

Global business perspective

Business



Global Business Perspective Global Business Perspective Various strategies can be implemented by an organization while starting its business in another nation. These strategies include the global standardization strategy in which an organization tends to sell a product without customizing it according to the conditions of a foreign nation. Companies that adopt the localization strategy tend to customize their offerings in compliance with the norms, values, customs and beliefs of a foreign nation in order to attract the preferences of the individuals living in those nations. Companies that opt for transnational strategy tend to communicate their organizational activities with other branches of their organizations located in other regions (Hitt, 2009). Companies that follow the international strategy tend to sell locally produced goods and services in foreign market while making certain amendments to their offerings in compliance with foreign market needs.

2. Product shaping is one of the diversification strategies that can be implemented by an organization through strategic management.

Organizations that adopt this strategy tend to indulge in the development of a new product for a market that already exists (Hitt, 2009). For example: In India there was a strong existing market for carbonated drinks that was being served by Pepsi Corporation. Later Coca-Cola Company even started offering carbonated drinks in India. This strategy may not always be successful because the current market may already be loyal to another organization that is satisfying their needs and may be reluctant in changing from the already present provider.

3. The term franchising is used to refer to the license that one company operating in a particular nation offers to another company an individual which allows them to operate a similar company in their local regions with

the same name (Hitt, 2009). Franchisors can earn revenue from franchisees by obtaining fee revenue which is an upfront payment that a franchisee pays to the franchisor for opening up a franchise with the same name. Franchisors even earn through royalties which is a certain percentage of the total revenue that has been earned by the franchisee.

4. Micro loan is a term used to refer to the money that is lent by a financial institution or the government in order to decrease poverty in their nation (Hitt, 2009). The purpose of microloan is to provide money to the poor and needy people who cannot obtain loans from commercial banks as commercial banks charge higher interests and have a very stringent repayment solution. Micro loans are a very important step that can be issues in underdeveloped nations. In underdeveloped nations people are quite poor and providing them with loan to start their own small scale business can help them in starting businesses.

5. SKU is an acronym used to refer o Stock Keeping Unit which are the unique identification codes that have been assigned to goods and services by an organization (Hitt, 2009). For example: The barcode on the products and services that are readable through a barcode reading machine are regarded as SKUs. The main benefit of SKUs is that it helps in the management of inventory. These codes help them in identifying how much inventory is still in their systems and how many goods and services have left their warehouses. SKUs even help in identifying future inventory needs that the organization will need to maintain to meet customer’s demand.

References

Hitt, M., Ireland, R., & Hoskisson, R. (2009). *Strategic management* (1st ed.). Mason, OH: South-Western Cengage Learning.

<https://assignbuster.com/global-business-prespective/>