

Chapter 7

International Organization

- There are different organizational structures for doing international business.
- The structure is determined by factors such as the extent of commitment of the organization to the international business and the nature of its international orientation, the size of international business and expansion plans, the number and consistency of product lines, characteristics of the foreign markets etc.

Built-In Export Department

- Export organization is built into the regular domestic system.
- The built-in export department is suitable under certain conditions, such as when export business is small, the company is new to international marketing, the management philosophy is not oriented towards growth in overseas business, the company resources are limited etc.

Separate Export Department

- Unlike the built-in department, the separate export department is essentially self-sufficient; and it is well equipped to handle all the activities connected with the export business. It is not, therefore, at the mercy of domestic departments.
- A separate marketing department avoids some of the problems of the built-in department.

Export Sales Subsidiary

- Firms with large export business may establish export subsidiary companies and divorce international marketing activities from domestic operations because of certain advantages associated with it.
- In terms of internal organization and the specific activities performed, the sales subsidiary differs very little from a separate export department.

International Division

- An export department or export subsidiary may be suitable for handling large exports but they may not be sufficient for managing the non-exporting international market entry modes.
- So companies having foreign subsidiaries whose role is not confined to sales alone tend to establish an international division to manage the international business.

Global Organizational Structures

- Global product structure
- Global geographic structure
- Global functional structure
- Global customer structure
- Global matrix structure

DO NOT COPY