

Functions of hq in multi-business firm

qs:

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Functions of HQ in Multi-Business Firm In the economies of scale the cost of goods sold can be lowered by increasing the scale and volume of product. This occurs when the cost measured on the individual item decreases as the result of the fixed cost being distributed on more items that are being produced. The higher yield of the fixed cost can be normally associated with the production aspect of any business. The saving of the cost can then be passed on to the consumer by the business if the characteristics of the product are considered to be capable enough for using the achieved saving. The economies of occur when the scope of an industry expands due to the creation of an effective transportation network, which results in the decrease of cost for the company while operating within the industry. However the economies of scale occur when it is cheaper for a company to produce a number of products rather than specializing in just one single product. In my opinion the strategy that should be adopted by firm is economies of scale, as it will help the firm to offer a large number of products with decreased cost and will also help attracting a number of customers (Economies of Scale and Scope, 2014).

Managing the strategic decision making process is considered to be a major challenge for the executive. This may also directly influence the HQ functions and approached in the multi business firms; however the executive of such companies must make a decision based on the functioning of the overall business rather than concentrating on a single area.