Animation 12.1

There are four types of international company based on differentiating them by their level of global integration and their level of local responsiveness. Both of these factors range from low to high.

A company that has low global integration but high local responsiveness is termed Multinational, or multi-domestic. This means that there is limited central control, with subsidiaries in various countries operating almost autonomously.

For instance, Dominos Pizza – one of the companies featured in the DVDs that accompany this textbook – adopts this approach. Whilst the basic concept of home delivery pizza and brand marketing is the same in every country, the actual menu and pricing is highly responsive to local demand.

Global companies on the other hand have a high degree of central control and low levels of local responsiveness. IKEA – another of our featured companies - tends towards this approach. Its business model, store design and product range is the same all over the world.

Firms that balance both high central control with local responsiveness are said to be transnational. Large oil companies like BP and Exxon tend to have this approach.

Finally, whilst is theoretically possible on this matrix, to have an international company, in reality very few organisations would have neither central nor local control.