

Task Repartition between Headquarter and Subsidiary during New Product Launching (NPL) Decisions: Subsidiary Consumer Goods Context

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Abstract

Subsidiaries' new product launching (NPL) in a local market is believed as a source of competitive advantage in MNC operation. However, we still lack many researches to understand how the mechanism of NPL is happened within subsidiaries' operation. Considering that NPL consist of strategic and tactical decisions, thus it become important to define the task between managers in head-quarters and in subsidiaries during NPL process. Overlapping their tasks can create conflict, in one side, and ambiguity, in another side, during NPL in the local market. I argue conceptually that managers in headquarter should define strategic decisions to harmonize and to synchronize to global strategy construction. In contrast, because of subsidiaries whom know very well local environment characteristics, thus tactical decisions should be decided by managers in subsidiaries.

Keywords : New Product Launching, Task Repartition

The central activities of MNC which operates in consumer goods industry are to establish identity and building its position in global marketplace among customers, retailers and other market participants (Douglas *et al.*, 2001). A key element of this aim is the combination of harmonious and consistent of product strategy across countries and product lines with the flexibility with local environment factors where subsidiaries operated. When a product or a brand is expanded into foreign market, a careless choice of strategic can have negative effects on the product as well as on the company in terms of loss in sales, damage to credibility, and damage to reputation.

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The importance of maintaining a strong core product/brand is particularly important in a world of greater international competition. Researchers are increasingly devoting attention to global branding, particularly the issue of brand standardization (Agres & Dubitsky, 1996; Domzal & Unger, 1987). Proponents of standardization claim that MNC can benefit from standardization in terms of economies of scale, message consistency, and the building of an international brand and company image (Levitt, 1983). In contrast, supporters of adaptation argue that because there is diversity in cultural and socioeconomic factors, market structure, and stage of product life cycle among different countries, adaptation should be considered in international marketing strategy (Agrawal, 1995; Douglas & Wind, 1987).

The focus of product strategy in subsidiary operation is the activities to launch a new product into a market. While essential, new product launching (NPL) involves great risk since new product failure is common and expensive (Calantone & Montoya-Weiss, 1993; Schmidt & Calantone, 2002). To reduce these risks, almost subsidiaries consumer goods develop and launch a new product using an established MNC brands. Doing so can be enormously profitable, but it can be dangerous too (Aaker, 1990). An ill-conceived brand extension may seriously effects to new product/brand fails, damages the original product, and precludes the establishment of another brand with its unique association and growth potential. To deter and to hinder these potential problems, it becomes necessary to examine subsidiaries new product launching decision process. The unit analysis of this research is subsidiaries, because of the importance of their roles to build global competitive advantage (Birkinshaw & Hood, 1998; Rugman & Verbeke, 2001).

Subsidiaries consumer goods cooperate in the local environment totally different with global or headquarters' environment. Extending an established brand in the local market should consider the local factors environments. The difficulty arises in the NPL process because subsidiaries managers must consider the brand-guidelines given by headquarters' officers. Thus, how to harmonize between the brand-guidelines (as a part of standardization) and adapting to local environments (as a part of localization) are crucial task of subsidiaries managers to achieve new product launching success in local market. Which decisions should be standardized and which decisions should be localized in the NPL process is needed to answer.

This research deals with the problem of headquarters' brand mandate to subsidiaries managers in the emerging country. The interest of this research is to analyze the implementation of headquarters' brand mandates to subsidiary's new product launching (NPL) decisions in the consumer goods multinational companies (MNC). The research start with the general question: how should headquarters' brand mandate is applied in the subsidiary's NPL decisions to exploit MNC global competitive advantage and local-specific advantage in the emerging country?

The simplicity of general question couldn't hide the complexity of managing headquarter-subsidiaries activities coordination and integration. To answer the general question, there would be several derivative questions must be treated and analyzed: how the mechanism of coordination is happened in the headquarter-subsidiary relationship? In what phase of NPL decisions should be centralized and

decentralized in order to achieve both MNC global competitive advantages and local environment characteristics?

Subsidiary's New Product Launching (NPL) Decisions

Managers make one set of launch decision prior to the beginning development, while they make other decisions after conceptual and physical development of the new product is completed (Hultink *et al.*, 1998; Di Benedetto, 1999; Hultink & Robben, 1999; Hultink *et al.*, 2000; Guillinan, 1999). The decisions made in the earlier phase before the new product development (NPD) is called strategic launch decision. However, the decisions which is made after new product finish calls tactical launch. Many literatures in NPD conceptualize tactical launch as commercialization phase in the NPD process (Cooper & Kleinschmidt, 1987; Urban & Hausser, 1980). In developing NPD process, managers in headquarter

and subsidiary must cooperate to make an integrated launch plan-defined here as a coordinated set of strategic and tactics for introducing a product to a target market (Guillinan, 1999).

In order to support both strategic and tactical launch activities and to assess the effectiveness of market launch, market research must be conducted efficiently. Market testing throughout the NPD process yields key information about likely customer adoption and allows the firm to finalize its plans for marketing and production ramp-up at the launch phase. Adequate performance of activities that generate information on customer, competitive, or economic changes is critical for controlling and fine tuning the product, process, and/or marketing strategy post-launching. Market information gathering activities that occur during and post-launch, as well as several information-gathering pertains to earlier stages of the NPD process. The result of this activity will aid in fine-tuning the product for a more successful launch.

Many researches in the area of NPD had been conducted recently, especially the researches which distinguish strategic and tactical launch in the NPD process. Several studies have done to explore the relations between strategic and tactical launch could be seen below: (Table 1)

Following the precedent researches, in this research we distinguish two phase in the product launching decision in the consumer good MNC: (1) strategic launching, and (2) tactical launching. Strategic launching covers wide array of strategic decisions in the product launching and give the direction for subsidiary to launch a new product. However tactical launching decision is the decision of implementation and execution of product launching in the subsidiary. Tactical launching decision is highly correlates with the aspect of commercialization of new product. Tactical launching decision deals with the problem how to bring new product into market.

Hultink *et al.*, (2000) conducted the research to investigate the characteristics of NPL between consumer goods and industrial goods companies. The research has shown that successful launch decision differ from consumer and industrial products. The source of difference in the

Table 1
Researches In Product Launching

Authors	Strategic Launching Variables	Tactical Launching Variables	Research Result
Hultink <i>et al.</i> , (1998)	To decide what, where, when and why to launch new product. Represent into three decision about: <ul style="list-style-type: none"> Product strategy Market strategy Firm strategy 	Decision about marketing mix to launch new product into market. Decisions cover: <ul style="list-style-type: none"> Product Price Promotion Distribution 	Interdependent between strategic and tactical launching. The decision made for one variable is associated and need consistent with a decision choice made previously in the product development process.
Guillinan (1999)	<ul style="list-style-type: none"> Relative innovativeness Target market (niche Vs mass) Leadership (pioneer Vs follower) 	Marketing mix <ul style="list-style-type: none"> Product Price Promotion Distribution And another variable <ul style="list-style-type: none"> Timing to entry 	Strategic and tactical launch depend in large measure on the specific type of buying behaviour to be influenced.
Di Benedetto (1999)	Examine the role of skill and resources in the strategic launch. Identify several activities in the strategic launch which contributes to successful new product: <ul style="list-style-type: none"> Having cross-functional teams Having logistic involved in developing strategies 	Identify several activities in the tactical launch which contribute to successful new product: <ul style="list-style-type: none"> High quality of selling effort Good management Launch timing relative to competitors and customers 	Identify several factors in strategic and tactical launch which contribute to successful launch. Stressing the importance of information gathering activity to support strategic and tactical launching.
Hultink <i>et al.</i> , (2000)	<ul style="list-style-type: none"> Product strategy Market strategy Firm strategy Competitive stance 	<ul style="list-style-type: none"> Product tactic Price tactic Promotion tactic Distribution tactic 	Successful launch decision differ significantly for consumer and industrial product and identify how they differ

strategic and tactical launching between consumer and industrial product is the result of difference in market and product characteristic of consumer and industrial industry. Offering product and service for mass-consumption (consumer individual) needs different approach with offering to enterprise. The market strategy, product and competitive stance should adapt with the industry in which companies operate. Tactical launching decision also should adapt with the product characteristic offered by companies. Since the product characteristic of consumer and industrial product differ significantly, thus tactical launching decision follows this difference. Another aspect which contributes to give difference of strategic and tactical launching between consumer and industrial product is industry regulation. Government regulation imposed to consumer and industrial product is different. These all factors give the pressure for each com-

pany to adapt with environment factors¹. (Table II)

New consumer products are more likely (but not exclusively) to be launched into maturing markets where competitive rivalry is based on a number of dimensions, rather than predominantly focusing on technology. The objective of launching a new product in consumer markets may be less likely to be purely focused on competing for a new technological solution to a consumer problem. Panoply of consumer competitive strategies, typified by objectives for new products such as increasing market penetration, constructing barriers to entry, increasing profitability through cost reducing costs, and maintaining and enhancing the company's reputation, is more likely to drive consumer market NPD.

New product launching in consumer good is less innovative than in industrial product. Therefore the new product in

consumer goods is more incremental product innovation than radical innovation. Targeting and positioning is central to consumer goods marketing. Careful targeting, avoiding head-on clashes with competitors, and placing the new product into growth markets have been hallmarks of recent new consumer product successes. In the competitive stance, many new consumer products are modifications and brand extensions, launched into mature markets where the number competitors are already high (Martenson, 1994). In tactical launching decision, advertising play the role important for consumer goods new product launching. The nature of consumer goods market cover wide array of consumer, therefore advertising is the way to grasp population.

Strategic and Tactical Launching Coordination

In subsidiaries NPL decisions, head-quarter need to control and to coordinate the decisions to harmonize subsidiaries' decision into global MNC strategy. However, the control and integration of subsidiaries decisions in the NPL process should consider the local environment factors. Because it is subsidiaries managers who deal with day-to-day subsidiaries operation in host-country, thus it is comprehensible that subsidiaries managers are the party who know best the local condition. The role of subsidiaries managers is to sense and to respond to the demand and opportunities of the local environment (Bartlett, 1986). These managers tend to have strong national interest and good local contact and relationship. Their local autonomy often allows them to develop organizations that are responsive and entrepreneurial vis-à-vis opportunity in the host-country. (Figure 1)

Table II NPL Characteristics between Consumer and Industrial Product

Variables	Consumer New Products	Industrial New Products
Strategic Decisions Product Strategy	Less Innovative More likely to achieve short time-to-market More likely to be modifications	More Innovative Less likely to achieve short time-to-market More likely to be completely new to the world
Market Strategy	Likely to be introduces into the mature stage of product life cycle Likely to be introduced into mature markets Likely to be targeted at several segments	Likely to be introduced in the Introductory stage of product life cycle Likely to be introduced into fast-growing markets
Competitive Stance	More likely to represent Incremental improvements Launched into markets with many competitors	More likely to represent performance improvements Launched into market with few competitors
Firm Strategy	More NPD objectives are competitor and market focused Mainly market driven Aim for technological parity with competitors	More NPD objectives are technology focused Mainly technology driven Aim for technological innovation
Tactical Decisions Product Tactics	More brand extension Broader assortment than competitors	Greater use of company name Broader assortment than competitors
Distribution Tactics	Current channels Expenditure parity with competitors	New channels Distribution expenditure less than competitors
Pricing Tactics	Pricing parity with competitors	Higher prices than competitors
Promotion Tactics	Penetration pricing More expenditure than competitors More mass advertising	Skimming pricing Expenditure parity with competitors More customized promotion (personal selling, direct marketing, public relations)

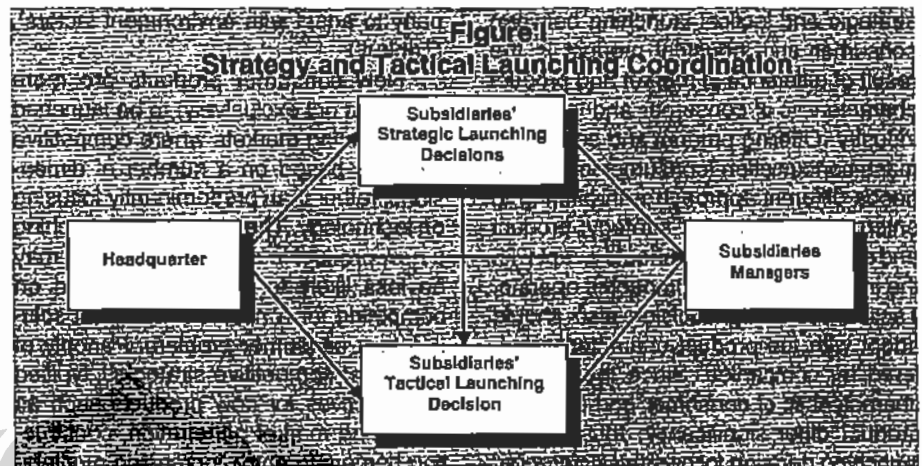
Source: Hultink *et al.*, (2000)

¹ The pressure of environment to organization convergence activities is best explained by Institutional Theory (DiMaggio & Powell, 1983). Organizations in one environment will receive the same environment factors. These factors will orient how these organizations should act and react to environment pressure. In other words, environment gives the clue (best practice) for companies to respond the environment pressure. Since environment pressure of consumer goods and industrial product differ significantly, the best practice for those types industry also different. How consumer goods respond to environment pressure different with industrial product companies to respond to environment pressure

Headquarter gives the mandate and assignment to subsidiaries managers to introduce new brand/product into local market. Subsidiaries managers themselves receive two different pressures: (1) headquarter brand mandate, and (2) local environment factors. Headquarters brand/product mandate usually follow with the brand/product guideline to give direction how to introduce these brand/product. But the guideline is only cover a standard procedure, in reality, subsidiaries managers face with local environment totally different with home-based country. Implementing brand mandate and brand guidelines into local market also must consider the local environment. Thus in the organizational aspect, subsidiaries managers should manage these initial pressures to achieve two objectives: (1) brand strategy coherency with MNC network, and (2) flexibility to respond to local environment. Brand guideline is needed by subsidiaries managers to integrate and harmonize their decision in the NPL with global brand strategy. In other spectrum, subsidiaries managers also need authority and flexibility to respond with local environment. The combination of brand strategy coherency and flexibility is assumed could build subsidiaries competitive advantage in the local market.

Which decisions in the NPL process must be centralized and which decision must be decentralized is an important aspect to achieve both brand strategy coherency and local flexibility. The configuration of centralization and decentralization should answer the both objective of NPL decision in subsidiaries. Since strategic launching decision consists of several decisions, thus the problem of centralization-decentralization also considers the various type of strategic launching decision. The same condition is also happened in the tactical decision. Tactical decision consists of more than one inter-related decisions and need to be managed by subsidiaries managers. Do the decisions classified into tactical launching should be decentralized and subsidiaries managers have enough autonomy to decide them? Or still headquarter play the role important to influence them?

The influence of headquarter and local environment factors are assumed af-



fect differently in the NPL decisions in the subsidiaries. To achieve brand strategy coherency and local operation flexibility, subsidiaries managers need certain amount of direction from headquarter and certain amount of authority to decide the decision during NPL process. Should subsidiaries which operate in the developing countries need full autonomy or semi-autonomy during NPL process? And what kind of decision subsidiaries managers need coordination with headquarter and what kind of decision need autonomy in each phase of NPL is the next question need to be answered. Therefore, this research will seek to answer this main problem.

Standardization and Adaptation of Marketing Decisions

The desirability of marketing decision standardization vs. adaptation has long been debated in the international business research. With the rapid advancement of communication and transportation technology and increasing interdependence of markets, the concept of global marketing has received considerable research attention over the last decade (Levitt, 1983; Domzal & Unger, 1987; Samiee & Roth, 1992). On the fundamental tenet of global marketing is that international marketing processes and programs should be standardized across national boundaries. It has been argued that market have become so homogenized that firms can market identical products and services around the globe through standardized marketing program (Hamel &

Prahalad, 1985). However, these ideas have many challenges from cultural-bound perspective which considers that local environment specificity determine success or not MNC's activities. Thus, the main issue is how MNC make an appropriate adaptation to local environments.

Standardization of Marketing Decisions

Standardization usually emphasizes that trend toward homogenization of world market and the cost-saving benefits of marketing program standardization (Chematony *et al.*, 1995). According to these researchers, technology has contributed to homogenization of demand patterns. To compete effectively in the global market, firms must achieve cost efficiencies by standardizing their marketing programs. Cost efficiency strategy is one of the strategies that contribute in gaining market competition. Providing product with low-price (without reduce certain quality) become one of the product advantage vis-à-vis competitors' product.

One of the strong proponents of standardization is Levitt (1983). The advances in communication and transportation technologies, and the increased travel, contribute to globalization of markets. As a result, global customer groups have begun to emerge. To survive and succeed in global market, a company must develop the capability to deliver a high-quality product at a competitive price. Standardization of marketing programs is an essential means by which a firm can achieve a low-cost competitive position in global competition, since standardization facilitates the

realization of economies of scale in all value-adding activities.

Another key proponent of standardization is Ohmae (1985). He notes that the Triad (United States, Western Europe, and Japan) constitutes the major markets, accounting for the bulk of world market potential. Customers in these markets have become fairly homogenous; making standardization feasible. Successful companies are those that stressed the commonalities among market and treat various markets with an adequate perspective. The commonalities in treating various kind of market can form global image of corporation and certain type of brand/products.

Terpstra (1987) thought that standardization of marketing is facilitated by consumer mobility, media spillover, and global similarity of many consumer products. He argued that universal brand and position can be a powerful marketing tool in international markets. He also believed that the possibility of reducing cost through standardization would be an attractive option for multinational corporations. Triggered by the technology advance of transportation and telecommunication, it facilitates also consumer in the local market make comparison of life style, needs and wants and expectation with consumer in foreign countries. It's not surprisingly that many people believed the world direct, in some aspect, to global consummation culture. The mode of other country will be transmitted easily to other countries.

Adaptation of Marketing Decisions

Critics of global marketing, on the other hand, are sceptical of the feasibility and/or benefits of standardizing marketing process and program. These critics argue that the long existing cultural, political, and economic differences among nations require that marketing programs be adapted to the local market conditions (Boddewyn *et al.*, 1986, Wind, 1986). The diversity of host-country environment cannot be treated with a single procedure. Each country need treatment different and standardization decision in MNC is only makes it loose its competitive advantage in host-country market. To bridge this problem, recently, researchers have proposed a contingency perspective to identify factors that influence the degree of standardiza-

tion that is feasible and desirable (Jain, 1989; Szymanski *et al.*, 1993; Cavusgil, 1996).

Those who argue for marketing program adaptation generally point the significant differences among nations in terms of cultures, stages of economic and market development, political and legal system, and customer value and life style. Marketing program is largely a local issue and the best course of action for a product ought to differ from market to market (Hill & Still, 1984; Wind, 1986; Douglas & Wind, 1987). A strong critic of standardization can be found in Wind (1986) and Douglas and Wind (1987). They argue that the strategy of developing standardized world brands with common product features, names, and advertising is a special case that can be totally inappropriate for many situations. The introduction of new global brands may well cannibalize the existing brand (Douglas & Wind, 1987). Hill and Still (1984) found that greater product adaptation is required in rural areas than in urban areas of the developing countries. They noted that product adaptation, whether mandatory or discretionary, can strengthen the products' competitive position in the marketplace. Limited availability and cost of communication media, as well as media habits of consumers, further undermine the suitability of a standardized marketing program.

Simmonds (1985) contended that for multinational corporations to survive the intense international competition, they must be responsive to the segments that demand unique treatment by virtue of institutional or customer idiosyncrasies. Kotler (1987) cautioned managers against the dangers of blind implementation of standardized marketing programs. Brief, the opponent of adaptation is believed that host-country environments primary sources of competitive advantage. The MNC factors diffused by headquarter is a supporting factors for subsidiaries to tailor marketing strategy in local market. That's way headquarter should give subsidiaries managers fairly large autonomy to decide marketing strategy and programs. Because subsidiaries managers are the party who deals day-to-day operation with local environment, thus they know best how to act, react and anticipate the exist-

ing and the change of host-country environment.

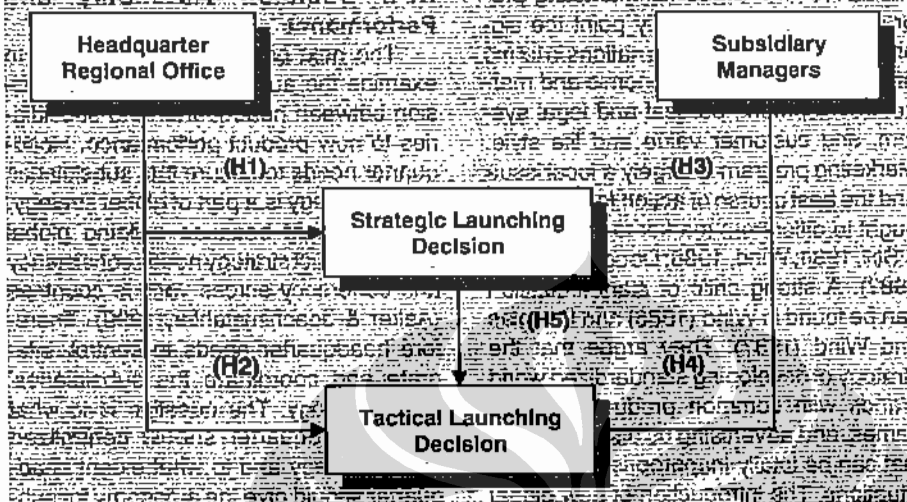
NPL Decision Autonomy and Performance

The next party in my research is to examine the authority to take NPL decision between headquarter and subsidiaries to new product performance. Headquarter needs to assure that subsidiaries brand strategy is a part of global strategy. It is important because building global brand/product strategy needs consistency and coherency across various countries (Aaker & Joachimstahler, 1999). Therefore headquarter needs to control, integrate and coordinate the subsidiaries' brand strategy. The question is to what extent headquarter should centralized brand strategy and to what extent headquarter should give the autonomy for subsidiaries' manager to make decision. I apply this problematic into distinction of NPL decision. I assume that each phase of decision has different degree of importance. Therefore, headquarters could play the centralization-decentralization problem of marketing strategy based on the distinction of NPL decision importance. (Figure II)

MNC is believed as natural inherent with the problem of integration (Stopford & Wells, 1972). The main problem rises because many of the value-added activities of MNC operate in different situations and different locations. The foreign subsidiaries must be differentiated enough to confront cultures, customs and markets that contrast markedly with those of the home country. Given these difficulties, the integration system of the multinational corporation has grown correspondingly complex (Wilkins, 1974).

Subsidiaries which operate in the emerging countries will follow the global strategic applied by headquarter (Bartlett & Ghosal, 1986). The global strategy of MNC based on assumption that the parent corporations or headquarters has responsibility for issues that involve activities crossing countries national boundaries while the subsidiary's role is limited to the local/regional operating environment (Bartlett & Ghosal, 1989). Further, global strategy is based on two form of advantage, location-specific advantage and

Figure II
New Product Launching Decision Process and Performance



competitive advantage (Kogut, 1985). Location-specific advantage is secured through exploiting differences factors, capital, and product markets, or governmental policies among countries. Global competitive advantage is developed through international scale economies, international scope economies, and organizational learning across national markets (Ghosal, 1987). Global strategy it doesn't mean that MNC ignore the presence of diversity host-country environments. Inversely, these factors should be exploited by MNC to develop its global competitive advantage.

From wide array of strategic global of consumer goods MNC, the strategy to build global brand is very important (Roellig, 2001; Schmitt & Pan, 1994; Roth, 1992). Global brand is a medium to achieve global competitive advantage. MNC uses global brand to facilitate foreign market entry and exploit scale economies in the development of products, packaging, advertising and promotion. Strong global brand is believed also as a source of differentiation (Chiranjeev, 1997). With strong global brand, MNC could differentiate core product to various type of products. The strong image of global brand facilitates the identification process of new product launched by consumer. Thus, the objective of consumer goods MNC to build strong global brand is the critical strategy

and contribute to MNC success.

Strategy to build strong global brand needs coordination and integration between headquarter and subsidiaries. Building global brand needs coherency and consistency of strategy and tactical planning between headquarter and subsidiaries in various countries. Headquarter imposes global coordination over subsidiaries operations (Kogut, 1985). The consequence of this strategy is subsidiary primarily implementer of headquarter-developed strategy (Roth & Morisson, 1992; Bartlett & Ghosal, 1986). Subsidiary must integrate and follow its operation to headquarters' instruction and mandate. The mandate to support the development of global brand make subsidiaries adapts the global strategy into local strategy. The strategy and tactical decision to launch new product also consider the guidance from headquarter.

To build strong global brand, MNC needs to use organizational structure, processes, and culture to allocate brand-building resources globally, to create global synergies, and to develop a global brand strategy that coordinates and leverages country brand strategies (Aaker & Joachimsthaler, 1999). Subsidiaries follow the best practices developed in headquarter about how to build brand personality (how the brand would be described if it were a person), construct user imagery

(how the brand's typical user is perceived), intangibles that are associated with the company (its perceived innovativeness or reputation for quality) and symbols associated with the brand. The process of integration of subsidiaries activities into headquarter global brand strategy includes a mechanism that ties global brand to country brand strategies. In other words, subsidiaries managers in developing country brand strategy should consider of country-brand strategy contribution to support global brand.

In strategic launching decision, I assume that the influence of headquarter factors (strategy and structure) play the big role in subsidiaries NPL decision more than host-country environment factors. In global business competition, subsidiaries are often behave as an implementer body of headquarter strategy. Headquarter needs to standardize global strategy to achieve economic of scale and synchronization of activities around the world. Therefore, in strategic launching decisions (overall) subsidiaries strategy follow headquarter strategy.

H1: *More headquarter influence strategic decision launching within subsidiary, the more positive impact on new product launching performance*

Bartlett and Ghosal (1986) argue that the strategic importance of subsidiary in a specific country is strongly influenced by the significance of its national environment to the company's global strategy. The main task of such a subsidiary is to formulate the action plans to introduce new product to local market, because each local market in the international market consist of different competitive environment (Gatignon *et al.*, 1990) and difference in cultural, demographic, government regulation, and infrastructural barrier (Hite & Fraser, 1988). Implementation strategy could be an advertising activity and campaign. To design of advertising activity and campaign, subsidiary has to understand the effectiveness of advertising media in a specific local market environment. Local market environment also provides difference in competition structure and distribution chain that subsidiary managers must consider to ascertain the success of market entry.

However in tactical launching decisions, the effect of host-country environments is greater than the headquarter factors. The nature of tactical launching decision is highly correlates with environment factors. How to bring new product into market should consider all environment factors such as local competitor, government regulation, consumer behavioural, socio-cultural and demographic, political situation, and economy situation. The tactical decisions are also execution decisions. Therefore, more headquarter intervene to the tactical decisions, more negative impact on subsidiaries' NPL performance.

H2: *More headquarter influence tactical decisions launching within subsidiary, the more negative impact on new product launching performance*

Subsidiaries Managers' Roles

In the growing of literature of MNC recently, it seems more important to analyze and understand the process by which subsidiary managers make strategic decision. Subsidiary is believed to play an important part in the creation and maintenance of MNC firm-specific advantage (Birkinshaw *et al.*, 1998). The firm specific advantage is important for subsidiaries as a tool to compete not only with local company but also another MNC subsidiary that operate in certain foreign market. To build strong global brand, MNC needs to use organizational structure, processes, and culture to allocate brand-building resources globally, to create global synergies, and to develop a global brand strategy that coordinates and leverages country brand strategies (Aaker & Joachimsthaler, 1999). Subsidiaries follow the best practices developed in headquarter about how to build brand personality (how the brand would be described if it were a person), construct user imagery (how the brand's typical user is perceived), intangibles that are associated with the company (its perceived innovativeness or reputation for quality) and symbols associated with the brand. The process of integration of subsidiaries activities into headquarter global brand strategy includes a mechanism that ties global brand to country brand strategies. In other words, subsidiaries managers should follow the

guideline decided in headquarter to guarantee harmonization and synchronization product/brand global strategy. In other words, subsidiaries' managers cannot determine freely the strategic aspect of new product. Ill-image of MNC brand could endanger the overall image of MNC brands.

H3: *More subsidiary managers influence strategic decisions launching, the more negative impact on new product launching performance*

Strategic launching decision should be centralized to guarantee the harmonization of brand strategy over various host-country environments. However, to implement the brand strategy over different local environment characteristics MNC need flexibility to respond local environment characteristics and dynamicity. Therefore, headquarters should give autonomy to subsidiaries managers to develop tactical launching decision. Subsidiaries managers know best how to deal with local environments because they interact daily with these factors. It is not necessary for headquarters to control until tactical decision because it has negative impact to new product launching process and mechanism. Therefore, tactical decisions launching need big contribution from subsidiaries' managers side than headquarter.

H4: *More subsidiary managers have autonomy and flexibility to decide tactical decisions launching, the more positive impact on new product launching performance*

Coherence between Strategic and Tactical Launching Decisions

NPL decision itself is a complex decision. It consists of several decisions classified into strategic and tactical (commercialization). Alignment process between headquarter factors and local environment factors into NPL decision will be ended with the configuration which decisions should be centralized and which decisions should be decentralized. Subsidiaries' competitive advantage is a function of the advantage becoming part of multinational companies combine with exploitation of local operation opportunities (Bartlett & Ghosal, 1986; Doz & Prahalad, 1991). The difficulty to manage

NPL decision in subsidiaries rises in respect to combine two different factors, headquarter aspect and local environment dimensions.

Subsidiaries managers should deal both to headquarter/regional office direction and host-country specific environments during the NPL process. However, subsidiary's NPL decisions are subject of headquarter/regional office coordination, control and integrating system. This decision will determine the performance not only for new brand/product will be introduced but also the subsidiaries overall performance. The failure of coordination and managing these decisions will influence also the construction of global brand built by MNC network. However, leveraging only advantage as a part of multinational company is not sufficient for subsidiaries operating in different local environment with home-based environment. Subsidiaries operate in environment totally different and should be considered during new product launching. Therefore, subsidiaries managers should align the headquarter mandate, direction and instruction, and host country specific environment. In other words, subsidiaries' managers should combine both the global and local aspect of new product launching in their local market.

H5: *More the coherence between strategic launching decisions and tactical launching decisions, the more perform new product/brand in the local market*

Conclusion and Limits

There is not position in an organization exist in isolation. Each position is connected to several other positions, either directly or indirectly, in terms of the method of working, the nature of the task, and the reporting relationship. All these positions together constitute a role set pertaining to the position of the person. Role set is supposed to take an action and called as role behavior. Role behavior refers to individual action and contribution to the achievement of organization objective (Das, 2001). However, role behavior as organization output is formed by role expectation. Role expectation is generated in the work situations by rules and procedures, top management policies, business strategies, position description,

procedural instruction etc. In the MNC operations, it assumed that there is a distinction between the roles of managers in subsidiaries and in headquarters during new product launching.

To maximize MNC organizational effectiveness, a cohesive framework is needed, in which the set of managerial functions and role is appropriate to the organization's structure and strategy. In the case of MNC, where organization covers wide-array of countries, the issue of the role behavior of manager becomes all the more crucial. Since the performance overall of MNC depends on performance in each subsidiaries' operation, the mounting interest is focusing on the role behavior of subsidiaries managers. Subsidiaries managers are the party in MNC structure that interact daily and directly to host-country environments factors, but in the same time they received another pressure from headquarter (regional office) instruction. The dualism of pressure should be handled by subsidiaries managers is believed to influence role behavior of managers.

In the subsidiaries NPL decisions,

headquarter need to control and to coordinate the decisions to harmonize subsidiaries' decision into global MNC strategy. However, control and integration of subsidiaries decisions in the NPL process should consider local environment factors. Because it is subsidiaries managers who deal with day-to-day subsidiaries operation in host-country, thus it is comprehensible that subsidiaries managers are the party who know best the local condition. These managers tend to have strong national interest and good local contact and relationship. Their local autonomy often allows them to develop organizations that are responsive and entrepreneurial vis-à-vis opportunity in the host-country.

In this article, I argue that managers found in headquarter should give a strategic orientation and direction to subsidiaries' managers on how to launch new product into local market. Headquarter needs to harmonize and to synchronize strategic of new product around the world. In contrast, subsidiaries' managers should have a great autonomy and flexibility to decide the action or tactical decisions on how to bring a new product into local market. In

the MNC structure, it's subsidiaries' managers who deal daily with local environment. Thus, they know exactly the local environment characteristics (e.g., demand and industrial structure, consumer preferences, channel of distribution, promotional program). Overlapping task and responsibility between subsidiaries and headquarter managers during NPL decisions will affect negatively new product performance.

However, this article has several limits:

(1) I don't precise what kind of new product performance. Considering that there are several types of new product performance such as: market performance, organizational performance and financial performance. (2) Strategic and tactical decisions consist of several decisions. There would be a great possibility that the intervention in each decision (strategic and tactical decisions) will have different behaviour on new product performance. (3) In fact, there are several types of new product in the MNC context such as global, local and integrated product (Firmanzah, 2004). Each type of product could influence differently the mechanism of subsidiaries' NPL process. □

Tersedia

Stack of books illustration.

Bundel Tahun 1997-99	Rp. 50.000,-
Bundel Tahun 2000	Rp. 100.000,-
Bundel Tahun 2001	Rp. 100.000,-
Bundel Tahun 2002	Rp. 100.000,-
Bundel Tahun 2003	Rp. 150.000,-
Bundel Tahun 2004	Rp. 150.000,-

(Harga diatas belum termasuk ongkos kirim)

Pemesanan di alamatkan :
Majalah USAHAWAN,
Lembaga Management FEUI

* Gratis untuk Perpustakaan di daerah terpencil

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