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Abstract

Service companies are expanding abroad. Their challenge is to manage international operations, as service MNEs must possess various resources and apply them through the activities, processes and performances across the borders in order to deliver their services to the customers. The study aims to apply a theoretical strategy framework that is based on manufacturing MNEs. According to it, MNEs shall achieve competitive advantage in international markets by applying a transnational strategy which aims to achieve high integration of the MNEs' activities and at the same time ensure local response.

To investigate if a transnational strategy is feasible for service MNEs, the research question is formed as follows "How can service companies apply a transnational strategy?" This research question is explored by identifying the challenges service MNEs face in internationalization. Furthermore, the means employed to achieve global integration and local response are investigated, and finally, the tools that aim to support a transnational strategy are explored.

Five service MNEs were studied: Pöyry, Empower, ISS, Ramirent and YIT. The empirical data was gathered from the company documentation and four interviews. The analysis of the five case service MNEs identified challenges that are related to integration and local response and various means are applied to overcome them. Based on the case study findings, a common trend for service companies was identified and finally, a model is proposed to support a transnational strategy. The model includes roles and responsibilities for the headquarters and the subsidiaries that describe the accountability of the units. International service subsidiaries can be monitored with the use of financial reporting systems, whereas country managements or subsidiary boards serve as tools to enhance collaboration between the group and the subsidiaries. Formal and informal mechanisms of integration shall be designed to support the strategy. The key for knowledge sharing, combining a service MNE's resources and ensuring the service quality, a knowledge center shall be developed to enhance the organization's performance.

Key words	Transnational strategy, service industry, service internationalization, subsidiaries
Further information	