iJRASET
International Journal For Research in
Applied Science and Engineering Technology

INTERNATIONAL JOURNAL FOR RESEARCH

IN APPLIED SCIENCE & ENGINEERING TECHNOLOGY

Volume: 9 **Issue:** IX **Month of publication:** September 2021

DOI: https://doi.org/10.22214/ijraset.2021.38185

International Journal for Research in Applied Science & Engineering Technology (IJRASET)
ISSN: 2321-9653; IC Value: 45.98; SJ Impact Factor: 7.429
Volume 9 Issue IX Sep 2021- Available at www.ijraset.com

International Strategy: From Local to Global and Beyond

Yashvi Shah
KT Resort & SPA PVT LTD, India

I. INTRODUCTION

Globalization has made us more vulnerable. It creates a world without borders, and makes us painfully aware of the limitations of our present instruments, and of politics, to meet its challenges. - Anna Lindh

Multinational corporations (MNEs) have had to adjust to rapid changes and rising complexity in the global competitive scene during the last 50 years in order to survive and thrive. MNEs' international strategies have evolved in tandem, as has academic study on the many qualities and results of these strategies. The trajectory of international strategy research over the last five decades is examined in this article. The research on international diversification, as well as the timing and speed of entering overseas markets, is particularly interesting. The impact of formal and informal institutions on international strategy has become a hot topic in recent years.Furthermore, MNE strategies frequently aim to discover and leverage crucial competencies in order to gain a competitive advantage in international markets. Finally, new study topics are addressed, including institutional complexity, corporate sustainability, emerging economy enterprises, and international new ventures.

In the last 50 years, the globe has changed drastically. Companies have primarily been located and served more stable markets 50 years ago, whereas progress in communication and transportation today not only helped the acceleration of MNE growth, but also fostered more competition and economic growth. Fifty years ago, worldwide trade and investment were solely enjoyed by huge multinationals, whereas fresh ventures and new-born global enterprises have today become new stakeholders in the world economy.

The main restrictions on corporate globalization, as documented in a wide range of literatures, can normally be reduced to challenges of limited rationality, limited connection and the inability to develop a context for organizational development that contributes to the value of creation as a whole (Rug- man & Verbeke, 2001; Verbeke & Kano, 2016; Narula & Verbeke, 2015).

The main challenge Verbeke and Forootan (2012) demonstrated that most research into supposedly positive links between a multinational corporate level (or global diversification level) and performance is conceptually and empirically flawed. Few of the largest firms in the world are, if anything, capable of achieving and maintaining a balanced global geographical distribution of business and sales over longer periods of time. Only nine "global companies"' were identified as companies with a balanced distribution of worldwide selling in their 2004 JIBS paper (that is to say, less than 50% of their sales in their home regions and at least 50% of sales in their home regions)

The main challenge Forootan and Verbek (2012) have Oh and Rugman (2014) subsequent work confirmed the virtual absence of worldwide companies with equal sales and asset distributions worldwide. Whether the definitions and metrics used have been debated extensively, but the simple fact remains that most of still the world's largest enterprises cannot emulate the same level of regional home success worldwide (as measured by levels of sales and assets) because "distance" is still important (Verbeke, 2013).

Apart from the "global companies" analysis, there were two other corporate globalization research streams. The first stream is at the junction of businesses and enterprises. The term "born global" (Knight & Cavusgil, 2004) has been used by scholars and refers to new ventures which have been operating internationally. However, companies with a wide geographical scope from the outset remain the exception instead of the rule (Lopez, Kundu, & Ciravegna, 2009; Verbeke & Ciravegna, 2018). The second stream addressed the GVCs, few of which were "global" in terms of the indicators above (global deployability).

In the assessment of three expressions of company globalization, the IB literature was more detailed in Verbeke, Coeurderoy and Matt (2017). We argued that the concept of corporate globalization refers to various so-called empirical phenomena which have never been, at least not as demonstrated in the empirical literature. However, our aim is not to mourn poor conceptualization, poor labelling or empirical efforts in the field of business globalization. A big opportunity exists to develop a new research agenda for corporate globalization based on better data. How can "global" be defined in actionable terms in corporate globalization studies and how can its histories (contextual drivers) be determined? How can the content and consequences of corporate globalization be evaluated empirically? How many large multinationals (MNEs) are there?? How many new companies are internationally recognized as global born companies? What are the real global number of international value chains?

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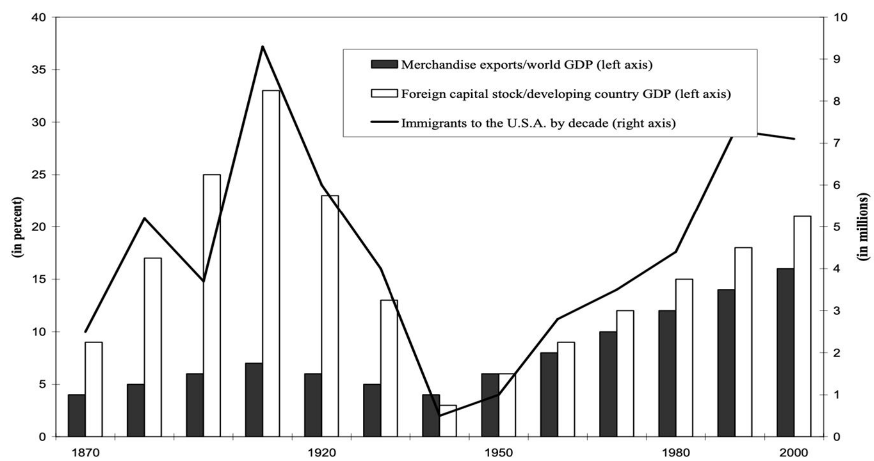
Currently, most past IB research analyses of corporate mondialisation simply seem "to've missed the goal." Better research is urgently needed, especially since this research would allow the IB research community to discuss the content, context and effect of corporate globalization in a properly informed manner. An informed IB research community could help to debunk a large amount of the disinformation and false accounts of the presumed negative impacts of internationally operating companies on society. The IB research community can then, at the more aggregated level, more convincingly describe the effectiveness of international economic activity, by means of foreign direct investment, exports or other forms of external cross-border contracting.

Figure 1. Waves of Globalization



The first wave of globalization, driven by sharply falling transportation costs and reductions in trade barriers, was in the beginning of the 20th century and the end of the 19th century. During this wave, exports in relation to world incomes almost doubled to approximately 8 per cent GDP, and massive outflow from Europe to North America and elsewhere of capital and people's migration (about 60 million). Global income rose rapidly during this period, with trade among West European countries and their foreign counterparts also increasing (United States, Canada, Australia). At the same time, the gap between countries that are globalizing and other countries has expanded (Table 1).

Table 1. Level of Industrialization between 1860 and 1913 1/
(In percent, UK 1900=100)

	1860	1880	1900	1913
Total developed countries	16	24	35	55
Total developing countries	4	3	2	2
Memorandum items:				
United Kingdom	64	87	100	115
United States	21	38	69	126

Source: Milanovic, 2003.
1/ Industrialization is defined as manufacturing output per capita.

During the period between two wars, integration was reversed – policies that looked at the interior were adopted, the share of income trade dropped to 1870 and migration was limited. GDP per capita growth declined by about one third and continued to increase inequality. Nevertheless, over this period life expectancy and other health indicators improved, illustrating the complex and difficult to measure impact of globalization.

The second global wave began in the 1950s and was again driven by technological innovations and the reduction of barriers to trade, capital and information flows as well as people's migration. The integration of developed countries took place mainly between 1950 and 1980. These nations have experienced unprecedented growth rates as they pursued multilateral trade liberalization.

The World Bank 2002 report demonstrates that since the 1980s, some developed countries, including China, Hungary, Mexico and other countries (the new globalizers), have moved exports to manufactured goods and services from primary commodity and experienced a steady inflow of foreign direct investment.The average growth rate in developing countries increased to 5% in the 1990s, well over 2%. Countries with a population of approximately two billion – especially in sub-Saharan Africa, the Middle East, and some former countries – were unable, however, to integrate into the global economy. Some of these economies have contract and the income gap between globalizers and non-globalizers has been broadened further (Table 2).

Table 2. GDP per Capita, selected regions 1/
(in US$, using 1995 international prices)

	1960	1998	1960	1998
	(in US$)		(as percent of Ind. countries)	
Africa	1,539	2,033	15.7	9.0
Asia	963	3,967	9.8	17.6
Latin America	3,297	6,353	33.7	28.1
CEEB, CIS	2,206	4,290	22.5	19.0
Industrial countries	9,792	22,594	100.0	100.0

1/ Population weighted, country groups.
Source: Milanovic (2003).

This table shows that globalization has boomed (in the early 20th century) in the past century and then failed. Moreover, the benefits of globalization, among countries and even continents, were very unevenly diffused. One might wonder, then, what are the chances of reversing the global trend again? 5 While technological changes have somehow their own lives, the retreat of globalization over the periods of the interwar has been driven rather by politics. In contrast, the current mainstream advice fosters strong openness to trade and foreign direct investment, which reduces the chances of a retreat from globalization.

II. CONCLUSION

Globalisation has powered economic growth in developing countries such as China. Global logistics, low domestic production costs, and strong consumer demand have let the country develop strong export-based manufacturing, making the country the workshop of the world -Ma Jun. One of the main issues for promoting globalization is how "negligible non-globalizers" can overcome the obstacles to integration and how "willing non-ground builders" can be convinced to open up their economies. Naturally, this is closely linked to more advantages being evenly spread and the negative consequences mitigated. The IMF seeks to encourage shared economic gains and to minimize the risks of globalization via its various activities. The IMF encourages trade and investment openness, works towards greater financial stability, credits for countries at risk, plans for debt relief for the "highly indebted poor countries" in partnership with the World Bank and others, helps countries implement reforms aimed at increasing growth and reducing poverty, and provides technical support

According to the foregoing analysis, globalization, as a result of markets forces and technological changes, is not simply an intensification of global connection. It is instead a vision of the world shaped by capital and hegemony, aiming to establish a system that is compatible with capital's interests. The inherent trend of globalization is capitalism as a market-oriented production system. But the degree of adherence to the liberal principles that globalization represents does not always characterize capitalism. Globalization is a new, more universal, more unchallenged, purer and more unadulterated phase of capitalism than ever before in E. M. Wood's penetrating analysis.

The ability to develop transnational organisational skills is the key to helping companies adjust to changes in the dynamic environment in an international competition environment. As the rapid rate of globalisation makes business practises traditional, it is important for managers to have an effective global thinking. Corporate globalisation has brought global strategic management into being. Strategies for global cooperation will result in a combination of strategic management and international business. However, progress on the way is hindered. Co-operative initiatives based on the mutual advantages of the parties involved can resolve the problems caused by these obstacles. Proper effective communication will be key to global strategies as ineffective and ineffective in a single culture is possible. Products marketing is complicated and difficult at a global level because of various factors including: ISAlliances, international marketing coordination and control, communication, regional trade blocs and global strategy choice. The firm with the choice of an effective global strategy that takes into consideration its strengths and weaknesses in the face of the opportunities and threats in the environment, will survive.

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