СЕКЦІЯ № 2. ПІДПРИЄМНИЦТВО, ТОРГІВЛЯ, МАРКЕТИНГ: СУЧАСНІ ТРЕНДИ ТА ПЕРСПЕКТИВИ РОЗВИТКУ

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THE COMPANY'S GLOBAL STRATEGY AS A TOOL FOR EFFECTIVE COMPETITION: MANAGERIAL ISSUES, ADVANTAGES AND DISADVANTAGES

Despite the growing controversy over the globalization of the economy, more and more business leaders in various industries are seeking to enter international markets, expand existing markets, achieve competitive advantage in the global consumers. Such companies implement a global strategy and create a plan for its implementation in all areas, such as production, marketing, finance, management etc. The question of whether to be too country-oriented in a global strategy always depends on which country we are talking about. In most cases, over-centric on a country in a global company's brand can be a weakness of the strategy.In general firm's strategy can be defined as the actions that managers take to attain the goals of the firm.

There could be mentioned that a global company is a large-scale company operating in different regions, many countries, using significant opportunities and benefits in production costs, logistics, marketing, finance and reputation of its products in each market, which is not available to smaller companies operating exclusively in the domestic market.

Costs can also be cut by managing the global supply chain efficiently to better match supply and demand. This involves both coordination and integration of the supply chain functions inside a global company (e.g., purchasing, logistics, production and operations management) and across the independent organizations (e.g., suppliers) involved in the chain.

Firms that pursue a global standardization strategy focus on increasing profitability and profit growth by reaping the cost reductions that come from economies of scale, learning effects, and location economies. Their strategic goal is to pursue a low-cost strategy on a global scale. The production, marketing, R&D, and supply chain activities of firms pursuing a global standardization strategy are concentrated in a few favorable locations. Firms pursuing a global standardization strategy try not to customize their product offering and marketing strategy to local conditions because customization involves shorter production runs and the duplication of functions, which tend to raise costs. Instead, they prefer to market a standardized product worldwide so that they can reap the maximum benefits from economies of scale and learning effects. They also tend to use their cost advantage to support aggressive pricing in world markets. A global standardization strategy makes the most sense when there are strong pressures for cost reductions and demands for local responsiveness are minimal [1].

Standardization, on the strategic product components, has many advantages regarding the benefits of cost reduction and the rising of profits obtained from sales, but also the advantages results from the global goods distribution. Standardization is a premise of international communication improvement and the information transfer increase rhythm, directly connected with the results of technological development and with main objective of needs and consumer behaviour homogenisation form all over the world. Standardization represents a way to confer superior value to product through price, quality, and distribution. Standardization brings confidence to consumer regarding certain producer's offer [2].

According to different sources, the main advantages and disadvantages of a Globalization Strategy can be noted [2-4].

Among the advantages are the following:

1. It allows a brand to begin building through the economies of scale.
2. It improves the life-cycle of goods that are created.
3. It lessens the impact of competitive businesses in the same industry.
4. It is easier than ever before for a business to implement a globalization strategy.
5. Globalization helps the world to progress as a whole.
6. It can help to reduce global poverty.
7. Globalization brings the homogenization of needs and preferences.

8. Globalization leads to the intensification of consumers' mobility.

9. It is easier to rise of technological feasibility

10. It allows to diversify business.

The main disadvantages are:

1. There are cultural influences that can make market penetration difficult.

2. There is always an operational risk that must be considered.

3. There are higher ongoing risks to obligation fulfillment.

4. Although free trade is more prevalent than before, there are still barriers in place.

5. A globalization strategy inevitably shifts the primary working force to low-cost labor nations.

6. Globalization allows businesses to have a greater influence on the political arena.

7. There are challenges of foreign culture.

8. There is always a financial risk.

Thus, the current conditions taking into account globalization in general are significantly relevantthe company's need for a balanced and effective global strategy, which consists of successive stages of strategic decisions and is based on forecasting foreign economic activity, advantages and disadvantages as a whole.

References:

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