

The globalization of cemex assignment

Sociology



CEMEX is the largest cement manufacturer in Mexico and the third largest in the world. The current status of the company shows that it has expanded its business worldwide, in both northern and southern America, the Caribbean, Europe, Middle East and South East Asia. Despite the technological maturity and unique culture of the cement industry CEMEX and all the other competitors in the market have benefited from the process of globalization.

According to the adding model template CEMEX has benefited from globalization by adding volume in the business, which was not possible locally as the company already enjoys nearly 60 of the market share in Mexico. Therefore the only way to increase business volume was to go global. In this way the company not only increased its trade volume but also the market share on global scale. Moreover profitability also increased. Because of high expense of transportation of cement, cost reduction was not an option of exported products. International trade offered opportunities to arbitrage price differentials across national boundaries and to divert low-priced imports away from one's own market. It also expanded the range of options available to deal with threats from particular competitors and let CEMEX study local markets and their structure at minimal cost before deciding whether to make more of a commitment to them by acquiring capacity locally.

As CEMEX moved to more distant market, the various stages in the expansion process becomes more formalized and greater attempts were made to standardize them, reflecting the past experiences. As CEMEX expanded internationally, management appears more important to support a

<https://assignbuster.com/the-globalization-of-cemex-assignment/>

series changes, CEMEX's organizational arrangements also differed in important ways from its competitors. While CEMEX faced a number of issues in 2000, anyway, changes might be the next big dynamic in the cement industry.