

# Introduction

In a global economic system marked by continuous changes, companies should adapt their strategies to successfully manage international activities. On the one hand, strategic decisions play a key role in detecting and seizing international opportunities. On the other hand, global shifts have a strong impact on every type of company and organization, regardless of their size and degree of internationalization, and the challenges of an increasingly complex environment can hardly be ignored by local enterprises as the global financial crisis and the COVID-19 pandemic have demonstrated in recent years.

In this context, the book aims to develop a comprehensive approach to international strategy by considering the main challenges that companies face in the global economic system from a cross-disciplinary perspective. Focusing on the most relevant issues related to the international development of companies, *International Strategy* proposes theoretical models and managerial tools to successfully manage global challenges.

This book is structured in 13 chapters, following step by step the international development of companies, discussing the main issues that may arise, and proposing tools adapted to different contexts. The first three chapters focus on the global economic system, which represents the environment in which companies operate. Of course, companies are influenced by global transformations, but they are also the main actors of globalization, shaping the environment in which they operate according to the strategies they develop. In line with this, Chapter 1 discusses the development and evolution of the global economic system since its origin to the present day, stressing the role that globalization plays on companies and on global value chains. Chapter 2 entails an in-depth analysis of the three main economic sectors. From agriculture to industry and from manufacturing to the development of the “servicing economy,” this chapter discusses how each sector of the economy transformed over time both from an historical and a critical viewpoint. Chapter 3 completes the overview on global transformations by focusing on the financialization of the economy. Originally conceived to transfer resources from savers to organizations and companies that need to develop investments, the financial sector has assumed a growing importance and radically changed the way companies shape their strategy.

The following part includes three chapters and mainly concentrates on strategic decisions that companies should undertake before developing their international ac-

tivities. Chapter 4 discusses the differences between local, international, and multinational enterprises; proposes an overview of the main internationalization strategies (exporting, contractual arrangements, and foreign direct investments); and discusses the different approaches to international development. Chapters 5 and 6, then, propose a set of strategic tools to undertake the most relevant international decisions. Chapter 5 illustrates a range of models to analyze the external environment and the main actors interacting with the company abroad in order to identify the main opportunities and threats on foreign countries. Chapter 6 proposes strategic tools to select the business to internationalize, to assess the international potential of companies by considering their resources and capabilities, to shed light on their position in the value network and value chain, and, finally, to identify their main strengths and weaknesses as well as the sources of their competitive advantage.

In line with the previous parts, the following section analyzes in a complete way the main entry modes in foreign countries. Chapter 7 focuses on the import–export business by both showing the most recent trends in international trade and focusing on international commercial terms (Incoterms) and export procedures to provide the readers with the main tools to negotiate and manage exporting contracts. Chapter 8 considers contractual arrangements, a set of entry modes including franchising, licensing, contract manufacturing, outsourcing, management contracts, and turnkey projects from the perspective of both the internationalizing company and its local counterparts. Chapter 9, then, sheds light on the most advanced entry mode: foreign direct investment. This chapter first analyzes the different forms of FDI (greenfield subsidiaries, cross-border acquisitions, and international joint ventures), then focuses on the trends of global investment flows, and finally proposes a set of recommendations to successfully manage investments abroad.

After analyzing the different entry modes, the volume pays attention to the way the activities of companies can be carried out in foreign countries. Chapter 10 analyzes the concept of embeddedness, looking at the progressive integration of enterprises in host countries, on the advantages and drawbacks of establishing links with a geographic area, and on the processes of territorialization. Chapter 11 focuses on the organization of companies abroad and discusses the different forms of relationship between the headquarters of the multinational companies and their subsidiaries abroad. Subsidiaries can be granted with different mandates and with different degrees of autonomy, thus, developing different behaviors and playing different roles within the group depending on the attitude of the headquarters. These attitudes mainly depend on the culture of the organization and, for this reason, Chapter 12 analyzes cross-cultural issues. The chapter presents the main dimensions of culture according to different models both from an individual and an organizational perspective. Finally, Chapter 13 analyzes the concepts of corporate social responsibility (CSR) and integrated communication. Indeed, companies establish activities both at the local and global levels and the way they develop their actions and image strongly influence their degree of performance.

*International Strategy* is a cross-disciplinary book, aiming to provide conceptual and practical tools to understand and manage companies' international development

and evolution in the global economic system. Each chapter is developed with extensive use of figures and tables, making the book accessible to any reader, and proposes a set of questions that can be used to check the acquisition of key concepts and learning outcomes, with the answers provided on the companion website. For this reason, this book is designed to be used at different levels. First, it is designed for university or business school professors and can be used as a reference book for students in undergraduate and postgraduate programs. Second the volume proposes to researchers and specialist readers an exhaustive set of references to academic papers, books, and advanced database that can be used to acquire a deeper knowledge of specific topics. Finally, *International Strategy* is conceived to provide managers and entrepreneurs with a wide range of strategic tools to internationalize their company and face global challenges.