Strategic Responses to Political Imperatives in International Business: The Case of Philips in Australia, 1939-1945

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Abstract

The Australian subsidiary of Dutch MNE Philips faced risk of a government takeover as enemy property in 1939 and 1942, following secret service surveillance of the company. It was excluded from government contracts for war-related communications equipment when forced to reduce civilian production in 1942. These threats to its assets required the firm to develop an adaptive corporate strategy. A new CEO implemented a strategy to minimise political risk and take advantage of opportunities that war production offered. The case demonstrates that an MNE pursues interactive and dynamic strategic responses when faced with political imperatives in a host country.

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