

On the Importance of Strategic Management in Contemporary Multinational Corporations

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Abstract. Contemporary strategic management of multinational corporations (MNCs) is a new trend in the development of MNC theory and practice. As an important part of the theory and practice of contemporary multinational corporations, the strategic management of multinational corporations reflects the changes and development trends of the contemporary world's economic structure, market structure, technological structure and so on in its own generation and development. Today, with the accelerated process of global integration and the deepening of economic globalisation, the strategic management of multinational corporations has become an important factor in the competitive advantage of contemporary enterprises and in their survival and development. As a new theoretical viewpoint, it is a scientific summary of the law of enterprise development and a useful supplement to the modern enterprise theory system.

Keywords: Transnational corporations, strategic management, importance.

1. Introduction

In today's globalized business environment, the importance of the strategic management of TNCs is becoming increasingly evident. With the development of science and technology and the expansion of markets, TNCs are faced with unprecedented opportunities and challenges. In this context, effective strategic management has become a key factor for TNCs to achieve competitive advantage and sustained growth. Strategic management of MNCs involves the formulation and implementation of strategies to adapt to market demands in different countries and regions, as well as the coordination and integration of the company's resources and operations on a global scale. Through sound strategic management, MNCs are better able to seize the opportunities of globalized competition, achieve market share growth, optimise resource allocation, reduce risk, and improve organizational flexibility and adaptability. Therefore, studying and exploring the importance of strategic management in contemporary TNCs is of great significance in understanding and responding to global business challenges.

2. The importance of strategic management in contemporary TNCs

Since the 1990s, the theory of enterprise management has undergone great changes, and the strategic management of multinational corporations is one of the important contents. Since the 1990s, the world economy and international trade pattern have undergone great changes, economic globalization has been further deepened, the economic development is increasingly presenting new characteristics, the rapid development of science and technology, the enterprise organizational structure and the management mode are constantly innovated, which all make the multinational corporations face unprecedented opportunities and challenges. TNCs are facing unprecedented opportunities and challenges [1]. In order to cope with the changes of the times and adapt to the needs of global competition, TNCs must reposition their business strategies and adjust their foreign investment strategies, organizational structures and management methods. The strategic management of transnational corporations is precisely to make their enterprises adapt to the changes in the world economy and international trade and arise and develop.

3. Strategic management of TNCs is an inevitable requirement for enterprise development

Today, the wave of globalization sweeps across the world, international trade is further strengthened and international competition is becoming increasingly fierce, all of which bring unprecedented opportunities and challenges to TNCs. At the same time, economic globalisation also makes enterprises face fierce competition, and this competition is global. TNCs allocate resources globally and optimise their product and technology structures so that they can gain an advantage in the fierce international competition [2]. Therefore, TNCs must carry out strategic planning and adjustments on a global scale to adapt to changes in the environment. And the strategic management of TNCs is an important means and way to realise the global strategic planning of enterprises. Through the formulation of reasonable and effective strategic objectives, strategic decision-making, strategic implementation, strategic control, etc., enterprises can be invincible in the fierce market competition.

3.1. Strategic management of TNCs is an inevitable choice to adapt to globalisation

The strategic management of transnational corporations (TNCs) arose in the process of globalisation, and with the further deepening of economic globalisation, it is inevitable that TNCs will also have to engage in strategic management. In the process of economic globalisation, TNCs, as an important form of international organization, are confronted with not only the dual challenges of the domestic market and the international market, but also, more importantly, the opportunities and challenges it faces. The content of strategic management of TNCs includes three aspects: strategy formulation, strategy implementation and strategy monitoring. Since the international market is an environment of extremely rapid change, strong competition and full of uncertainty, MNCs must formulate a practical, effective, scientific and reasonable strategy from the perspective of global overall interests. The strategic management of TNCs is proposed precisely to achieve this goal [3].

3.2. Characteristics and requirements of strategic management of TNCs

The characteristics of the strategic management of transnational corporations lie in the fact that they have their own uniqueness compared with the strategic management of enterprises in general, and that they have a unique corporate culture, a unique organizational structure, a unique mode of operation and a unique competitive advantage. From the perspective of the entire international economic pattern, transnational corporations to carry out business activities in the world is not only the objective needs of the development of the world economy, but also the inevitable requirements of the countries to participate in the international competition and the implementation of national strategies. Transnational corporations' global business activities have a larger scale and scope, their organizational structure is more complex, and their transnational business management requires a higher level and stronger capabilities [4].

Compared with enterprises in general, the strategic management requirements of TNCs are more extensive, more complex, more systematic, more integrated, more comprehensive and more targeted. It should be adapted to the development trend of the integration of the world economy and economic globalisation, as well as to the requirements of developing countries to participate in international competition and achieve their own development. Therefore, in carrying out the strategic management of transnational corporations, it is necessary to establish a set of complete and effective management mechanism and adopt a series of scientific and effective management methods to strengthen the effective management and control of transnational business activities. Through the implementation of scientific and effective strategic management of transnational operations, the value of transnational corporations can be maximised.

3.3. The importance of strategic management in contemporary TNCs

With the continuous evolution of TNCs' business strategies, resource allocation by TNCs on a global scale to enable them to gain greater competitive advantages has become an important driving force for economic development. Contemporary TNC strategic management is a scientific summary of the law of development of TNCs, which involves resource allocation, market development, technological innovation, organizational management, brand building and other aspects of TNCs on a global scale. In the increasingly competitive international market, enterprises must formulate enterprise development strategy and implement it effectively if they want to occupy a place. The strategic management of multinational corporations has an important strategic position in the development of contemporary enterprises, and is of great significance to the development of the theory and practice of contemporary multinational corporations.

Today's world economy is becoming increasingly integrated and globalized, and competition in the marketplace has become more intense. In order to gain and maintain a competitive advantage on a global scale, transnational corporations have attached great importance to making strategic adjustments to their organizational structures and strategies [5]. However, when governments actively encourage their enterprises to develop international business, it is not easy for those smaller and weaker enterprises to enter the international market. At this point, a management model or strategy with clear objectives that can bring competitive advantage to the enterprise is needed. In the development of contemporary strategic management theory of multinational corporations, clear corporate goals are the first issue of strategic management of multinational corporations. Only by defining corporate objectives can we determine how to formulate and implement business strategies. Only by formulating clear corporate objectives can a correct business strategy be developed; only by clarifying corporate objectives can human, material and financial resources be better organized; only by determining a correct business strategy can organizational structure be better adjusted; only by formulating a correct business strategy can corporate culture be further enhanced.

4. Key elements of strategic management of contemporary TNCs

Since the 1990s, transnational corporations have faced unprecedented challenges. Many companies have engaged in strategic contraction rather than large-scale expansion. Most companies are struggling to find new markets and new strategic opportunities to compete. What can be done to enable companies to maintain a sustained competitive advantage? This is the question that needs to be addressed by the strategic management of MNCs. MNC strategic management is a strategy formulation and implementation process rather than a decision-making process. The key elements of strategic management of contemporary multinational corporations include: correctly identifying and understanding the opportunities and threats of the environment in which they operate; scientifically analyzing the enterprise's own resources and making reasonable resource allocation; formulating the correct corporate strategy and choosing the appropriate competitive strategy, developing the correct organizational structure, and configuring the appropriate personnel; choosing the appropriate entry method and entering the market according to the enterprise's market positioning; establishing and maintaining close relationships with the stakeholders such as local government, consumers, suppliers, and customers; and proactively manage the company in an endeavour to keep the business in a competitive position.

5. Conclusion

In the contemporary globalised business environment, the importance of strategic management of TNCs cannot be ignored. With the globalisation of markets and the intensification of competition, TNCs must be equipped with effective strategic management capabilities to cope with the changing environment and challenges. Through the integrated application of key elements such as positioning and goal setting, environmental analysis and strategy selection, organizational structure and resource

allocation, TNCs are better able to take advantage of market opportunities, integrate resources, manage risks and achieve sustained competitive advantage. However, MNC strategic management also faces challenges such as cultural differences, legal restrictions, and talent recruitment and training. In the future, with the continuous development of technological innovation and digital transformation, MNC strategic management will face new opportunities and challenges. Therefore, TNCs need to continuously adapt and adjust in order to remain competitive and achieve sustainable development.

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