the sale of the sugar division. In 2009, *Danisco* generated €1.7 billion turnover, of which 38% came from Europe, 40% from the Americas and 17% from Asia-Pacific. *Danisco* employed 6800 people in 17 countries, in part to serve local markets such as China, and in part to process natural ingredients only found in specific locations such as Chile. Expansion in Europe, North America and Australia occurred mainly through acquisitions, while business in emerging markets grew to a larger extent by greenfield projects. However, the integration of the acquired companies took time, and only after that process had been completed did the share price begin to rise again.

The sale of the sugar division in 2009 thus was the logical consequence of the two-decade long transformation process. The synergies between the sugar and ingredients divisions had diminished, while liberalization of the EU sugar regime led to the expectation of changing competitive dynamics in the sector. However, before completing the sale to *Nordzucker* of Germany, clearance needed to be obtained from competition authorities in those countries where both *Nordzucker* and *Dansico* held substantive market shares.

In spring 2011, the history of *Danisco* took another turn: US chemicals giant *DuPont* launched a takeover bid! As a focused company, *Danisco* had become an attractive target and would provide *DuPont* with a launch pad into the food ingredients business. Yet shareholders drove a hard bargain and managed to drive the share price up by about 60% before agreeing to sell. *DuPont* moved fast to integrate the Danish company, which is now called *DuPont Nutrition and Health*.

Sources: (1) J. Cortzen, 1997, *Merchants and Mergers: The Story of Danisco*, Copenhagen: Børsens Forlag; (2) K.E. Meyer & I.B. Møller, 1998. Managing deep restructuring: Danish experiences in Eastern Germany, *EMJ*, 16: 411–421; (3) K.E. Meyer, 2006, Globalfocusing, *JMS*, 43(5): 1109–1144; (4) Danisco (various years): Danisco annual reports; (5) DuPont Nutrition Health (2014): Latest news, www.danisco.com (accessed January 2015); (6) J. Kongskov, 2012: *Dansen om Danisco: Med i kulissen ved rekordsalget af et industriklenodie*, Copenhagen: Gyldendal Business.

Why did *Danisco* change the focus of its business so drastically, making multiple acquisitions and divestments? How do companies like *Danisco* create value in such dispersed yet integrated operations around the world? And, how does *DuPont* expect to create even more value by acquiring apparently well-run *Danisco*? The diversity of the global economy creates both challenges and opportunities for companies transcending borders and continents. This chapter explores how companies develop **global strategies**. Exploiting the diversity of the world, global strategies spread MNE operations across the world, making the best use of whatever each location has to offer. The implementation of global strategies usually requires acquiring complementary businesses or establishing partnerships with firms that control complementary resources or stages of the value chain.

global strategies
Strategies that take advantage of operations spread across the world.

We review the advantages that firms may be chasing when they develop global strategies and try to create value by integrating operations across the world. Then, we explore how firms use acquisitions and alliances to develop the kinds of global operations that allow them to deploy these strategies on the global stage. We then discuss how institution- and resource-based views help to explain the patterns and performance of acquisitions. Debates and extensions follow.

LEARNING OBJECTIVE

1 Articulate the strategic advantages and types of strategies of globally operating firms

STRATEGIZING GLOBALLY

Competitive advantages of the global firm

Why are MNEs often more competitive than local firms? They can develop competitive advantages in several ways, as outlined in Table 14.1. These potential advantages complement each other, but not every MNE exploits each of these advantages.[1]

First, a basic advantage of MNEs over their typical domestic rivals is simply their size. Advantages of size create **economies of scale**, that is the reduction in unit cost that is achieved by increasing the volume of production. In manufacturing,

economies of scale
Reduction in unit costs achieved by increasing volume.