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MATRIX METHODS OF PORTFOLIO ANALYSIS IN ASSESSMENT OF TNC INTEGRATION STRATEGIES EFFECTIVENESS

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Summary. The nature of the integration strategies of modern TNCs are examined; the indicators of activities of TNCs in sector of services with BCG matrix and matrix directed policy are analyzed; the effectiveness of integration strategies of these companies is identified.

Key words: integration, strategy, TNC, BCG matrix, Shell/DPM model, analysis, efficiency.

Statement of the problem. The independent struggle to achieve competitive companies is usually ineffective in today's international business development, because the classic strategies: cost leadership, differentiation and focus - has leveled factors of globalization. Modern firms can defeat in modern competition only created effective and complete business system: with a single center of strategic decision-making, shared vision, goals balanced, efficient organizational structure and key business processes. Such integration strategies that are aimed at transforming the company into a global network of production and distribution. The main actors of integration strategies for today are multinationals, which using integration strategies have an unprecedented opportunity to not only increase the size of business and monopolize markets, and optimal use of financial resources, diversify risks, to realize personal interests of senior management.

The recent research and publications analysis. The fundamental problems of globalization of economic processes, international management, enterprise integration into the world economic community, methodological aspects of strategic planning are reflected in the writings of many renowned scholars. However, the assessments of the effectiveness of the integration strategies of multinationals with using modern matrix portfolio analysis tools were not considered by scientists.

The objective of the article is the existing theoretical principles and practical recommendations for evaluating the performance of TNCs, particularly through the use of matrix portfolio analysis tools

are the aim of the article. The main objectives of the study are: to investigate the nature of the integration strategies of modern multinationals, to analyze performance indicators of TNCs in services using Matrix Boston Consulting Group (BCG) and directional policy matrix (model Shell/DPM), to evaluate the effectiveness of the integration strategies of these companies.

Justification of scientific results. The high level of competition, development of techniques and technologies and globalization require businesses to develop new effective strategies of behavior. Under these conditions, companies seeking to make their competitors to partners and provide more favorable conditions for the functioning and growth. The integration strategies become increasingly significant of business development among existing mechanisms competitiveness.

Thus, integration is a corporate strategy to increase vitality affects businesses get their financial stability, reducing the uncertainty in the supply and marketing of products, strengthening the position of a business combination on the market of this type of goods and services, diversification of production to reduce risks.

The most important problems during integration are asset growth and a simultaneous increase in market share. Therefore, we propose to analyze the effectiveness of integration strategies of TNCs, using the tools of portfolio analysis matrix - matrix BCG matrix and Shell/PDM.

The performance of TNCs operating in the service sector are analyzed, which, showing the most dynamic indicators of development for today.

The basis of the study was the change in assets for 2008–2010, and sales in 2010 top 100 TNCs which operating on the market, according to data ranking Forbes Global 2000. Vertical axis in the matrix is represented by assets (percent) as an indicator that reflects the ability and willingness of the company to grow by increasing its assets. Horizontal axis is represented sales of companies as market share of

the company. This ratio will determine the behavior of companies in the market and determine the type of strategies of their activities.

Classic BCG matrix to analyze the activities of companies, dividing them into four key strategic sectors: «Stars», «Cash Cow», «Wild Cats» and «Dogs» (figure 1).

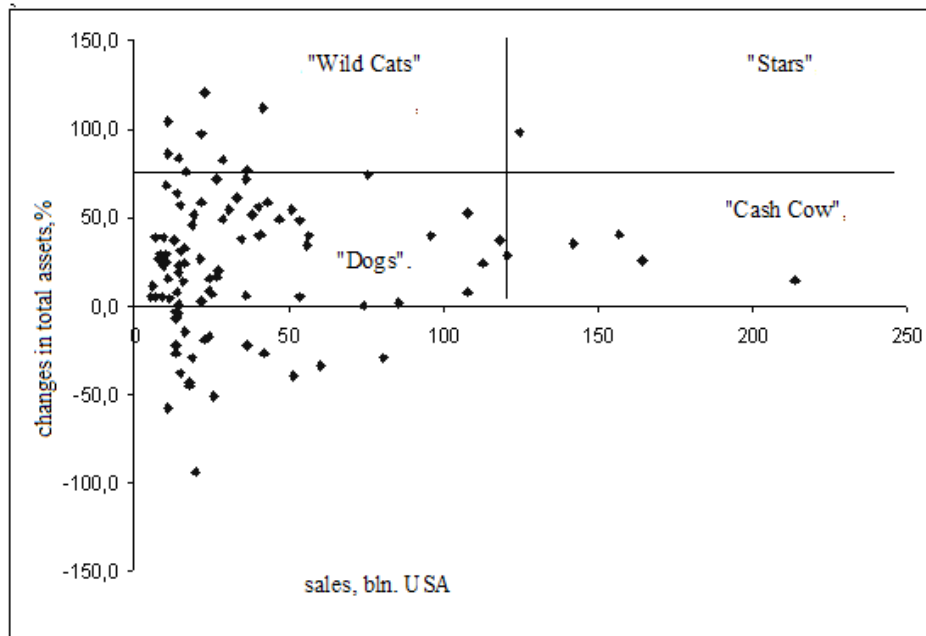


Figure 1. Matrix BCG for multinationals which operating in the service sector

According to the results, the sector «Stars» got only one company that could provide both the growth of their assets and take an advantageous position in the market – an international financial holding «Deutsche Bank». Finding a company in this sector indicates that the company is the leader in the dynamic field and implementing integration strategies successfully that can confidently build their own capacity.

The Sector «Cash Cow» got 5 companies – «ING Group», «AXA Group», «Fortis», «HSBC Holdings», «EON AG». These companies realize their integration strategies in relatively stable industries and pursued primarily goal of increasing market share at the expense of integration.

The sector «Wild Cat» got companies: «State Bank of India Group», «Marubeni», «Singapore Telecom», «Sberbank», «Sumitomo Trust&Banking», «Svenska Handelsbanken», «Nordea Bank», «Sumitomo». The vast majority of companies in the sector are banking MNCs in different groups of countries. The small market share is characterized for these companies, but the highest rate of changes of its assets, indicating that the use of integration strategies, primarily to increase

the value of their business.

The majority of TNCs are concentrated in the fourth sector – «Dog» – 65 companies. It would be to plan and implement integration strategies based mainly on mergers and acquisitions for these companies. That will help them to achieve market share growth and business value.

Similar results we got, when put it on our schedule grid directional policy matrix (Matrix Shell/DPM), which is a kind of idea development strategic positioning of business which is the basis of BCG model. You can use it to evaluate companies that are in various stages of their development.

Each of the nine sectors of the matrix corresponds to a specific strategy that somehow characterizes its position in the market. There are such sectors in the matrix: «Business leader» (1), «Growth strategy» (2), «Generator of cash resources» (3), «Strategy for increasing the competitiveness» (4), «To continue the business with caution» (5), «Partial curtailment strategy» (6), «Double the volume of production or close business» (7), «To continue business with caution or partially curtail production» (8), «The curtailment of

business strategy» (9). Most companies included in the 7, 8 and 9 sectors (figure 2).

Conclusions. Experience using BCG matrix and model Shell/PDM has shown that they are useful in determining the strategic position of international

companies, as well as the allocation of resources in the near future.

However, an analysis of the performance of the largest companies in the services sector is not shown high efficiency of their integration strategies.

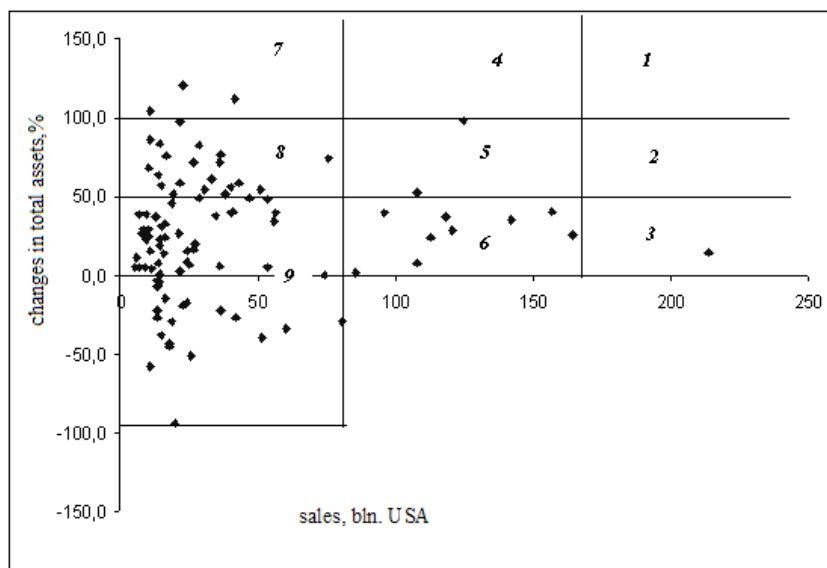


Figure 2. Matrix Shell / PDM for multinationals operating in the service sector

Thus, for most of the studied companies that we can recommend carrying out further development is based on micro-integration that will simultaneously achieve growth in market share, assets and strengthening competitive position.

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The feasibility of integration strategies confirmed the possibility of obtaining long-term competitive advantage by concentrating capital for economic recovery and growth potential within continuous innovation and integration development process.

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