in every region**, including the sale of products into areas such as Latin America and Africa.”<sup>9</sup>*

### **Royal Dutch Shell (Netherlands):**

Shell is a global group of energy and petrochemical companies, active in more than 130 countries and territories, employing 108,000 people worldwide. Their history in China, for example, is an interesting story. It shows that in the early 1890s, the creators of the Shell Transport and Trading Company, began shipping kerosene to China... After World War –II, Shell closed its office in 1966 to reopen it in 1970-71<sup>10</sup>.

However, what is most interesting about Shell China, is the September 18, 2007 report by He Qing, the CEOCIO China Reporter of China Business Feature Online, titled “Shell’s Lim Reform”<sup>11</sup>. Despite maintaining the global logo and global standards in their operations, the key expansion of activities in China for Shell occurred only when Jeroen Van der Veer, CEO of Royal Dutch Shell, sent Lim Haoguang to China. The use of local resources to tailor their global strategy can be summed in the words of Lim Haoguang: *“Shell’s major profit groups in China include the Chinese Government, Chinese business partners, Chinese communities, Chinese users and Chinese staff. Making use of local talent and supplementing international experts is a*

*step in the right direction.*” This is a core articulation of their ‘GLOCAL’ strategy. No wonder, the last two years’ performance sums up how successful this has been. The Chinese Government’s critical approach changed with more Chinese people’s involvement in their decision making. This included Lim’s ‘Cultivation Plan’ of hiring more local level managers, as well as inducting more strategic management level Chinese managers in their National Coordination Group, and ensuring that 97% of the Shell China’s 7000-strong staff is Chinese.

### **British Petroleum (Britain):**

British Petroleum (BP) pursues a ‘GLOCAL’ strategy to leverage locus and mission synergies by partnering with local players. An example is their presence in India with 2 major entities – Castrol and Tata Group<sup>12</sup>.

*As per BP, they have “71% holding in Castrol India Limited, making BP group one of the largest lubricants companies in India...*

*Tata BP Solar is a 51% joint venture of BP Solar and the Tata Group, and has been operating in India since 1989. It is a leader in the Indian solar energy market, manufacturing solar cells, solar PV modules and systems and solar thermal systems. Tata BP Solar maintained its market performance in 2005, despite a worldwide shortage of silicon. The business exports 60% of its production, mostly to Europe (predominantly Germany) and also the US. It was the first solar company in India to be awarded the ISO 9001 for quality and ISO 14001 for environmental standards.”*

### **General Motors (U.S.):**

General Motors’ ‘GLOCAL’ strategy has been in taking its global models to international markets through FDI. This Detroit-based global auto leader was established nearly a century ago. One example of the global locus strategy leveraged by GM is available in the operations of its wholly-owned subsidiary, General Motors Overseas Distribution Corporation (GM ODC). As per the company’s website, this division is located in Singapore, and “*began its operations in 1972. It is engaged in the marketing and distribution of GM vehicles, parts and accessories. It also covered ACDelco Order Administrative Center in Asia Pacific region.*

*For vehicle sales & services, GMODC is responsible for Asia Pacific markets that do not have GM direct representation or operation. Currently, GM ODC has 12 markets under its wing: Singapore, Brunei, Guam, New Caledonia, Tahiti, Pakistan, Papua New Guinea, Fiji, American Samoa, Independent Samoa, Vanuatu and Mongolia.”*<sup>13</sup>

In the May 2005 report<sup>14</sup>, Robert Socia, the President and Managing Director of GM South Africa had articulated another aspect of their key ‘GLOCAL’ strategy thus: “*GM South Africa has a dedicated Component Export Department working toward securing new export business opportunities for the local component industry. We are actively seeking opportunities for the local supplier base that are competitive. We are also ensuring that local suppliers are included in GM’s world wide purchasing process so that, where appropriate, they are considered for possible business opportunities with GM on a global basis.*” Thus, developing the local component industry is a key element of this ‘GLOCAL’ strategy.

### **Toyota Motor (Japan):**

Among one of the most remarkable PowerPoint presentations I have seen till date, is one on their global strategy by Mr. Fujio Cho, President Toyota Motor Corporation. Although dated April 2003, this mission-oriented organization strategy knowledge base provides an insight into their ‘GLOCAL’ strategy up to the year 2010.<sup>15</sup> The resultant effect is what Toyota has framed as their 3-point regional strategy for achieving 2010 Global Vision:

- *North American Market (1): Creating market through new product launches*
- *North American Market (2): Production growth centered on light truck manufacturing (This is based on plant expansions in Indiana (Sienna), Canada, Mexico (Tacoma), and Texas*
- *European Market: Integrated manufacturing & marketing (This includes the UK, France, Czech Republic, and Turkey)*
- *Asian Market: Manufacturing & export base for pickups/multipurpose vehicles (with South Africa & Argentina as Intra-regional manufacturing bases, and Thailand as global manufacturing base, and other Asian nations as manufacturing bases for engines & main components)*
- *Chinese Market: Manufacturing & marketing being strengthened in response to market growth by establishing full product lineup, and establishing Toyota brand image*
- *Japanese Market: Introduction of Lexus & reorganization of sales channel with preparations for future changes (in market structure & customer values)*

Also, the successful ‘Americanization’ of Toyota vehicles in their North American market helped them sell more vehicles in the US than in Japan, most of which were manufactured locally, and also helped them in earning two-thirds of their corporate operating profit, as pointed out by Business Week’s April 15, 2002 article titled, ‘The Americanization of a Japanese Icon’.

### **Chevron (U.S.):**

Chevron Corporation is one of the world’s largest integrated energy companies, conducting business in more than 100 countries<sup>16</sup>. The ‘Global Strategic Workforce Development’, under 2006 Corporate Responsibility Report, talks about the local resource pool utilized by Chevron in its ‘GLOCAL’ strategy: *“In 2006, we retooled our global recruitment efforts, ... We expanded our recruitment efforts into countries such as India, South Africa and Thailand, where there are potential employees with key skill sets. We hired significantly more people in 2006 than in 2005, including approximately 3,500 in the United States and approximately 2,300 in non-U.S. locations. At the end of 2006, approximately 94.6 percent of our employees were working within their home countries.”*<sup>17</sup>

### **DaimlerChrysler (Germany):**

A sterling example of DaimlerChrysler’s ‘GLOCAL’ strategy has been Brazil, where the company has been producing commercial vehicles for the last 50 years. *“We stayed. That is our key sustainable achievement in this country”, says Mr. Gero Herrmann, President, DaimlerChrysler do Brasil. The São Bernardo plant was dedicated on September 28, 1956 by Brazilian President Juscelino Kubitschek. Since then, approximately 1.6 million vehicles have been produced. Their dominant market position on the roads of the South American nation is*

*hard to miss: Half of all trucks and 7 out of 10 buses in Brazil wear the Mercedes star. But production far exceeds domestic demand. A major portion is destined for the global market. Vehicles, engines, axles, and transmissions are exported to over 50 countries. Mercedes-Benz has contributed significantly to the once rural country’s industrialization.”<sup>18</sup>*

**ConocoPhillips (U.S.):**

Having operations in nearly 40 countries worldwide, this Texas-based energy company demonstrates the ‘GLOCAL’ strategy clearly in Malaysia. ConocoPhillips has been present in Malaysia since 2000, in production and exploration. The company “*has an interest in a refinery in Melaka with joint-venturer Petronas, the Malaysian state oil company. ConocoPhillips owns a 47 percent interest in the joint venture ...Through a joint venture in Malaysia, ConocoPhillips also has an interest in retail sites that are ProJET® branded outlets. The company has almost completed the process of transitioning its Malaysian retail business from mostly company-operated sites to dealer-operated sites, with the fuel to remain branded ProJET...ConocoPhillips also markets finished lubricants in the region, using direct sales or distributors depending on the local markets. These lubricants are mainly distributed under the Hydroclear® brand and are blended locally using a high-quality base oils source*”.<sup>19</sup>

**Total (France):**

This energy company has operations in 130 countries. Their CSR initiatives reveal more about their ‘GLOCAL’ strategy. This includes the following:- “*We leverage dialogue, cooperation and respect for the sovereignty of host countries to forge harmonious relationships with local communities. We work with legitimate local stakeholders to implement socioeconomic programs, and also aim to contribute to human development...*

*Developing the local production base and employment: When we begin operations in a country or region, we do everything we can to ensure that they have a beneficial impact on the development of industry and employment.*

*Tailoring and formalizing our community involvement: The key focuses of our community involvement, which we are striving to make more professional, are dialogue with local authorities and neighbors and partnerships with NGOs.*

*Contributing to the development of local communities: Health care, education and training are just some of the priorities of our community initiatives, mainly deployed in non-OECD countries.”<sup>20</sup>*

**ORGANIZATIONAL STRATEGY OF SOME OTHER SUCCESSFUL CORPORATIONS:**

Now let us look at some other great corporations.

**Microsoft:** Agreeably, Microsoft is a name that pops up almost instantaneously. The insightful article, ‘How Microsoft Conquered China’ by David Kirkpatrick in Fortune magazine<sup>21</sup> clearly portrays the ‘GLOCAL’ strategy of Bill Gates and Microsoft in China. The clincher: “*Today Gates openly concedes that tolerating piracy turned out to be Microsoft’s best long-term strategy*”.

**TCS:** With operations across 41 countries, and 42 offices in North America, TCS is a mind-blowing example. Asian operations include multi-lingual capabilities in Japanese, Chinese,

Korean etc. and approximately 40% of onsite consultants in the region are local experts. This is the localization element in their HR strategy.<sup>22</sup>

**Infosys:** An example of this from the leader in the IT industry which employs 80,000 employees is Infosys Australia, the Australian subsidiary, having approximately 1000 local employees and working with many of Australia's leading organizations. Again, like TCS, the ‘GLOCAL’ element is in HR strategy.<sup>23</sup>

**ICICI Bank:** Offering comprehensive banking services, life insurance, general insurance, asset management, investment banking and private equity/venture capital, ICICI Bank has a presence, through its subsidiaries, branches and representative offices, in 16 countries in North America, the UK and Continental Europe, the Middle-East, South Africa, South Asia and Hong Kong. In 2000, it was the first Indian banking company and the second bank from Asia to list on the New York Stock Exchange.<sup>24</sup> Its adaptation to local policies and conditions as part of its localization in its global marketing strategy, is noteworthy.

**Nestle:** The company has 500 factories in 83 countries and employs over 230,000 people. However, at Nestlé, each of the national companies has the flexibility to make its own decisions to meet the local / national needs. *“Each region can choose to sell the brands that satisfy their own consumers’ unique needs. And yet, as part of the larger organization, all benefit from access to global resources, decades of experience and our large chain of research and development centres.”*<sup>25</sup>

**Coke:** At anvari.com, I came across this interesting content, attributed to Paul Harvey<sup>26</sup>: *“When Coca-Cola was first introduced to China a short time ago, the company had some difficulty spelling the product's name in Chinese, while keeping the same pronunciation (“ko-ka ko-la”) ... the first attempt translated to “bite the wax tadpole.” Finally they arrived at something which translated to “may your mouth rejoice,” and now Coke is selling quite a bit better.”* Also, the customized ‘Thanda Matlab Coca Cola’ ad has been really successful in India.

**Amul:** Amul, the taste of India, launched its products in the US, which are imported and distributed by Kanan Dairy Products Inc. As per their website, the company has *“developed a special packaging for the products to be marketed in the United States, complete with Nutritional Information, Toll free No., Barcode and other information stipulated by the US Laws.”*<sup>27</sup>

**Hyundai:** Visit Hyundai’s US website, and you are welcomed by an ad that talks about “The Dollars & Sense” sales event.<sup>28</sup> Log on to their Canadian or Indian versions, and you will see an altogether new ad at [www.hyundaicanada.com](http://www.hyundaicanada.com) and [www.Hyundai.co.in](http://www.Hyundai.co.in), respectively, welcoming you. That’s why Shah Rukh Khan is the celebrity featured in the Indian TVCs.

### **NGOs, CHARITIES, GOVERNMENT-OWNED AND DOMESTIC FIRMS:**

Many NGOs, government-owned and domestic organizations that have exhibited ‘GLOCAL’ strategy, have tasted lasting success. This third category can feature the following examples:-

**World Vision:** World Vision is a Christian humanitarian organization dedicated to working with children, families and their communities worldwide to reach their full potential by tackling the

causes of poverty and injustice. *In nearly 100 countries around the globe, World Vision joins with local people to find lasting ways to improve the lives of children and families in poverty.*<sup>29</sup> That’s their ‘GLOCAL’ strategy.

**Bill & Melinda Gates Foundation:** The Bill & Melinda Gates Foundation is dedicated to bringing innovations in health and learning to the global community. The foundation's *Global Development Program is working with motivated partners* to create opportunities for people to lift themselves out of poverty and hunger.<sup>30</sup>

**Nirma:** The Ahmedabad-based FMCG major Nirma manufactures detergents, soaps and personal care products, including the famous Camay brand soap through its subsidiary. It is raising Rs. 5,000 crore through a combination of foreign listing, allotment of equity to qualified institutional buyers and borrowings. Even its domestic product range caters to a variety of customer tastes and regional preferences.<sup>31</sup> The Camay commercials themselves reflect local sensibilities that vary from France to Japan or Italy to Venezuela, albeit same positioning.<sup>32</sup>

**IndianOil:** As articulated by Indian Oil Corporation’s subsidiary in Mauritius, IOML, their mission statement begins like this: *“To achieve international standards of excellence in all aspects of energy and diversified business with focus on customer delight through value of products and services, and cost reduction...”*<sup>33</sup> .They have a lot of events tailored to the locals.

**Sri Kaliswari Fireworks:** The famous Cock brand of fireworks that this Sivakasi-based company is famous for, not only has established international standards of quality, but has the following on its website, to gear up to the customized offerings of the globalized era: *“To cater the international world market, we invite (business) joint ventures from fireworks manufacturers around the world.”*<sup>34</sup>

**SBI:** SBI’s International banking services comprises a network of 67 offices/branches in 29 countries, spread over all time zones. As per the website, *“The Bank has carved a niche for itself in Euroland with branches located in Antwerp, Paris and Frankfurt. Indian banks and corporates are able to avail single-window Euro services from the Bank's Frankfurt branch.”*<sup>35</sup>

**Kendriya Vidyalaya:** Kendriya Vidyalaya offers a different set of language options in its network of CBSE schools in India. As part of their international operations in Moscow, along with the Embassy of India in Russia, it offers second language option for students in Hindi and French. However, Russian is compulsory for grades IV and V.<sup>36</sup> A good ‘GLOCAL’ flavour.

**Indian Railways:** This massive organization is ‘aligning commercial objectives along with social obligations’, as per Mr. Sudhir Kumar, OSD to Railway Minister, Lalu Prasad Yadav. Customized local offering includes special tourist trains like Darjeeling Himalayan Queen, Nilgiri Mountain Railways, etc. and issue of Inrail Passes to serve tourist needs. An amazing ‘Palace on Wheels’ is a royal train offering the luxury of princely travel to Rajasthan.<sup>37</sup>

**Planman Media:** India’s most influential business and economy magazine, *Business & Economy*, has a global standard featuring world-class contributions by international leaders like Jack Welch, and Noam Chomsky, and cover stories on US Elections. Yet, a stunningly frank

editorial on a ‘dehumanizing budget’ and articles like ‘Electionomics’<sup>38</sup>, show the perfect degree of customized local content for Indian audiences. *The Sunday Indian*, another world-class publication from the Planman stable with contributors like Paul Krugman, has created global media history by manifesting the ‘GLOCAL’ element with local customized editions being churned out in 13 different languages!<sup>39</sup>

In fact, the list is endless, and this is just a handful of instances touching the tip of the iceberg...

## **6 MAJOR REASONS FOR CORPORATE FAILURE:**

Corporate failure may arise from a failure to adopt a ‘GLOCAL’ strategy. Let’s see how:

1. Lack of global perspective: In today’s era of Liberalization, Privatization and Globalization (LPG), it is difficult to fathom organizations that refuse to have a global perspective. If a company thinks it will have only a set of local customers, with local standards to follow, it will be stunted in growth. E.g., Hindustan Motors of India succumbed to this flaw.
2. Focused on Short-term: Any organization should not have a myopic vision and mission. If the focus is only on immediate short-term realizations, and lacking in terms of sustainable planned objectives, the organization is most likely to fail. It would be as doomed as fly-by-night operators, who might make a quick buck, but will never end up having loyal, long-term customers. E.g., Hundreds of dot com companies and financial services companies that try to cash in on the short-term.
3. Organizations without clearly articulated Mission and Goal Statement: The Goal or corporate mission should be articulated clearly and have a global perspective. Failure to do so, would make the organization as directionless as a rudderless ship. Latham India Ltd., a Forbes group company could probably be taken as an example for this.
4. Lack of Customized Delivery: This is the age of customization. If any organization is functioning without trying to understand the specific needs of customers at a local level, then they would definitely qualify for a ‘deaf ears’ title. Hence, being insensitive to customer-specific needs leads to other competitors scoring over organizations. E.g. What the public sector banks used to do, prior to entry of private players.
5. Resources without Fine-tuning: This means that organizations without fine-tuning of all resources would end up having a tough time. Now, what does that mean? E.g. If you have a policy that you may do business in Spain, but not employ Spanish managers, Spanish capital resources, etc. you may not be very successful.
6. Lack of Localization: If the customization does not have a local flavour, it will not appeal with the intended audience. E.g. If Hyundai Motors employed Korean cine stars to advertise their Santro cars instead of Shahrukh Khan, it may not have the desired affect of wooing potential Indian buyers. Also locus of control should be favouring empowerment and autonomy status for decision making with certain standardized practices.

So, if the above are the common pitfalls to be avoided, a ‘GLOCAL’ organizational strategy seems to be the success formula, as is evident from the above. This involves keeping the global perspective and standards in mind, to do something at the local level that would bring the customized local benefit to all stakeholders – customers as well as shareholders. Of course, one must ensure proper balance between standardization and customization, as well as between global and local control, as is pointed out by Keller and Sood<sup>40</sup>.

As Alan M. Rugman and Alain Verbeke point out in ‘Regional Transnationals and Triad Strategy’, most large successful MNCs ‘have regional components in their strategy formation, both as regards the locus of decision-making, and the geographic adaptation level of their products. The world’s 100 most international MNEs are mainly triad-based regional players, not global ones.’<sup>41</sup>

In another book<sup>42</sup>, Alan M. Rugman strongly proves how globalization is a myth, today. Backing up with data, Rugman shows how most companies operate on a regional level rather than pursue on a global level.

In ‘The End of Globalization’, Rugman reiterates this theory of multinational enterprises being regionally based and locally operated.<sup>43</sup>

### **CONCLUSIONS & RECOMMENDATIONS:**

Hence, it may be concluded that most successful organizations leverage the ‘GLOCAL’ concept when it comes to mission, resources and geographical locus and control. This is what makes any organization follow the ‘GLOCAL’ strategy. I have therefore formed the following acronym for ‘GLOCAL’: **G**lobal **L**ong-term **O**bjectives **C**ustomized to **A**ssets **L**ocally, where the explanation to each of the keywords is given in the following depiction.

**G**lobal -> Organizations with global / international operations: MNCs & TNCs

**L**ong-term -> Sustainable planning

**O**bjectives -> Corporate mission and goal

**C**ustomized to -> Tailor-made to suit customer requirements

**A**ssets -> All resources of the organization – men, machines, materials, money, markets

**L**ocally -> Regional / local characteristics; also locus of control / autonomy

Thus, I would recommend that given today’s cut-throat competition, any and every organization aspiring to be successful, should follow the ‘GLOCAL’ strategy. Sustained success would be a reality for sure!

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