

The nature of global competition essay sample

[Economics](#), [Trade](#)



Global competition has been a vital reality in successful business since the ancient times. A primary example of global competition from this time is that of the spice trade Asia. Arab traders were mainly the transporters of goods, i. e. the spice trade, through Levant and Venetian merchants to Europe. In 1453, the rise of the Ottoman Turks, they cut the route from Asia to Europe and initially helped the spice trade with overland routes. With more demand for the supplies initiatives needed to be taken, beginning with maritime trade routes, which led to tremendous growth with commercial activities. Hence, the supply and demand of global competition.

Advancement in technology throughout the centuries has improved the ability to attain goods and services from all over the world. Global competition has helped to increase the profitability from a small mom and pop business to a large corporation moving into international business. Presently the internet has developed into the primary business tool, not just merely a network used for research. Small and large businesses have been proactive and progressive in seizing the opportunity to become more competitive and productive globally.

“Advancements in telecommunications are drawing countries, cultures, and organizations worldwide closer together. Foreign revenue as a percent of total company revenues already exceeds 50 percent in hundreds of U. S. firms, including ExxonMobil, Gillette, Dow Chemical, Citicorp, Colgate-Palmolive, and Texaco.” (David, 2009)

With telecommunications advancing constantly, there are advantages to taking such a path in global competition. Direct and indirect advertising, low

cost communication, easy access to potential customers, company image enhancement and extending business networks, are some of these advantages. However, the internet and telecommunications are only part of the communication medium.

Placing a satellite office or manufacturing plant in a host country can also bring advantages to broadening international growth for a large corporation. Many host countries offer incentives in exchange with bringing in foreign investors such as lower taxes and favorable political influences. In order to implement a global competitive strategy, there are objectives that need to be met. Many large corporations use Michael E. Porter's five forces of competitive position model. Small businesses wanting to expand on their current business eventually branching out into international territory would benefit from another of Porter's models.

“ Porter is also particularly recognised for his competitive ‘ diamond’ model, used for assessing relative competitive strength of nations, and by implication their industries: Factor Conditions: production factors required for a given industry, e. g., skilled labour, logistics and infrastructure. Demand Conditions: extent and nature of demand within the nation concerned for the product or service. Related Industries: the existence, extent and international competitive strength of other industries in the nation concerned that support or assist the industry in question. Corporate Strategy, Structure and Rivalry: the conditions in the home market that affect how corporations are created, managed and grown; the idea being that firms that have to fight

hard in their home market are more likely to be able to succeed in international markets." [(Chapman, 2004-2009)]

With advantages comes disadvantages, one cannot exist without the other. It helps corporations wanting to promote global competition to learn from the mistakes of others. Embracing and truly understanding another country's culture, traditions, politics, economy, security and internal competition can assist a company wanting to invest into international territory.

The most important factor to global competition is communication. This is imperative in learning the native language, values and cultures. If a large corporation does not invest research and time into the indigenous and native actions of its host country, communication with employees is going to fail. Also, there might be feeling of resentment and belligerent by the employees of foreign management when attempts to understand and learn are not proactive.

Another aspect is financial when launching into global competitive markets. "

Barriers to Entry for the International Marketplace

* Cost of international presence

An average company will spend 1 million on the relocation of a Western Executive manager for an average 50% long term success rate. 90% of international business is carried out by only 10% of the largest companies.

* Lack of time

Reliable sources, contacts, distribution channels, have to be found, cultivated and trusted, from thousands of miles away. * Lack of experience

or knowledge

International waters have different rules, languages, and cultural nuances that take years to learn. International business operates under varying legal standards, in markets with varying needs, and within political landscapes that operate under different rules." (Strategies, 2009)

Money makes the world go round is a time old cliché, the same could be said for global competition. From ancient times to present day, the basic need for items whether elusive, common or exclusive remains the same. Simply, it is still the laws of supply and demand that promote global competition.

Works Cited

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