

Strategy in the international context is a plan for the organisation to position ...

[Business](#)



Four main strategic postures Affiliation Four main strategic postures The organizations should employ the four fundamental international strategic postures when competing internationally. The effectiveness of each strategic posture varies with the extent of pressures for cost decrease against local responsiveness. The four strategic postures include standard globalization, localization, transnational and international strategy and influence the competition differently.

Firstly, the standard globalization strategy is a business model established on pursuing a low-cost strategy on an international scale (Hill and Jones 2011: 156). Therefore, it reaps the costs decrease that result from economies of scale and location economies. The strategy is applicable when there are powerful pressures for cost reduction, and the demand for local sensitivity is minimal. These conditions are common in many industrial goods industries, whose products serve universal needs. For instance, in the semiconductor industry, global standards have emerged increasing demand for standardized global products.

Second, localization strategy customizes the organizational products in order to provide an excellent competition to tastes and preferences in diverse international market (Doole and Lowe 2008: 199). The strategy is most suitable when there are considerable differences across international markets with regard to consumer preferences in the situation where cost pressures are not powerful. The strategy make sense, but if the added value associated with local customization supports higher pricing, this will enable the company to decrease cost via the attainment of scale economies in the local market. For instance, MTV localized its programming in order to match

<https://assignbuster.com/strategy-in-the-international-context-is-a-plan-for-the-organisation-to-position-itself-positively-from-its-competitors-and-configure-its-value-adding-activities-on-a-global-scale-discuss-the-four-mai/>

the demands of viewers in diverse nations because it would have lost market share to other competitors.

Third, the transnational strategy is hard to practice because of its conflicting demands (Kluyver 2010: 15). This strategic posture aims at achieving low costs that are differentiable across international markets. Meanwhile, it promotes a smooth flow of skills between the subsidiaries in the global market. Thus, creating a company that has a capacity to support this strategy is a complex and challenging task. In the case of caterpillar, the need to compete with low-cost competitors like Komatsu of Japan forced caterpillar to look for greater cost economies.

Finally, international strategy deals with multinational companies that sell products required to serve international needs, and are free from potential competitors (Parker 2006: 41). Meanwhile, in most international businesses the head office retains strong control over marketing and product strategy. Thus, competitors predictably appear over time and that do not take steps to decrease their cost structure can be replaced by potential international competitors (Hill and Jones 2012: 280). Therefore, as competition intensifies, organization requires orientating toward either standard globalization or a transnational strategy because the other two becomes less viable.

#### Bibliography

Doole, I and Lowe, R 2008, *International Marketing Strategy: Analysis, Development and Implementation*, New York: CengageBrain Inc.

Hill, C and Jones, G 2012, *Strategic Management: An Integrated Approach*, New York: CengageBrain Inc.

Hill, C and Jones, G 2011, *Essentials of Strategic Management*, New York:

<https://assignbuster.com/strategy-in-the-international-context-is-a-plan-for-the-organisation-to-position-itself-positively-from-its-competitors-and-configure-its-value-adding-activities-on-a-global-scale-discuss-the-four-mai/>

CengageBrain Inc.

Kluyver, C 2010, Fundamentals of Global Strategy: A Business Model Approach, New York: Business Expert Press.

Simon C. Parker, S 2006, The Life Cycle of Entrepreneurial Ventures, New York: Springer Press.