

GLOBALISATION AND INTERNATIONAL MARKETPLACE

E. Ponomareva

(Tomsk, Tomsk Polytechnic University)

E-mail: elenaponomareva92@gmail.com

The paper is about international marketplace, the impact of globalisation its importance and the meaning of international management, the way of company's international development. For better understanding of international business location, choosing a foreign client and a market abroad, International management requires the understanding of crossing cultures, multinational corporations' interactions, global perspectives, and corporate issues. In the international competitive environment, the ability to develop a transnational organizational capability is the key factor that can help the firm adapt to the changes in the dynamic environment. As the main advantage of International business and globalization: it provides access to new customers, affords economies of scale, and permits the honing of competitive skills.

Global management, internationalization of trade, global finance, transnational entrepreneurship, have never been as significant as they are today, the meaning of International management is increasing rapidly. More people are getting involved in International business, which includes almost all spheres and organisations all around the world. We cannot ignore international business because virtually every company, be it large or small, is affected by global events and competition. Many of the world's largest firms are truly global, and even their smaller counterparts increasingly participate in cross-border activities by subcontracting—having customers and joint venture partners collaborate with them around the globe.

International business has been a subject of academic research since the early twentieth century, principally focusing on trade and inter-company relations. The study of export activities, foreign direct investment, technology transfer and the management of transnational corporations (TNCs) was recognized as an appropriate and valuable goal of academic research only in the past three decades. International management requires the understanding of crossing cultures, multinational corporations' interactions, global perspectives, and corporate issues. [3]

Globalization—the shift toward a more interdependent and integrated global economy—creates greater opportunities for international business. Such globalization can take place in terms of markets, where trade barriers are falling and buyer preferences are changing. Globalisation is a trend away from distinct national economic units towards one huge global market. Globalisation through increased competition, forces companies to locate particular operations in those places where they can be performed most efficiently. Organisations do this by relocating production facilities to other countries or by outsourcing certain activities to companies in other countries. [4] The global market is a number of profit-related business activities conducted across international boundaries. The makeup of many products sold throughout the world today reflects the international character of business. It is extremely difficult in today's business environment to identify where specific products are manufactured. In order to compete overseas, businesses should analyse and assess the countries with which they intend to conduct business. Simply, countries differ in the ability to produce goods efficiently and consumers to spend. It is not easy to choose the best path to a foreign expansion in a world made up of hundreds of economies and regional blocs. Companies have to think about the many economic and political risks, and other types of barriers, potential market size, accessibility, cost of operations, buyer needs, and it proves extremely hard for a manager to assess long-term profit potential. There are many ways for a company to conduct such analyses, but the best way is to look at the country's market and economic conditions. Economic conditions according to per capita Gross National Product (GNP) and levels of economic development vary widely around the world. The economy and the individual standards of living have a huge impact on the size and affluence of a particular target market. [5]

Furthermore, managers must educate themselves on any trade agreements existing between countries as well as on local and regional economic conditions. Therefore, being aware of economic conditions and the likely direction that those conditions will take can help companies better under-

stand the profitability of their potential markets. Besides certain statistics, international managers must look at the country's consumption of goods and services, and likely developments. Knowing what type of goods or services the country consumes is very important as well as what consumers will do as long as their disposable income changes. Entering a market means understanding the local consumers and what they look for when making a purchase decision. In some markets, price is an important issue. In other markets, such as Japan, consumers pay more attention to details—such as the quality of products and the design and presentation of the product or retail surroundings—than they do to price.

When a firm makes choices about foreign operations that increase national and local responsiveness, the organization is more able to adapt to national and local market conditions. In contrast, the greater the level of standardization—both within and across markets—the greater the possible level of global efficiency. In many cases, the choice of foreign location generates unique advantages, referred to as location advantages. Location advantages include better access to raw materials, less costly labour, key suppliers and customers, energy and natural resources. For instance, Google locates its computer-server farms—the technological backbone of its massive Internet services—close to dams that produce hydroelectric power because it is the cheapest sources of electricity. Ultimately, managerial choices regarding the trade-off between global efficiency and local responsiveness are a function of the firm's strategy and are likely to be a significant determinant of firm performance. Companies embark on an expansion strategy for one or more of the following reasons: to improve the cost-effectiveness of operations; to expand into new markets for new customers; to follow global customers.

The best way for a company to learn the needs of a new foreign market is to deploy people to immerse themselves in that market. Larger companies, like Intel, employ ethnographers and sociologists to spend months in emerging markets, living in local communities and seeking to understand the latent, unarticulated needs of local consumers. For example, Dr. Genevieve Bell, one of Intel's anthropologists, traveled extensively across China, observing people in their homes to find out how they use technology and what they want from it. Intel then used her insights to shape its pricing strategies and its partnership plans for the Chinese consumer market.

When entering a new market, companies also need to think critically about how their products and services will be different from what competitors are already offering in the market so that the new offering provides customers value. Companies trying to penetrate a new market must be sure to have some proof that they can deliver to the new market; this proof could be evidence that they have spoken with potential customers and are connected to the market. Related to firm capability, another factor for firms to consider when evaluating which country to enter is that of "corporate fit." Corporate fit is the degree to which the company's existing practices, resources and capabilities fit the new market. For example, a company accustomed to operating within a detailed, unbiased legal environment would not find a good corporate fit in China because of the current vagaries of Chinese contract law. Whereas a low corporate fit doesn't preclude expanding into that country, it does signal that additional resources or caution may be necessary. Two typical dimensions of corporate fit are human resources practices and the firm's risk tolerance.

The big issue for multinationals today is how to tailor the global marketing concept to fit each business. Companies must consider their objectives through all phases of their business. In order to stay competitive, multinational corporations will have to enter the emerging markets of China, Indonesia, India, and Brazil, where a vast consumer base is rapidly developing. As powerful corporations compete in these markets, both the companies and the markets themselves will be affected. The transformation that multinationals must undergo includes reconfiguring their resources base, rethinking their cost structure, redesigning their product development process, and challenging their assumptions about the cultural mix of their top-level managers. There is evidence that globalization is the wave of the future. Today, most multinational corporations are subsidiaries of strong domestic companies. However, these companies will have to develop more to rely on than name recognition in the twenty-first century. In order to take full advantage of all markets available, multinational

corporations will have to become global corporations. The main difference between being “multinational” and “global” is that a “global” company has a product/service that is acceptable in many countries around the world. A “multinational” company has subsidiaries in certain countries developing products and/or services for specific countries. [1]

Regarding the issue of satisfaction the customer from abroad, International service management has become a top priority in today’s society as organizations realize the importance of customer service. With new technological advancements, organizations are learning how easy it is for services to cross international borders to deliver their products to other customers. Organizations are learning that if they do not take care of their customers, both internally and externally, their business will not succeed. There are important factors that organizations look at to determine if they are complying with the needs and wants of today’s customer. Service standards, service quality, the service process, and technological advancements have helped to make service management a fundamental tool for organizations. Service quality and customer satisfaction are qualities that customers expect everywhere they go.

For the conclusion, it is also important to note that in the international competitive environment, the ability to develop a transnational organizational capability is the key factor that can help the firm adapt to the changes in the dynamic environment. As the fast rate of globalization renders the traditional ways of doing business irrelevant, it is vital for managers to have a global mindset to be effective. Globalization of business has led to the emergence of global strategic management. A combination of strategic management and international business will result in strategies for global cooperation.

However, there are obstacles to progress along the way. The problems caused by these obstacles can be solved by cooperative ventures based on mutual advantages of the parties involved. Proper effective communication will be a key element for global strategies because what is proper and effective in one culture may be ineffective and improper in another. Marketing products globally is complex and difficult because of several factors including: International Strategic Alliances, coordination and control of international marketing, communication, regional trade blocks, and choice of global strategy. The firm with the choice of an effective global strategy that takes into consideration its strengths and weaknesses in the face of the opportunities and threats in the environment, will survive. [6]

References

1. Abel A. Bruno S. Sergi. Global Business Management a cross-cultural perspective. – USA: University of Wisconsin-Stout, 2009. P. 462.
2. Asongu J. Understanding the Importance of International Business to the Rockford Economy. – USA: Institute for International Economics, 2011. P. 122.
3. Behrman J.N., Grosse R. Theory in international business // Journal of Intercultural Management. – 2009. – Vol. 1. – No. 1, April 2009. – P. 91–99.
4. Phil Kelly. International Business and management. New York, 2011. P. 354.
6. Sinha Pradip Kumar, Sinha Sanchari. International management. New Delhi, 2008. P. 350.
7. Twarowska K., Kąkol M. International Business strategy – reasons and forms of expansion into foreign markets. Poland: Maria Curie-Skłodowska University, 2013. P. 55.