

# Corporate and global strategy

[Business](#), [Strategy](#)



## Corporate & Global Strategy

With the continuous effect of globalization in most industries today it is very imperative that establishing an effective and continuously enhancing corporate strategy is necessary. Identifying both internal and local factors in business as well as macro and micro factors of business is very important to be carefully addressed. Just like in this paper where it will focus on the current trend in the airline industry. Airline industry which is one of the prime movers in the business. With the continuous challenges that the airline industry is facing like oil price hike, maintenance cost and even cultural standards, airline industry is one of the most challenging business at the present. Competition is always drawn also by cost, like in the present the existence of some low-cost airline companies are starting to be a major competitor in the big league of airline companies. This has generated more public attention due to its low-cost air fares and on-time and prompt services, which maybe not that fully served airline companies like the more commercial ones, but still it address the main need of its client and that is sending them to the right destination. But, the main focus of this paper will be Qantas Airways of Australia. This paper will try to study first the current situation that is happening in the airline industry and then provide some relevant discussion on the company's current situation with the application of relevant theories.

In the past 10 years, it has been observed that the increase in travel increased by 7%. But the effect of revenue increase for most big airline company was not that felt. This is due to the emergence of many small players in the business offering low cost fares and other means of

comfortable transportations. From 2001 to 2010, even the International Air Transport Association or IATA even predicted that there will be an increase in air travel from 5 to 6%. This will be mostly focus on Europe, North America and in Asia Pacific, where most business trade will increase. The growing demand for air travel will also be a good sign that business transactions among different regions will flourish. That is why the competitive advantage through corporate strategies of airline companies is needed to re-established. (The Airline Industry, n. d.).

In the case of Qantas as one of the commercially recognized airline company in Australia, with its good performance that was felt most specially running from the early 90's to early 2000. But, the main problem was its competitive level was matched in the middle and current latter part of 200, specifically in 2005 to 2006. The company needs to re-visit its corporate strategy as the competition starting to be the main problem of the company. Offering a more affordable and improving its service are two of the most recognizable changes that the airline company must do in order to re-assert its presence in the airline industry of Australia and be able to compete as well with some of the airline giants in other country like Northwest Airlines and other emerging airline companies in Asia and in Europe. It is important for the company to face this challenge as a big step in moving the business into the next level. This is a test of strategic analysis of the company as to how they can be better performed the business that they have selected.

Take for instance the SWOT analysis that was conducted by JET Blue Airline Company in order for them to survive in their business. This part is to provide a more comprehensive analysis as to how the company can still

survive from this current turmoil and have it converted into a more positive result through SWOT (Strength, Weaknesses, Opportunities and Threat) Analysis.

To start with its Strength, the company has already establish itself of being one of the finest airline company that offers best services through its facilities, like comfortable seats, and best entertainment. The company must continue to exploit that or even improve it, in order for the business to grow more. Strength is offering low fare plane ticket, the company is known for this one, even though the company was faced with instant increase of fuel in the global market, the company still has the potential of keeping its fare against the competition only if carefully studied. In the side of Weaknesses, there is no doubt that there is problem with decision making and thorough financial study and research. The management has to deal with so many things in the business and should not be easily be driven by bottom line alone or what you call earnings. The decision of expanding through acquiring of new planes should be carefully analyzed as well as starting to have international routes. Not to mention the biggest mistake was a late decision of cancellation of flights during the Snowstorm in the East Cost where many passengers where stranded for days and that was a big impact for the business, because they have to re-establish its name to the public.

The cost of money and time was tremendously a big blow for the company and that is a wound that cannot be easily be healed. The decision making, research on every decision must be done and it should be all for the benefit of the customer always and not just for financial gain. Opportunities, the company must be aware of the fact that they once been known for quality

service and with very affordable fare. It is also one opportunity that needs to be improved, like providing a lot of best and flexible choices in fare prices, most probably providing an entertainment packages like providing entertainment for kids and teens, etc. Another opportunity is providing a partnership with large corporation in order to adopt best practices in the business, in order for the company to be fully mature in this very competitive world. For the threat, one is bankruptcy, if there will be no action to be taken or not enough attention given to these issues, the company would end up losing the entire business. Competition will always be another threat, and the company must create an effective strategy to overcome it. In this way by re-visiting the company's current need for improvement it will be easy for the company to cope up. What Qantas can adopt from this SWOT analysis is to exploit on providing low fare ticket and efficient service.

Also in order to provide a more effective approach in improving the process, Porters popularize five forces model. It includes potential entrants, suppliers, substitutes, buyers, and industry competitors. In this model it explains that there are five forces that can bring the company up or can put the company down. Starting with the suppliers, the company must establish a power to bargain with them, because this is the only way that the company can also maximize its revenue by reducing supplies. Second, is with regards to substitutes, the company must have options or substitutes, this is in order for them to be prepared if the supplier will not be available and at the same time a leverage for comparing price of supplies. Buyers, also for its buyers there should be adequate bargaining power or providing a wide range of price options is necessary, then the last and most important for Qantas

Airways need to prioritize is potential entrants which are potential competitors that may give serious challenge for the company, the company must be prepared and always anticipate this potential entrants and be able to be on top of every situation. Because this is one of the biggest problem of many industries, the lack of attention to forthcoming competition. (Five Competitive Forces Model, n. d.).

One of the good example of potential entrants and the existence of low cost airline companies are in Singapore. Tiger Airways, Jetstar Asia Airways and among others are some of the new challenge for big commercial airline company in Singapore and these small airline companies are having their fair share of clients. This has been the main adjustments and competition has not been very good also at first for big airline companies but through facing competition and still achieving the importance of providing good business for its clients with some of the big commercial airline company in Singapore still the balance of customers has been going on and there was a good slice of customers patronizing either groups. (Porter's 5 forces on Airline Industry, n. d.).

Competitive Edge of Globalization in Business is very important also for Qantas to understand. Being competitive in this globalization trend is necessary. That is why in order to have a better understanding on how Qantas can achieve its competitive advantage against its competitors, it needs to understand the main concept on how to apply globalization in its current process. First concept that needs to be well understood is to understand the full value of services globalization. This means that for any business in the world to succeed, it should no longer think of business to still

be the traditional transporting of goods to its market only based on the demand being ask by their customers or formulating services that are only depending upon the current processes and not anymore looking forward as to how the company can further look at other opportunities. In this present trend the service must contain three important factors: quality enhancement, risk mitigation, and new opportunities for growth. This must be the first established and carefully studied. Then second concept that needs to be applied in embracing globalization in order to achieve in business is to be prepared. Preparing and continuously studying future problems and serious competition is necessary in globalization, no companies must rely on just same strategy all the time or else you will be left behind and faced future problems which are sometimes unexpected.

The last concept that will serve as the key for competitive edge is flexibility. Flexibility is very important because there are many ways that other territories may not be well adopted to the processes or policies that is being applied and if this will not be identified, it will be the main cause for countries of not patronizing the products of service offered. Flexibility like for Qantas providing a wide variety air fare price and line of service to chose form, is necessary because not all customers have the same need, others would just want to reach their destination even without extra services while others are not. The company must study on that opportunity and be serious in providing that for their loyal customers. (Carey, W. P, 2006).

Qantas must also know that there are two main types of controls for International Companies; there are internal and external controls. For the internal controls, these are a control that comes within the management, like

it could pertain to status of the company in terms of financial and competitiveness. These controls are just being important to be considered because the drive will always be within the organization or the company itself. If the company would not be willing to put gamble in expanding business or limiting their presence to other market globally, it is their prerogative. Most especially if we are talking about possible lost of money. Most companies would always tend to do this one, which is being controlled internally, bit they will also may change their strategy later one if the businessenvironmentwould change for the better. Because in business it is important that immediate reaction and anticipation should be practiced.

On the other hand, external control, these controls may include economic and political control, economic control is one of the very common external problems that international business always faced. Again take for example the increase in raw materials, increase in price of crude oil or the increase in the compensation package of the employees. These are just some of the main issues and problems that are sometimes killing the international companies. Another one is the political aspect, since these companies are foreign to a country; there is definite effect in the performance of business in that country. Because, one impact is the confidence of customers to the product will be lessen or it can be like for example the country is tightening its security due to terrorist news. So the effect of this is that customers time in going to public places will be lessen and with that it will result to possible customers who would buy the product. (Labanauskaite, D, n. d.).

These controls may help the company in carefully identifying what needs to be focus on, like in the case of service and cost, they can deeply analyzed



what internal and external factors that needs to be adjusted and needs to be addressed in order to satisfy the needs and requirements of customers regarding cost and service.

Qantas must also know that with its established presence in the airline industry it must continue to look for better opportunity since it is one of the most important factors also for globalization. The company must also work closely with other organization either local or international ones. Because only this way that the company may be considered in organizing in a more globalization way. Like in the case of other companies performing free trade with other countries, the existence of WTO is always there and following the guidelines is important, and for sure for airline companies they may have some specific details that are related to it. In this way they can exploit more on how they can offer best service for their customer. (Rugman, A, 2001).

The organization must also adopt the strategy of regularly re-thinking international management strategy that they need to do. Because there are instances that strategies needs to be changed and be upgraded most specially these days where economy is changing. Being sensitive and always first to catch problems before it struck the company is important to be anticipated and be addressed by the company. (Rugman, A, 2005).

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