

Scio consulting international, llc

Business



GLOBAL OPPORTUNITY FOR SMALL BUSINESSES College: Following the increasing demand by firms to remain operational in the highly competitive environment, small firms have to fight for the market share in order to survive. This implies that all the firms must strategies to explore foreign market environment as a way of increasing its customer base, which will potentially results into increased revue and higher profitability index. Small firms, just like well established firms have equal opportunity to explore its potential globally. For such developing firms to compete fairly in the global markets, they have to advance market entry strategies which entails identifying the market gaps, developing products which are tailored to specific needs and demands of the identified potential market, and conducting product standardization or differentiation depending on the preferences and customer tastes (Hossain, Patrick, & Rashid, 2012).

In addition, small firms must conduct both macro and micro-environmental analysis to help identify the potential internal and external variables with the ability to impact on the performance and productivity of the firms. A born-global firm (established with the objective of multination operations in the mind) should be able to mobilize adequate financial resources and employ technical management team with the much needed skill and experience to run its global operations (Hossain, Patrick, & Rashid, 2012). The driving forces behind globalization for firms is to expand its market share, cut on its operation costs, and gain access to the global resources. The first strategy for small firms interested in global ventures is either importation or exportation or both. These initial steps are later followed by the more advanced non-export/import strategies such as franchising, licensing, strategic alliance formation, and delocalization/decentralization of its

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operations (Hossain, Patrick, & Rashid, 2012).

The success of small firms in the international market is restricted by political risks, managerial and economic risks which potentially affects the performance and prospects of growth of these young firms. Politically, legal trade restrictions and other regulatory frameworks in the new business environment will restrict the success and the penetration ability of the new firms. Besides, other politically instigated factors such as corruption and bribery serve as a threat to the success of small firms. Economic risks which affect the success of international businesses are high inflation rate, mismanaged financial and economic policies, and interest rate and exchange rate volatility (Hossain, Patrick, & Rashid, 2012). On the other hand, managerial challenges covering from inadequate human capacity to limited financial resources is another challenge to the success of a small firm in the global market.

Reference

Hossain, L., Patrick, J. D., & Rashid, M. A. (2012). Enterprise resource planning: Global Opportunity for Small Businesses, Hershey, PA: Idea Group Pub.