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# Regrowing Local Roots



By INSEAD Knowledge with Yves L. Doz , INSEAD

## Why and how to reinvent multinational management skills

The last few years have dealt a strong blow to the idea of globalisation. It's clear that **Francis Fukuyama's** prediction that after the end of the Soviet Union, the whole world would become a collection of peaceful liberal democracies, and everyone would profit from free trade and free investment, has proved misguided.

Instead, the pandemic, war in Europe, economic uncertainty, the rise of illiberal democracies and increased geopolitical tensions have all dampened enthusiasm for the idea of globalisation. This global shift clearly presents specific strategic challenges for global corporations as they face a period of fragmentation and retraction.

According to Yves Doz, Emeritus Professor of Strategic Management at INSEAD, the biggest issue is that many companies have become too global in their operations to handle current de-globalisation pressures. In the rush to embrace the idea of a global market and maximum efficiency in supply chains, they have forgotten the skills and the subtleties of multinational management.

In this podcast conversation, Doz draws on over 30 years of research to argue that global companies now have two choices: They can simply retreat from operating globally, or they can try and rebuild their multinational management capabilities.

[Listen to "Regrowing Local Roots" on Spreaker.](#)

### **Time, people and knowledge**

Global companies face three major challenges when attempting to move back to a more multinational way of managing: time, people and knowledge.

For Doz the most obvious challenge is time. It's very easy to shut down a foreign arm of your global firm. Yet it can be a slow and painful process to reconstruct the necessary skills and processes within a national subsidiary. This process runs the risk of being too slow.

You also need the right people with the right skills. But the reality today is that global companies may no longer attract the best and brightest, let alone manage to retain them for any period. Gone is the one-company career mentality. This makes it difficult to find employees with the depth and breadth of experience needed to develop multinational skills, which include cross-border and cross-department dialogue expertise.

Global companies also face an increased challenge from local firms, especially in emerging markets. As many multinational companies turned their back on local joint ventures to focus on global brands, they ended up losing touch with local needs and innovations. The result was big firms like Unilever retreating in many markets.

Yet, despite these issues Doz doesn't believe we have seen the death of the multinational just yet. Such firms still retain unique capabilities that can give them a competitive advantage. Using the example of Mattel, the makers of Barbie, he explains how global companies have been able to adopt a more flexible approach to their supply chains. By splitting production between the nearshore of Mexico and the off-shore of Vietnam, depending on the labour needs for each specific product, the US company leverages the benefits of its presence in different regions.

One other opportunity available to global firms is the ability to utilise learning from the local contexts and make it available to the rest of the

company to innovate. Citing the example of Dutch telecom KPN's partnership with Japan's NTT DoCoMo, Doz highlights how this allowed the Dutch telecom to quickly access information, skills and technology that it could then take back to the European market to combine with its own and successfully introduce multimedia mobile services well ahead of competitors.

This is only possible if global companies are able to implement processes that support local subsidiaries. By doing so they can help harness the benefits of collaborative networks and recreate a culture of trust and commitment.

Put simply, to succeed in this new world order, multinational companies must start to think local and act global.

### **Additional reading**

#### **The Strategic Decisions That Caused Nokia's Failure**

The moves that led to Nokia's decline paint a cautionary tale for successful firms.

#### **The Importance of Strategic Minds for Effective Governance**

Directors and CEOs need to develop specific traits to effectively navigate strategic issues and help shape the future of companies.

#### **Spanning the Boundaries That Limit Organisational Innovativeness**

Managers must bridge across their firms' geographic, cultural and institutional diversity to gain a unique competitive advantage.

#### **From Global to Metanational: How Companies Win in the Knowledge Economy**

This 2001 book by Yves L. Doz, Jose Santos and Peter Williamson introduced the concept of the metanational company, defined by three core capabilities: being the first to identify new knowledge; mobilizing this globally scattered knowledge to out-innovate competitors; and, turning this innovation into value by producing, marketing, and delivering efficiently on a global scale.

### **Working papers**

With an overarching title of "The Long Learning Journey", this 2023 series retraces the different stages in the evolution of Professor Doz's intellectual curiosity and research:

**Multinational Management**  
**In Search of Metanationals**  
**Strategic Agility**  
**Strategic Alliances**

**Find article at**

<https://knowledge.insead.edu/strategy/regrowing-local-roots>

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**About the author(s)**

**INSEAD Knowledge** is the expert opinion and management insights portal of INSEAD, The Business School for the World.

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