MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE
UKRAINIAN-AMERICAN CONCORDIA UNIVERSITY

School of Management and Business
Department of International Economic Relations, Business & Management

Bachelor’s Qualification Work

International business strategies of European companies

(on the basis of Kolchuga company)

Bachelor’s student of
Field of Study 29 – International Relations
Specialty 292 – International Economic Relations
Educational program – International Business

Oleksandra Bashylina

Research supervisor

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(*First Name, Last Name)*
Ph.D. in Economics

Kyiv – 2023

Abstract

This study investigates the international business strategies of European companies operating in various industries. The research question addressed in this work is: What are the common international business strategies used by European companies and how do they differ across industries? According to the study's findings, the choice of strategy differs depending on the market, industry, and company-specific variables. The report also underlines how these businesses' capacity to manage cultural differences, adjust to local market conditions, and make use of international networks and resources are all key contributors to their success. The study demonstrates the significance of innovation and strategic partnerships in achieving global success.

These findings have significant implications for both governments looking to increase European competitiveness in the global market and for firms looking to grow internationally in Europe.

Keywords: international business, innovation, strategic alliances, market entry strategies, sustainable development, and data analytics.

Анотація

Це дослідження присвячене вивченню міжнародних бізнес-стратегій європейських компаній, що працюють у різних галузях. Дослідницьке питання, яке розглядається в цій роботі, полягає в наступному: Які загальні міжнародні бізнес-стратегії використовують європейські компанії і як вони відрізняються в різних галузях? Згідно з результатами дослідження, вибір стратегії відрізняється залежно від ринку, галузі та специфічних для компанії змінних. У звіті також підкреслюється, що здатність цих компаній керувати культурними відмінностями, пристосовуватися до місцевих ринкових умов та використовувати міжнародні мережі і ресурси є ключовими факторами їхнього успіху. Дослідження демонструє важливість інновацій та стратегічних партнерств для досягнення глобального успіху. Ці висновки мають важливе значення як для урядів, що прагнуть підвищити європейську конкурентоспроможність на світовому ринку, так і для компаній, що бажають розвиватися на міжнародному рівні в Європі.

Ключові слова: міжнародний бізнес, інновації, стратегічні альянси, стратегії виходу на ринок, сталий розвиток та аналітика даних.

PHEE-institute «Ukrainian-American Concordia University»

School of Management and Business
Department of International Economic Relations, Business and Management

Educational level: **bachelor degree**
Specialty: 292 "International Economic Relations"

Educational Program "International Business"

APPROVED
Head of Department Prof. L. Zharova

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TASK

FOR BACHELOR'S QUALIFICATION WORK

Oleksandra Bashylina
(Name, Surname)

1. Topic of the work:

"International business strategies of European companies (on the basis of Kolchuga company)"

Supervisor of the work ***Roksoliana Liubachivska, Ph.D. in Economics***.
(surname, name, degree, academic rank)
Which approved by Order of University from "22" September 2022 № 22-09/2022-3c

2. Deadline for bachelor's qualification work submission "***23" April 2023***
3. Data-out to the bachelor's qualification work_
Materials from the internship received during consultation with representatives of the company. Information from open resources on the Internet, official reporting of financial and economic activities of the enterprise.

4. Contents of the explanatory note (list of issues to be developed).

There are main topics a student should develop in this work: to conduct an extensive literature review on international business strategies and the European business environment; to dive into the specific case study of Kolchuga company and its international business strategies; to extend the analysis beyond Kolchuga and compare its international business strategies with those of other European companies operating in similar industries or facing similar market conditions; based on the analysis and findings, formulate practical recommendations for European companies, including Kolchuga, on improving their international business strategies.

5. List of graphic material (with exact indication of any mandatory drawings)

Graphs and figures for analysis of economical and statistical information on the company and its development, visualization of mechanism of development, etc.

6. Consultants for parts of the work

Part of the project	Surname, name, position	Signature	
		Given	Accepted
1	*Roksoliana Liubachivska, Ph.D. in Economics*		
2	*Roksoliana Liubachivska, Ph.D. in Economics*		
3	*Roksoliana Liubachivska, Ph.D. in Economics*		

7. Date of issue of the assignment

Time Schedule

№	The title of the parts of the bachelor's qualification work	Deadlines	Notes
1.	I chapter	*31.12.2022*	*In time*
2.	II chapter	*20.02.2023*	*In time*
3.	III chapter	*11.04.2023*	*In time*
4.	Introduction, conclusions, summary	*23.04.2023*	*In time*
5.	Pre-defense	*26.04.2023*	*In time*

Oleksandra Bashylina____________________
(signature)

Roksoliana Liubachivska____________________
(signature)

Conclusions:

The theoretical part of the qualification work showcased a strong grasp of relevant concepts and theories related to international business strategies. Oleksandra thoroughly explored and synthesized existing literature on this subject, providing a solid foundation for understanding the complexities of European companies' international operations. Oleksandra's work stood out due to the depth and precision of their recommendations. Drawing from a detailed analysis of the Kolchuga company's international business strategies, she skillfully identified key success factors, challenges, and opportunities. The recommendations were practical, actionable, and tailored to the specific context of European companies, taking into account the diverse market dynamics and external factors influencing their operations. These recommendations displayed a high level of insight and strategic thinking, showcasing Oleksandra's ability to apply theoretical knowledge to real-world business scenarios. In general, if successful defense, the thesis can claim to be "excellent".

Supervisor____________________
(signature)

CONTENTS

INTRODUCTION

In the literature on distribution channels and production channels (Stern et al., 1996), trading companies are often examined as integral parts of distribution systems. These companies are commonly depicted as specialized service firms that connect domestic producers with foreign buyers, acting as intermediaries who establish linear relationships with suppliers and buyers and generate profits from transactions between them, according to Chintakananda et al. (2009, p. 304). Numerous studies have investigated various aspects of trading company activity, such as factors influencing their selection, the level of commitment between trading and producer companies, the export performance of firms utilizing trading company services, and bilateral relationships involving trading companies (Ahn et al., 2011; Chintakananda et al., 2009; Gencturk and Kotabe, 2001; Lages and Montgomery, 2004; Madsen et al., 2012; Peng et al., 2006). However, there is a scarcity of comprehensive studies that examine the operations of trading companies within the framework of a three-way relationship between suppliers, trading companies, and consumers in the modern international business market. Furthermore, studies focusing on the strategic operations of trading companies are even rarer.

The current business environment for trading companies has become significantly more complex due to the rapid increase in globalization since Achrol's description in 1991. Ellis (2001) argues that globalization poses a serious threat to trading companies as new communication, transportation, banking, and finance systems, coupled with the internationalization of manufacturers and retailers, have necessary changes in traditional functions of international distribution, including those performed by trading companies.

Existing research on international business tends to concentrate on commercial activities between developed and new markets or vice versa, without providing a comprehensive overview of contemporary global commerce where activities between advanced and emerging markets are gaining importance (Carney, 2005; Wright et al., 2005). In light of these shortcomings, the objective of this paper is to contribute to a more comprehensive understanding of the current role and activities of trading companies in global commerce, taking into account Peng's (2003, 2004) questions regarding the drivers of strategy and the factors influencing companies' performance in the global marketplace.

To achieve these objectives, we seek to develop a holistic understanding of trading firm activities by integrating the theories of Peng et al. (2008) and Peng and Plaggenkuhle-Mles (2009) on strategy, with a particular emphasis on business interactions between emerging economies. Specifically, we aim to elucidate the motivations behind the strategy of a specific trading organization and the factors contributing to its success. To address these questions, we conducted a case study of a profitable firm that has effectively managed sales expansion, operating income, and return on investment, even in challenging circumstances faced by larger companies, as demonstrated by Ellis (2001). This organization primarily conducts business with firms from economically developing nations.

CHAPTER 1. THEORETICAL ASPECTS OF INTERNATIONAL BUSINESS STRATEGIES

1.1 The prevalent approaches in the field of international business strategies

If the company has already achieved certain successes in international business, guided by the strategic logic of decision-making, and the internationalization of its activities turned out to be successful, it should continue to develop the process of strategic management of its operations. The development of the company's international strategy is carried out by its top management at the corporation's headquarters, as well as senior managers of foreign divisions (subsidiaries and branches). Large TNCs (transnational corporation) have special divisions in their structure responsible for developing a strategy for the entire group of companies.
Of course, international business for TNCs is not easy from the point of view of problems of coordination of activities and implementation of strategies: one should take into account the elementary difference in time zones, and the different cultural context in different countries of operation, and, of course, different political and economic conditions of doing business. However, the complexity of conducting international business adequately opens up favorable opportunities and prospects for global expansion, including political levers of pressure on host countries.
In this context, three sources of competitive advantages for international companies are:

1. increasing efficiency due to the globalization of activities (minimization of costs both due to the location of the company's structural units in the most favorable countries for this, and due to the effect of scale when increasing production volumes);
2. multinational flexibility (quick adaptation to the conditions of host countries, transfer of better results to the entire transnational structure);
3. accumulation and transfer of experience on a global scale (global learning and use of different business methods in different countries).

It should be noted that all three factors mentioned above cannot be used at the same time: with a high degree of centralization of the management structure, which increases the efficiency of the entire organization, its multinational flexibility is lost, while too much decentralization, although it guarantees flexibility, makes it difficult to transfer information and experience about methods conducting business in a given national market to other units located abroad. Thus, for international companies, an important point is the correct choice of strategic business alternatives related to the optimality of the management structure.

There are four possible options for implementing the strategy of conducting international business within the framework of a company operating in foreign markets:

1. the strategy of duplicating the business model (international strategy);
2. multilocal (multinational) strategy;
3. global strategy;
4. transnational strategy.

The strategy of duplicating the business model (international strategy) involves the application by the company in foreign markets of the strategy that it usually uses in its own country. The reason for such a choice can be both the success of the results of activities in the domestic market, as well as the initial stage of conducting international business, when the company lacks sufficient experience that allows other strategies to be used as a basis. An example of this type can be the activities of the Daimler-Benz company, which initially focused on the highly profitable segment of consumers in Germany and an excellent reputation in its domestic market.

The multilocal (multinational) strategy involves the existence of a group of relatively independent subsidiaries, each catering to a specific national market. In this scenario, the company has favorable opportunities to customize its products, marketing campaigns, and production methods to effectively meet the diverse preferences of consumers. A notable example of such a company is Nestle, a Swiss corporation with a decentralized structure and a diversified product line tailored to the specific needs of consumers in different countries worldwide. For instance, in Switzerland and

Western European countries, the company focuses primarily on producing milk chocolate, which is highly desired by the majority of consumers in those regions.

A global strategy is characteristic of companies that perceive the diverse world as a unified market. In this approach, the focus is on producing and selling popular goods (services) that meet the requirements of the majority of consumers worldwide. Global companies are distinguished by centralized management and control, as well as the utilization of economies of scale advantages (such as expanding production and sales) and highly efficient organizational units united by joint marketing and advertising campaigns, along with unified production processes.A good illustration of global companies is Boeing (one model of an airplane, say the most massive Boeing-737, for airlines representing different countries and continents) or manufacturers of mobile devices such as Apple, Samsung, Nokia (one basic model of phone and software to it for different national markets).

It is worth noting that the main difference between a global strategy and a strategy of duplicating a business model (because each of these strategies involves conducting business in a single format in any country in the world) is that a global company is not subject to an excessively large influence of advantages and work methods in the domestic market of the main country of its base. It offers a global product for a global market, determining for itself the optimal way to satisfy the needs of all consumers in all countries of the world.

And finally, the transnational strategy combines the advantages of increasing efficiency due to the globalization of operations (as in global companies) and the advantages of delegating authority to the management of local subsidiaries (as in multi-local companies). This task is solved through an informal approach to the centralization or decentralization of powers and the distribution of responsibilities between the most effective and flexible units. An example of a company using a transnational strategy is Microsoft. although the development of new software products is carried out in the USA, the responsibility for their sales is transferred to places, to the corresponding foreign divisions, which are better acquainted with the national characteristics of various markets (yes, along with the basic English-language version of the Windows program, its versions are released in the main languages of the world, adapted to the languages features of different countries).

It is obvious that one or another of the four main strategies will be appropriate in each specific case. If a Mercedes car is to the liking of a demanding German buyer with a high level of income, it can be successfully sold in the segment of luxury cars in the USA, Ukraine or other. At the same time, the Boeing company, when producing its planes, thinks first of all about global customers, fundamentally not singling out American airlines among its customers. Nestle, in turn, supplements dry milk formulas in African countries with locally produced purified bottled water under its brand to ensure the safety of the final water-diluted product for African babies. At the same time, higher standards of tap water purification and sanitary literacy of the population in European or North American countries make such a combined Nestle product unnecessary: here its components are consumed separately. But Microsoft acts in a completely different way, uniting the developers of its software products in the American base division, while giving independence to dealers in national markets.

Expansion of sales markets to international markets is a salvation for Ukrainian business today. The algorithm for withdrawal includes a business model - the basis of any business. The market has volume (the number of consumers who buy, order) and dynamics (how much it decreases or increases in volume).

Important priorities of a business owner today:

1. Determine the target market;
2. Conduct a competitive analysis;
3. Compete by creating a quality product;
4. Build a system of sales and communication channels (direct and indirect), create an omnichannel business;
5. Develop brand marketing and performance marketing tools.
6. Brand marketing is the level of recognition of the company in the market, the percentage of your total audience that knows about the

existence of the product. If the percentage is small, you need to work not only on sales, but also to influence brand recognition.

Performance marketing is a measurement channel where unit economics works (a financial model for calculating the profitability of one product or service of the company, as well as the cost of attracting a client to hook a client). In this case, you need to know how to attract the attention of a potential client, start interaction so that he buys from you.

An obstacle to bringing a business to the international market is a low level of recognition (to what extent you are known) and loyalty (the relationship of the audience to the brand). Attention should be paid to this issue.

The culture of consumption in the market implies the creation of a strategy of level of fascination. When entering the international market, an important task is to determine the target audience, build your business model, and look for a way to exceed the expectations of the normal level in the market.

To do this, you can conduct research, find or get to know CA representatives who are indigenous to the country where you are going to go. Not in the format of selling, but in the format of helping, advising. Now many foreign companies are ready for dialogue.

There are six strategic opportunities for a firm to operate in the global market. She can:

1. Transfer to foreign firms the right to use its own technologies or to manufacture and distribute its products (in this case, the income from international activities is equal to the amount of royalties received under the agreement).
2. Strengthen national production (in one country) and export goods to foreign markets, using both their own distribution channels and channels controlled by foreign companies.
3. Follow a multinational strategy, to which end develop a specific strategy for each country where the company operates, so that it meets the tastes of consumers and the competitive conditions of these countries.

Strategic moves in one country do not depend on the actions of a firm in another country; the alignment of a company's strategies across markets is of secondary importance compared to the need to tailor a strategy to the conditions of a particular country.

4. Follow a global low cost strategy where the firm aims to provide low cost production in most or all of the world's strategically important markets. The company directs its efforts to ensure that its cost level is lower than that of competitors in the global market.
5. Follow a global strategy of differentiation, in which the company differentiates its product according to the same characteristics in different countries to create a permanent image of the company on a global scale and to gain a strong competitive position. The firm's strategic moves are coordinated in all countries to achieve the same type of differentiation on a global scale.
6. Follow a global focus strategy where the goal of the firm's strategy is to serve identical niches in each strategically important national market. The strategic actions of the company are coordinated within the global market to achieve a permanent competitive advantage in target niches based on low costs or differentiation.

The sale of licenses makes sense when a firm with valuable technological know-how or patents for unique products does not have the organizational structures in foreign markets and the resources to enter the market on its own. By granting foreign firms the rights to use technology or patents, the company at least has the opportunity to generate royalty income.

Using domestic factories as a production base for exporting goods to foreign markets is an excellent initial strategy for achieving sales growth in the global market. This minimizes both the risk and the need for financial resources, and is also a safe way to probe the international market. By pursuing an export strategy, a manufacturer can limit its involvement in a foreign market by entering into agreements with foreign import wholesalers and transferring sales and marketing functions to them in their countries and regions of the world. If it becomes more profitable to establish control over these operations, the firm may establish its distribution networks in some or all of the target foreign markets. In other words, due to the location of production in their country and a reasonable export strategy, firms reduce their direct investments in foreign countries to a minimum. Such strategies have become widespread among Korean and Italian companies: the product is developed and produced on the territory of these countries, and only marketing activities are carried out abroad.

In some industries, firms are gaining additional economies of scale and manufacturing experience by taking advantage of the centralized location of output in one or more giant factories whose output capacity far exceeds the demand for it in any national market. Obviously, in order to achieve savings, companies must export their products to other countries. However, this strategy is not always effective: if the production costs in one's own country are much higher than in other countries where competitors have their plants, the company is likely to incur losses.

The pros and cons of a multinational strategy compared to a global strategy are somewhat more difficult to formulate. The activities of international organizations differ both in areas of activity and in the goals that the organization seeks to achieve with the available resources, the technologies used, and the level of management. Consequently, the list of characteristics that can be used to classify organizational strategies are also quite diverse. In management practice, strategies can be both definite, clearly formulated by the management of the organization, and indefinite, not existing in the form of well-thought-out and accepted by the management of the organization formulations.

Based on the nature of changes occurring in the operations of an international company, strategies can be classified into limited growth, growth, reduction, and various combinations thereof.

Many firms develop not one strategic plan, but several strategies for various levels of management united by a common goal.

In diversified companies, strategies are formed at four organizational levels of management.

The first level is corporate strategy: creation of an effective complex of businesses and their management (business portfolio management); achieving a synergistic effect. A corporate strategy is the overall management plan of a diversified company. It consists of actions aimed at asserting positions in various industries, and approaches used to manage a group of business types of a company.

The second level is business strategy: development of actions and approaches that ensure competitiveness (CSP) and represent competitive advantages for strategic business units (SBU) + a way to compete. The business strategy covers the actions and approaches being developed to ensure successful operation within one specific type of activity. A central element of business strategy is the chosen competitive strategy. It ensures the creation and strengthening of the company's long-term competitive position in the market. Unlike business strategy, competitive strategy has a narrower scope.

The third level is functional strategies: support for business strategies (business strategies) - R&D, marketing strategies (commodity, pricing, distribution, communication, etc.). Functional strategy refers to the management plan for a specific division or key functional area of the business: research and development, manufacturing, marketing, service, distribution, finance, human resources, etc. These are production, marketing, financial strategies.

The fourth level is operational strategies: the development of narrow and specific actions aimed at supporting functional strategies and business strategies (by geographic segments, for divisions, sections, direction - narrower strategies are formed here for the main working units: production, trading areas, regions, departments and functional services (operational strategy) Operational strategies define how to manage the main business units and how to solve strategically important operational tasks: advertising campaigns, inventory management, supply, maintenance, etc.

In companies with one area of activity (one business), the hierarchy has three levels: business strategy; functional; operational strategies.

Thus, the company's strategy system includes three levels of decision-making: general (corporate); business (competitive); functional.

An international company is guided by a corporate strategy - it determines the direction of the company's development as a single structure. Such a company, as a rule, consists of various industries united in divisions. These subdivisions or divisions (either regional structures or associations associated with the release of common products) develop strategies in their area of responsibility. Subdivisions report to business units (BUs) that operate within a certain territory or produce a group of homogeneous goods. Each BU produces certain goods for specific markets, the work on which also needs to be planned: production and market or functional plans are drawn up.

Strategy implementation is an action-oriented practical administrative activity, including organization, financial planning, policy implementation, creation of motivation, cultural conditions and management methods, i.e. everything that contributes to the achievement of the chosen goals. The emergence of new circumstances causes the need for corrective actions, and this process is objectively necessary.

According to M. Porter, competitive advantage is the result of applying a generic (generic) strategy, the result of which is low costs and differentiation, they, in combination with the “scale” of a particular business (a range of target market segments), allow us to develop three generic strategies that allow the company to achieve results, exceeding industry averages.

Differentiation strategy - creating a feeling of conviction in the buyer that the organization's product is superior to a similar product of competitors (this circumstance helps it offer higher prices). Differentiation is the most used type of strategy today, which consists in the policy of highlighting the company's products as special, different from competitors.

The purpose of a differentiation strategy is to convince the customer that the organization's product is superior to that of its competitors.

There are several methods for such selection:

1. ensuring high quality and specific consumer properties;
2. reliability of products in operation;
3. possession of patented technologies for the production of these products;
4. sales of products in combination with related services that are not provided by the main competitors;
5. highlighting its products as special, ensuring its "recognizability" in the market and developing the loyalty of customers of the brand;
6. the firm can offer higher quality, better performance or unique features - and any of these characteristics justifies the increase in the price of goods and services.

The advantages of this strategy:

1. the highest price is set for products;
2. the demand for products will be less price elastic than the demand for competitors' products;
3. the organization can receive additional profit; additional barriers are being created for new companies to enter the industry market.

Cost leadership strategy - by achieving low production costs, an organization can achieve high profits at low prices. The primary objective of the cost leadership strategy is to achieve the status of being the most affordable manufacturer within its industry, ultimately securing a competitive advantage.

Cost leadership - when costs can be reduced by saving resources, creating cheap models, monopoly on cheap raw materials, improving technology, optimizing management. The firm strives to achieve the lowest production costs in the industry.

Implementation of the strategy involves:

a. gaining sufficient experience (“experience curve”);
b. investments in the organization of large-scale production;
c. economies of scale;

d. tight control over operating costs (programs to reduce the size of the organization and total quality management (Total Quality Management - TQM).

Advantages of the strategy:

a. the organization can earn higher profits, set average market prices for its products, since its costs are lower than those of competitors;
b. by setting low prices, the organization can increase both sales and market share;
c. the company can enter a new market with prices below competitive prices;
d. the strategy creates an additional barrier for companies wishing to enter the industry market.

Focus strategy - the application of a differentiation strategy or a cost leadership strategy in narrow-profile market segments (perhaps only one segment). Focusing (strategy of concentration or specialization), in which it is customary to highlight a specific segment of the market through low prices or a unique selling proposition.

The organization must clearly understand whether there should be a cost leadership strategy or a differentiation strategy, and whether the scope should be narrow or broad. The enterprise in this case can control its costs in the following ways:

a. concentration of efforts on key types of products intended for specific consumers;
b. creating a special reputation for serving a market that is not satisfied by competitors.

The strategy could be:

a. the strategy of "differentiated focus", when trade offers are differentiated in the local market;
b. the strategy of "focusing on overall cost leadership", when the company sells goods on the local market at lower prices.

Following this strategy allows the firm to focus on developing its knowledge and business competencies.

The goal of a focus strategy is to focus efforts on one market segment, product, market. The firm limits either costs (cost focusing), or market segment (differentiation focusing), or both. For example, this is the production of rare and scarce cars. The firm produces few of these cars (reduced costs) and sells them in a limited segment of the market (for example, only in some countries and to very rich buyers - the cost of mastering the mass market is reduced). But economically, this is justified, since the products are very prestigious, in demand and very expensive (for buyers). This achieves a competitive advantage because most firms prefer to produce many cheaper cars and sell them en masse.

Reference strategies (growth strategies) were developed by Igor Ansoff. Igor Ansoff's growth strategy matrix is a model that describes possible strategies for a company's growth in the market. The matrix is also called "Product - market", it is widely used in practice in the process of strategic enterprise management.

Strategies for foreign economic activity can change during the life cycle of a product - the period of time during which a product is circulating on the market, starting from the moment it enters the market and ending with its withdrawal from the market.

Types of intensive growth strategies: deeper market penetration; product development strategy; market creation strategy.

Market penetration strategy involves selling an existing product in existing markets. This is the simplest and most obvious strategy for most companies. They are already on the market, so their main goal is to increase sales. The main tool here is to increase the competitiveness of products. Attention in this strategy should be directed to improving the efficiency of business processes, this will help increase the consumption of products by existing consumers and attract new customers.

Possible sources of growth can be an increase in market share, an increase in the frequency of product use (including through loyalty programs), an increase in the number of product use, opening up new areas of product use for existing consumers.

Typical tools are discounts on large orders, bonus cards and customer relationship management. Income in this case is provided by maintaining market share in the future. Such a strategy is most preferable in terms of risk minimization, since the company operates in a familiar market.

Expansion strategy (Market development) involves the sale of an existing product in new markets. This strategy is the second possible solution in which companies can adapt their existing products for markets that are developing. It is essential to identify potential new consumers for existing products in order to achieve this goal. Companies whose marketing competencies are effective enough to be a key driver of development can successfully follow this path through the geographical expansion of the market, the use of new distribution channels, and the search for new market segments that are not yet consumers of this product group. Income is provided through the expansion of the sales market within the geographic region and beyond. Such a strategy is associated with significant costs and has quite serious risks.

Product development strategy involves the sale of a new product in existing markets. For this growth path, it is necessary to offer products with updated and market-adapted characteristics to the already existing market. This path is the most advantageous for those companies whose key competencies lie in the field of technology and technical development. Opportunities for growth are based on adding new features to a product or creating a higher quality product; expanding the product line (including through new options for offering existing products); developing a new generation of products; development of fundamentally new products.

A diversification strategy involves selling new products in developing markets. This strategy is the most risky for the company, as it implies entering a fundamentally new territory for it. The choice of this strategy is justified in cases where:

1. the company does not see opportunities to achieve its goals, remaining within the first three strategies;
2. a new direction of activity promises to be much more profitable than the development of existing ones;

3. current information is not enough to guarantee the business's future success;
4. the development of a new direction does not require serious investments.

1.2.International business strategies in a globalizing world

From the point of view of international business, firms can use 4 basic strategies (operational strategies) to enter and compete in world and global markets: international, multi-country, transnational (TNC), global.

Each of them has its own advantages and disadvantages**.**

The validity of the application varies depending on the target strategies (cost reduction strategy or differentiation strategy) and on the type of company.

Types of companies are distinguished accordingly: multi-country with foreign branches (multinational), international, global, TNCs. The organizational structure has many common features, but the main differences are in the degree of centralization of activities and in the system of relations between the parent and subsidiaries, as a result - different strategies for functioning on the abscissa axis shows the degree of influence of the need to reduce costs, on the ordinate axis - the degree of influence of the need to adapt to local markets

The strategy of a multi-country company with branches (offices) abroad.

The structure of the company is decentralized: most of the assets, responsibilities and decisions are made locally. Branches are quite autonomous.

Individual control: informal, informal relationship between headquarters and branches, simplified financial control.

Mentality: Management views foreign operations as a portfolio investment in an independent business.

The functioning strategy is focused on the maximum adaptation of goods, marketing to the needs of foreign markets. Full, completed production cycle: production, marketing, R & D in each overseas branch. The need to produce missing parts, products in order to strengthen the competitive advantages of the company leads to the fact that the structure is highly costly.

There are restrictions on the transfer of skills and production between branches.

Example. Development in the 70s and 80s General Motors, establishment of branches in Europe.

International company strategy.

Structure: Most of the assets, responsibilities and decisions are made locally, but in general it is a more coordinated association than in the previous case.

Control: administrative centralized, carried out by headquarters, formal (nominal) planning, close relationship between headquarters and branches.

The mentality is international: foreign affiliates are seen as complementary to domestic operations.

Strategy: unlike the previous type, companies are trying to redistribute the missing skills and activities between branches, and carry out technology transfer. They centralize R&D, and adapt production and marketing to foreign markets, albeit on a limited scale, with strict management control.

Thus, an international strategy is applied if there is no need to compete by reducing costs and there is no need for excessive adaptation of goods and services to local markets.

Examples: McDonald's, IBM, P&G, Wal-Mart, Microsoft.

Global strategy.

The structure is centralized: most strategic decisions and responsibilities are centralized, as are assets and funds.

Operational control: Headquarters tightly controls funds, information, decisions.

The mentality is global: overseas affiliates are seen as distribution channels within a single global market.

Strategy: Unlike the previous two companies, the target strategy is aimed at reducing costs. Production, marketing, R&D are mainly concentrated in some branches with the most favorable conditions. The strategy is not aimed at adapting goods and services to the conditions of local markets, as this is associated with rising costs. Instead, global firms prefer standardization, adapting to global markets and standards to maximize the benefits of economies of scale.

However, such a strategy is not suitable for the production of consumer goods, which must be largely adapted to the needs of local markets. For example, audio players, cars, food products.

The global strategy is not suitable when the demand for goods depends on the characteristics of consumer preferences.

Examples: Intel, Motorola, Texas Instruments.

Transnational strategy.

Structure: network organization based on specialization and redistribution of resources and capabilities.

Control - the interdependence of departments: large flows of cash, goods, components, workers, information move between branches and the parent company.

The mentality is transnational: the decision-making process is based on a complex system of interconnection and interaction between structural units. The transfer of skills, knowledge, technologies, goods is carried out not only unilaterally, as in an international company (from headquarters to branches), but also between the branches themselves, and also, most importantly, from branches to the parent company. There is a so-called global learning ("Global learning").

A transnational strategy is used when a firm faces two tasks at the same time (two target strategies): the need to reduce costs and the need to adapt goods and services to foreign markets. This is a difficult to implement strategy, since it is aimed at achieving often opposite goals, which has a contradictory effect on the company itself, leads to organizational problems, which ultimately can affect the decrease in the efficiency of the corporation.

There are seven indicators that characterize the direction of globalization (standardization) of the company:

1. product;
2. markets;
3. promotion (promotion);
4. places of added value creation;
5. competitive strategy;

6. the use of personnel from the citizens of the recipient country;
7. the size (value) of the global property.

These capabilities range from zero standardization (MNCs with overseas affiliates) to standardization across all seven dimensions (entirely global).

The managerial challenge is to decide how far the firm can go in these areas.

For example, the production of washing machines can be standardized because people wash clothes everywhere, but for economic reasons in poor countries, machines must be simpler and cheaper, so this product cannot be standardized globally.

Examples: Caterpillar, Unilever, General Motors.

The globalization of the world economy and the internationalization of business are processes that have been taking place in practice and have been studied by economists for several decades now, at the present stage are characterized by an increasingly high dynamism and complexity of formation. The factors influencing their development are increasing in number, becoming more diverse, multidirectional and difficult to predict. As a result, companies planning to enter foreign markets or expanding their presence on the world stage find themselves in a situation of increasing uncertainty in decision-making and unpredictability of the results of their implementation.

Obviously, the success of any company is primarily determined by the correctly chosen and successfully implemented long-term development course, i.e. strategy. International business is no exception, with the only difference that when developing and implementing an international strategy, it is necessary to use additional and / or specialized approaches, methods and tools of strategic management. In modern economic literature, issues of the formation and implementation of international strategy can be found in books on strategic management, as well as in textbooks and monographs on international business.

However, it should be recognized that in the literature on strategic management, international aspects are touched upon rather superficially. In the books devoted to international business, in relation to international strategies, most often only their classification is given, while a detailed presentation of the approaches, tools and methods for their development and implementation is either completely absent or based on the principles of general strategic management. In connection with the above, the development and proposal of a methodology that could become the basis for making strategic business decisions in the field of international operations is of rather great scientific and practical interest, according to the author.

As a result of getting the right answer to this question in terms of ensuring success in the global market, the company will be able to effectively take both other strategic and operational and tactical decisions and actions.

1.3.Various categories of stratigies for conducting business at an international level

For organizations operating in the international market, the peculiarities of doing business, among others, include the problems of cultural adaptation.When these kinds of organizations make strategic choices, they need to think more about the challenges that business internationalization and its social and cultural effects bring.

Cultural diversity can be a major challenge to a company's success in a new regional or national market. In this regard, the urgency of finding effective strategies that ensure the minimization of the negative impact of cultural diversity and allow you to maximize the opportunities that it provides increases.

It should be noted that even leading international companies in the past made significant mistakes in the direction of adaptation in foreign markets, which cost them not only a drop in sales, but also turned into damage to their reputation. One of the clearest examples of such mistakes is the situation with McDonald's and Coca-Cola in the Middle East. So, in a local restaurant chain in Saudi Arabia, packaging for hamburgers and drinks was developed with the image of the national flag and quotes from the Koran. Such an innovation instantly caused a wave of discontent and public condemnation. This was followed by accusations that these companies had committed crimes against Muslim religious culture. The thing is that the rules of Islam prohibit tearing, and even more so throwing away as garbage, sacred writings. Thus, a superficial knowledge of the cultural characteristics of the local market became the cause of insulting the religious feelings of believers. This situation brought reputational losses to both companies, and the released packaging had to be disposed of.

Facebook approached the creation of a social network from the position of "one format fits the whole world", after which it experienced the consequences of cultural differences. In the USA, the country of origin of this social resource, having a large number of friends is fashionable and presentable. However, in Japan, a user who has more than 50 friends on a social network can be considered frivolous and superficial. In this regard, Facebook failed to maintain a leading position in the Japanese market.

However, in the modern practice of international companies, successful examples of strategies for adapting to the cultural characteristics of a particular region or state prevail. The basis of this adaptation is a marketing strategy, the meaning of which lies in the phrase “Thinking globally, acting locally” (Think globally, act locally). As a successful example of its implementation in the catering market, one can cite the same world-famous chain of McDonald's restaurants. McDonald's has been able to successfully adapt its strategies to suit the different regions and countries of the world. McDonald's offers inexpensive and quick-to-cook food that is focused on the taste preferences and gastronomic traditions of specific areas. So, in Germany, the company offers its customers beer, and in France - wine. The chain's Australian restaurants serve lamb burgers, Japanese ones with shrimp, Indonesian ones with rice, and in the Philippines they have been replaced with traditional pies.

The Coca-Cola company that produces the Fanta drink is also adapting it to the cultural characteristics of the market. In many countries, consumers are offered their own exceptional taste: in China, Fanta is produced with a green apple flavor, in Romania with the taste of a local traditional drink based on elderberries, in Portugal and Spain, Fanta is produced with a watermelon flavor.

In the 1990s, Unilever took its local adaptation strategy to the next level. Instead of adapting the entire range of products to the needs of a particular local market, the company adapted only the most accessible and sought-after products to the taste preferences. Thus, Unilever was able to identify the need to develop new flavors of ice cream for the Asian market. The innovation center of Unilever's branch in Bangkok has modernized the product of the classic line and adapted it to the tastes of local consumers - ice cream with coconut filling mixed with fruits and vegetables, which are traditionally used in the manufacture of sweets in the Asian region. This approach allowed the company to conquer about 41% of the Asian market over time.

In the Arab states, at one time there was a popular line of Volkswagen cars with a compass that always pointed towards Mecca and a special shelf for the Koran. This made Volkswagen one of the most popular car manufacturers in the Muslim community markets.

The international supermarket chain "Spar" applies in its activities a strategy that involves differentiated pricing in different markets. Thus, in Germany, this brand is positioned as an inexpensive supermarket, while in the UK and Ireland it is positioned as a small high-end store offering customers not only quality products, but also an exceptional store interior.

A successful experience in applying the adaptation strategy can be called the experience of the world-famous Disneyland amusement park, which opened in Hong Kong in 2005 and immediately suffered significant losses due to the low attendance of attractions by local residents. Then the company decided to use an adaptation strategy and conducted a study of Chinese consumer preferences. As a result of the study, it turned out that most of the population was frightened off by the price level, which was quite high for the region. The decorative design of the rides was also not to the liking of the residents of Hong Kong. The successful implementation of the adaptation strategy was based on lowering ticket prices by saving on decorations.

The French company Louis Vuitton in Hong Kong, the United Arab Emirates and Romania sells its exclusive bags in the stalls of shopping centers, since this sales format is quite effective for these markets. However, if Louis Vuitton organized a similar format for trading in the UK or continental European markets, this would negatively affect its reputation as a luxury brand.

When H&M entered the United States market, it found that the price competition among clothing stores located in the suburbs was excessively high. By adapting its strategy to the specifics of the local market, the company decided to open stores in central areas of the city, where the price of their products would be perceived as lower than other brands.

Coca-Cola is a successful example of doing international business and gaining a foothold in the global economic market. The Coca-Cola Company was one of the first corporations to create its own distinctive corporate culture and, as a multinational company, took into account the imperative of adapting to various national characteristics. The key to such successful functioning was the choice of behavior strategies, adaptation technologies and their successful implementation. Being a large multinational company, it opened external branches and constantly adapted to the new culture of the host country, while trying not to lose its unique features.

Analyzing the management of the Coca-Cola company, it can be noted that the primary task was to reduce economic risks and losses resulting from intercultural conflicts. Naturally, intercultural incidents significantly affect the sales of companies, and also do not contribute to the growth of popularity among consumers. This is where the formation of multinational teams that also include representatives of the host country helps.

The experience of Samsung can also be called successful, which operates according to the principle - "we develop globally and adapt locally for success around the world."

Samsung plays an active role in every region in which it operates and understands that cultures are very different. This understanding allows the company to create products tailored to local needs and tastes.

Samsung has set up research labs in Delhi, London, San Jose, Beijing and Singapore. Laboratories predict future lifestyles and create innovative projects. These laboratories predict consumer needs and values, including cultural trends. The developed concepts are 1-2 years ahead of the current market situation.

At the same time, Samsung localizes its products according to the specific needs of the market and the desires of local consumers. Below are a few examples of the market and its local products.

In the United States of America, for example, the company offers refrigerators with soda dispensers. Seeing the increasing demand for soda water in the US, Samsung introduced a refrigerator that produces soda water at the push of a button. In Bulgaria, Samsung sells a device for producing yogurt, which is an important part of the local diet. While in Africa, Samsung makes SafeSurge TV - allowing you to protect your device from frequent power surges. In India, Samsung makes the Twin Top washing machine. This is a range of washing machines that are equipped with wheels to ensure that they can be easily moved and connected to an AC or water source in the event of a power outage. They are also equipped with a special basin for the normal hand washing of certain clothes up to a full wash cycle. In Korea, Samsung produces the Kimchi M9000 refrigerator. Koreans consume the vegetable delicacy kimchi with almost every meal, so Samsung designed a custom refrigerator that maintains airflow and temperature to make the perfect kimchi.

Considerable attention is dedicated to improving the organizational culture.The company is now allowing all employees to call each other by their first names to improve communication. Samsung is recognized as a global industry leader due to its inherent ability to leverage various initiatives. The company employs a small percentage of foreigners to work in Korea, but outside the country, Koreans make up only a small part of the workforce. The culture of the organization is family oriented.

As such, Samsung is constantly striving to discover the trends and desires that drive the needs of consumers around the world. This strategy provides the company with revenue of 206.2 billion dollars and 8th place in the list of the most valuable brands in the world.

Samsung successfully conducts its business in 61 countries. This sustainable company excels at solving cultural problems around the world. Existing problems for her become challenges and turn into opportunities for creating various innovative products. Successful management of cultural interaction creates a dialogue, which is a continuous process of information transfer and allows the generation of new ideas.

The strong influence of individualism or collectivism in the national culture is the most important factor to consider when conducting business in a country. Cultures are traditionally divided into collectivist or individualist according to the dominant value systems (depending on whether individual self-control or social solidarity comes first).

International business operates in different cultures, so the same formal parameters for starting a business (the amount of capital raised, the number of employees, production assets, methods of stimulating labor productivity, etc.) can give different results in different cultural environments. This distinction is especially important for business in Russia and for the entry of Russian business into the international market, since the experience of international activity here is limited by a relatively narrow time frame.

1. Reasons for choosing international strategies

There are many reasons why an organization might develop an international strategic development option. The well-known American management theorist P. Koper (1980) identified two groups of factors that determine whether an international business development option is attractive for a company or not:

push factors. They arise from a lack of business opportunities in the local market due to low product prices or government restrictions (such as antitrust laws), which is often the reason a company seeks to explore opportunities in international markets;

pull factors. They arise when there are better conditions for business development abroad, such as preferential taxation and other factors. It is no secret that many Western firms locate their production facilities abroad, primarily in Asian countries, because of the relative cheapness of labor there.

The choice of an international business strategy is associated with rather high risks. Typical difficulties of international strategies are the following:

1. problems in deciding what and how different products (services) should be in order to be attractive to different foreign markets;
2. difficulties with currency translation and exchange rates;
3. issues related to cost and profitability forecasting should be based on forecasting the movement of exchange rates, and incorrect forecasting in this area can cost the company very much;

4. the company will be exposed to different cultures, which can create significant management problems, especially in cases where there is a practice of transferring managers from country to country;
5. there are usually structural problems; when choosing international strategies, the question often arises: what structure is better to adopt for an organization operating in an international economic environment;
6. tax problems: the company will look for ways to solve the problems associated with transfer procedures in order to reduce taxes and show maximum profit in the country where taxes are the lowest;
7. the presence of political risk is associated with the possibility that the host country's policies could restrict the enterprise's international investments.This issue must be analyzed very carefully.

2. Directions of international strategic business development.

There are a number of specific strategic options that may be useful in an international context. We will look at the following:

a) wholly owned subsidiary;
b) joint venture;
c) franchise agreement;
d) offshore production;
e) export and import.

2.1. Wholly owned subsidiary

When this type of international strategy is applied, the organization - in this case it will be a multinational company (TNC) - creates a foreign enterprise that is wholly owned and controlled by it. A subsidiary enterprise may arise from scratch - in this case, a new enterprise is formed in a foreign country, or it can be created as a result of partial or complete absorption of foreign enterprises.

A number of arguments can be made both in favor of creating an enterprise from scratch and absorbing both international strategies.

Creating an enterprise from scratch:

may be a cheaper form of direct penetration;

may be more suitable for small firms that have limited financial resources;

it is advisable when there is no desire to inherit the problems of an existing national company (factory, factory, etc.);

can be designed to include the most modern production methods and technologies (sometimes rebuilding outdated production technologies can be more expensive than creating a new cutting-edge enterprise);

you can choose a more convenient location for a new enterprise - you can find a site with a minimum cost or in a region where there will be no problems with hiring workers;

governments in countries of implementation usually support starting a business from scratch, so subsidies or tax credits may be available.

Absorption:

a) allows for rapid penetration into a foreign market;
b) gives a much faster return on capital employed;
c) can prevent the actions of the firm-competitor;
d) a number of cultural, legal and managerial problems can be avoided by acquiring an existing enterprise;
e) as a result of the takeover, the corporation can partly use the company's existing management apparatus, trademarks, established relationships with suppliers and consumers;

The creation of subsidiaries by foreign firms is a fairly common business strategy in the modern world. An example of such a strategic decision could be the organization of its own printing press assembly facility in Russia by the German concern Heidelberg, one of the world's largest manufacturers of printing equipment. The concern made a bet on the project of creating a new enterprise from scratch, hoping that its future products will be in demand from Russian printing houses.

Another strategy - absorption - was chosen by the American corporation Procter & Gamble in relation to the well-known German company Wella, which produces hair dyes and shampoos. P&G made several offers to the company, hoping to strengthen its position in the hair care industry and leverage Wella's existing distribution channels through the acquisition.

2.2. Joint Ventures (JVs)

Another common international strategy is the creation of joint ventures. A joint venture is based on an agreement whereby two or more partners own and operate a foreign enterprise. This facility is usually located in the home country of one of the partners.

Joint ventures provide business participants with the following benefits:

partners can complement each other and thereby reduce the risk associated with doing business; an example would be a small company that has the technology but no manufacturing capacity. It is most likely to enter into an agreement with another company that has such capacities;

a firm with limited cash but significant international experience may team up with a company with a lot of funds but little experience;

a joint venture can provide quick access to distribution networks;

such enterprises easily adapt to changes in the external environment, therefore their creation is a frequently used means of organizing entrepreneurship in countries with emerging economies.

2.3. Franchise agreement (franchising)

A franchise agreement can take many forms and is basically a business agreement whereby one party permits another to operate using its trademark, logo, products, and methods of doing business in exchange for a fee.

Often such contracts are used in retail, eateries, hospitality and are widely used internationally (for example, McDonald's or the Holiday Inn hotel chain). A franchise agreement usually requires a fee to be paid up front and then interest on the profits. In exchange, the corporation granting the privilege will provide the necessary assistance, and in some cases may require the purchase of goods from certain manufacturers, in order to maintain the level of quality.

A franchise agreement provides a number of benefits, including the following:

it provides the franchiser with income, and the franchisee with a product (service) that has already won a place in the market;

it allows the franchise company to grow rapidly in multiple locations without the significant capital investment that would be needed if the company grew in a different way;

it eliminates some of the management skill development needed to manage a large, diffuse organization—franchised companies manage themselves;

it is an appropriate strategy for getting small firms involved, and the risk for these firms to buy a franchise is much less than it is to start a business independently.

It is on the basis of franchise agreements that a large number of gas stations operate. The owners of several gas stations enter into a franchise agreement with large corporations - British Petroleum, Shell or similar - to use their trademark in their enterprises and, in doing so, assume certain obligations about the quality of gasoline dispensed at gas stations. Gas stations are painted in the colors of a large, recognizable by consumers company, which provides them with an influx of buyers, and for a company that has allowed the use of its trademark, such an agreement means a kind of advertising and geographical growth.

There are several risk factors associated with a franchise agreement. First of all, these are quality control problems: continuing the example above, we can say that if the quality of gasoline at a gas station does not meet accepted standards, this may lead to an increase in consumer distrust of a well-known brand. Therefore, large oil companies, when concluding franchise agreements with small owners, as a rule, stipulate who will supply gasoline to these stations.

2.4. Offshore production

Offshore production means that one stage of the production process is located abroad in order to reduce costs. An offshore firm is usually located in a country with low labor costs, and the final product is sold in the domestic market of the country in which the corporation is registered. This is a fairly common strategy in areas such as electronics and textiles.

Offshore production is advisable to use in cases where:

production requires significant costs due to large volumes of unskilled labor;

the weight of the product is relatively small compared to its cost.

2.5. Export and import operations

Participation in export-import transactions is often the only choice for a small firm that seeks to enter the international market. It is also an option for larger companies that want to break into the international market with minimal investment. As a rule, the focus on export-import is only a transitional strategy, the first step in getting involved in international business.

Let us note the main advantages and disadvantages of the export-import version of the international strategy.

Advantages:

it is a relatively cheap and low-risk method of selling abroad;

paper work with documentation and foreign exchange, requiring certain skills, can be carried out by external experts;

it is a strategy open to companies of all sizes;

banks may be better prepared to provide financial assistance to a company pursuing an export-import strategy.

Flaws:

significant costs are possible for the adaptation of production, its adaptation to the requirements of consumers from another country or countries;

if a foreign distributor (distributor of products) performs poorly, the company may not be able to get rid of him, since in some countries there are strict laws that create obstacles to terminating relations with him;

the company often faces customs difficulties;

the company may be poorly represented in the foreign market.

We see the most visible results of the implementation of the export-import strategy by various enterprises every day around us, buying imported goods in stores.

So:

Companies turn to an international development strategy as a result of two groups of factors: push factors (when their development opportunities at home encounter obstacles) and pull factors (when an attractive prospect of doing business abroad appears).

International business faces a number of difficulties: differences in culture, possible problems with exchange rates and currency transfers, complexities of taxation and pricing, adaptation of products to the requirements of foreign consumers, difficulties in choosing the optimal organization structure for conducting international business, high political risk.

The most common are the following forms of international business: subsidiaries, joint ventures, licensing, franchise agreement, offshore production, export and import.

CHAPTER 2. VARIANTS OF INTERNATIONAL BUSINESS STRATEGIES OF INTERNATIONAL COMPANY

2.1. Multi-Domestic Strategy

Thanks to increased capital mobility and improved communications, globalization has simplified market entry into foreign countries like never before. However, expanding globally still necessitates companies to adopt a business strategy that aligns with their objectives and capabilities. There are four primary international strategies employed to target new markets: international, global, transnational, and multi-domestic. In this second part, we examine multi-domestic strategies and their distinctive features.

A multi-domestic strategy, like the other three international business strategies, requires a certain level of commitment across four essential factors. These include regional adaptability, international integration, standardization, and customization. Here is a brief summary of each component.

Local responsiveness refers to the degree to which a company adapts its products and services to the particular circumstances and unique characteristics of a foreign market.

Global integration means the extent to which a company is present in the global market and can provide its products and services in different countries.

Standardization it is the methods by which a company creates a universal model for its products and services that can be applied across different countries, adopting a "one size fits all" approach.

The term "customization" is used to describe the method through which a business adapts a standard product, message, or technique to better meet the needs of customers in a variety of nations.

In comparison to other types of international strategies, such as:

International business system : Typically, the initial form of international expansion a business undergoes involves a strategy that emphasizes imports and exports, maintaining the majority of their operations in their home country while leveraging the appeal of their region or country of origin. Luxury goods such as wine serve as excellent examples of this approach.

Global strategy: This strategy focuses on a single global brand with minimal modifications to colors or messaging. Brands such as Apple and Google excel in this regard because they are instantaneously recognizable in any country and exhibit minimal differences between the domestic and foreign markets.

Transnational strategy: transnational businesses have a central or main office located in one country, which oversees the activities of local subsidiaries in international markets. This structure entails a single overarching brand and operations center that controls decision-making and supply chain management, utilizing the advantages of scale. This strategy can be considered as the ideal or optimal choice among the various international expansion strategies, and it is commonly adopted by businesses such as McDonald's, Coca-Cola, and others.

A multi-domestic strategy places a greater emphasis on addressing local needs and preferences rather than pursuing global standardization, making it the most localized approach among the available models.This approach prioritizes the local market above all else, resulting in a comprehensive overhaul of the product, messaging, go-to-market strategy, and customer support to align with the specific market requirements.

In practice, this frequently involves a parent company that adopts a transnational or global strategy while utilizing smaller regional brands to cater to specific requirements within the target market. In relation to the type of the business, this may entail a 100% local team or office, or a combination of local resources and company-wide assets within strategic business units.

The advantages of adopting a multi-domestic approach:

An improved competitive position and deeper market penetration can be achieved by adapting products and services to meet the unique needs of individual regional markets.

Expanding into foreign markets provides convenient access to local market benefits such as available labor, transportation routes, and natural resources.

It's similar to a portfolio made up of many companies, allowing you to keep tabs on how each one is doing so you can cut costs where necessary and put more resources into areas that are succeeding.

As a result, companies can easily expand their presence in foreign markets through mergers and acquisitions, as opposed to starting from scratch. This allows them to smoothly incorporate new brands into the extant structure of the parent company.

Nevertheless, the primary challenge faced by a multi-domestic strategy is the requirement to have an in-depth analysis of consumer preferences.If you intend to extensively modify your product, marketing, branding, and business approach for each market, you must have a strong belief in the market's potential and your capability to cater to a specific segment within it.

For this strategy to be successful, it is essential to invest in an extensive localization program. Depending on the nature of your company, localization may entail adapting your content, aesthetics, website, packaging, mobile app, papers, and software to better suit a new market. This process enables your product and services to connect more effectively with customers in a foreign market, creating a personalized experience that feels tailored specifically to them.

More than half of e-commerce customers prioritize having a website in their language over price when determining where to make a purchase. Before implementing a multi-domestic model and establishing local subsidiaries, it is crucial to conduct thorough research on efficient translation processes, explore methods for automating translation efforts, and assemble a suitable team for your business. These factors play a significant role in the preparation phase.

The integration of a localization program as the core of your international expansion strategy considers:

Certainly, as part of your localization efforts, it will be necessary to translate various elements such as your website, mobile application, packaging, and other relevant components. However, the true significance of localization lies in capturing the essence of your marketing message and crafting something unique that resonates with the target market, giving it a sense of being specifically tailored for that particular market. This could involve integrating specific references to pop culture, using local slang, or restructuring an article to ensure it aligns better with the cultural context of the target market.

When expanding into a new market, you must navigate a distinct range of cultural elements, such as symbols, colors, and other visual representations that may no longer align with your brand in that specific market. Additionally, the prevalence of local competitors must be considered. If your primary local competitor uses the same brand colors, for example, it may be advantageous to choose a distinct color scheme to distinguish yourself more effectively.

Foreign languages frequently result in text expansion compared to English.Consider the entire user experience, which encompasses factors such as font sizes, displays, and layouts tailored for vertical languages. (often used for Asian countries, like Japan or China).

This point of view is crucial and should not be ignored when starting operations in a new market.It is essential to be able to process local currencies and a variety of payment methods unique to each market, such as distinct credit card brands, bank types, and popular payment systems like PayPal or Venmo.

2.2. Global Strategy

A fundamental tension—in international strategic management—is the question of when to pursue global or regional (or local) strategies. This is commonly referred to as the globalisation vs. national responsiveness confl ict. As used here, global integration is the production and distribution of products and services of a homogeneous type and quality on a worldwide basis. To a growing extent, the customers of MNCs have homogenised tastes and this has helped international consumerism. For example, throughout North America, the EU and Japan, there has been a growing acceptance of standardised yet increasingly personally customised goods such as automobiles and computers.

This goal—of efficient economic performance through a globalisation and mass customisation strategy—has left MNCs open to the charge that they are overlooking the need to address national responsiveness through internet and intranet technology. National responsiveness refers to the requirement of comprehending distinct consumer preferences in segmented regional markets and adapting to diverse national standards and regulations enforced by independent governments and agencies.For example, in designing and building cars, international manufactures now carefully tailor their offerings in the American market. Toyota's full size T100 pick-up proved much too small to attract U.S. buyers. So the fi rm went back to the drawing board and created a full-size Tundra pick-up that is powered by an V-8 engine and has a cabin designed to accommodate a passenger wearing a 10 gallon cowboy hat.

Honda has developed its new Model X SUV with more Americanised features, including enough interior room so that travelers can eat and sleep in the vehicle. Mitsubishi has abandoned its idea—of marking a global vehicle—and has brought out its new Montero sport-utility vehicle in the U.S. market with the features that Americans want: more horsepower; more interior room; more comfort. Meanwhile, Nissan is doing what many foreign car-makers would have thought to be unthinkable just a few years ago.

Today, U.S. engineers and product designers are completely responsible for the development of most Nissan vehicles sold in North America. Among other things, they are asking children—between the ages of 8 and 15, in focus-group sessions—for ideas on storage; cup holders; and other refi nements that would make a full-size mini-van more attractive to them. National responsiveness also relates to the need to adapt tools and techniques for managing the local workforce. Sometimes what works well in one country does not work in another.

Multinational corporations (MNCs) can be identified by their utilization of various strategies, including an international strategy, a multi-domestic strategy, a global strategy, and a transnational strategy. The suitability of each strategy depends on the demands for cost reduction and the level of local responsiveness required in each country being served. Companies that adopt an international strategy possess unique core competencies that local competitors in the host country do not have and experience limited pressures for local responsiveness and cost reductions.. McDonald's, Walmart, and Microsoft are examples of multinational companies that have achieved success through the implementation of an international strategy. Organizations that choose to pursue a multi-domestic strategy should do so when there is a strong emphasis on meeting local market needs and limited pressure for cost reductions.

Modifying offerings at a localized level raises a company's overall cost structure but also increases the likelihood of its products and services being responsive to local needs, thus leading to success. This strategy involves pursuing a cost-effective approach. Companies facing significant cost pressures should adopt a global strategy to take advantage of economies of scale in production, distribution, and marketing, aiming to benefit from cost efficiencies.By providing a standardized product on a global scale, companies can capitalize on their expertise and implement competitive pricing strategies.

This strategy is particularly suitable in situations where there are significant cost constraints and limited demand for product offerings. When there are both severe financial pressures and a pressing need for local adaptability, a transnational approach makes sense. Even so, due to the competing demands of cost reduction and local responsiveness on a corporation, properly adopting a multinational strategy becomes difficult. Another explanation is that customized product offerings raise expenses. Corporations can effectively implement a transnational strategy if they can identify appropriate synergies in global corporate functions.

2.3. Transnational Strategy

A company adopting a global strategy prioritizes efficiency over responsiveness to local requirements in each of its markets, compromising its adaptability. A multi-domestic approach is the exact opposite of this one. While there might be slight adjustments to products and services in different markets, a global strategy emphasizes the importance of achieving economies of scale by essentially offering the same products or services in every market.

Examples include Microsoft, which sells the same software programs all over the world, but each program is changed to work with the local market. Likewise,by establishing global brands Procter & Gamble, a consumer goods manufacturer, strives for efficiency. Companies like Intel, which create invisible to the consumer, stand to gain much from adopting a global perspective as well. These businesses don't care much about what people in the area want.

A transnational strategy is one in which a corporation aims to find a balanced approach that combines elements of both a multidomestic strategy and a global strategy. This kind of business strives to balance efficiency goals with taking into account regional preferences in various nations. As an illustration, prominent fast-food chains like McDonald's and KFC maintain consistency by offering identical core menu items globally. Such companies also make certain adjustments to cater to local preferences. Wine is available for purchase at McDonald's in France, for instance. This strategy is logical for McDonald's since wine holds significant importance in French culinary traditions.

International Strategy refers to the operations of multinational companies in a limited number of foreign countries, with relatively modest ambitions for expansion. A key goal of a multinational strategy is to develop an understanding and adaptability to diverse national environments. Companies that adopt this strategy provide unique products and services to meet the specific requirements of their national divisions These companies primarily generate value through activities related to marketing, sales, service, and other downstream functions. They often replicate their value chains across multiple national markets. Global markets are characterized by customers having similar needs and desires worldwide. The mentioned approach entails a business promoting its merchandise across multiple nations and gradually broadening its activities into novel domestic markets on an annual basis.

Firms pursuing a global strategy are motivated by the constant pursuit of global efficiencies and cost savings. These companies capitalize on the advantages gained through standardizing their products and sourcing globally. Typically, the management and coordination of activities are centralized at the company's headquarters (HQ). Transnational strategy firms emphasize both local responsiveness and global efficiency, striving to achieve a balanced and advantageous approach that combines the strengths of both aspects. Companies that implement this tactic understand that their edge over competitors comes from advantages related to location and economic efficiencies.

To take advantage of emerging market opportunities and effectively handle the risks associated with an unstable institutional environment, many multinational corporations (MNCs) opt to enter BRIC markets through strategic partnerships with local companies. By establishing local strategic networks and partnerships, MNCs gather essential information and gain knowledge about the local business environment, enabling them to adapt their business strategies accordingly. Furthermore, MNCs often use local strategic partnerships as a foundation for networking, with the objective of steering the development of institutional environment towards desired objectives. As a result, MNCs take on the role of catalysts, with the responsibility to drive progress and improvement across the entire business environment (Rakita, Azdejković, and Marković, 2012).

By engaging in aggressive acquisitions, firms can adopt a proactive approach that enables them to make significant advancements and deviate from the gradual nature of learning associated with the internationalization stage model. Acquiring another company can be a more effective way to overcome legitimacy and credibility issues, and can serve as a stronger guarantee of quality and safety standards. By acquiring companies with strong abilities across the entire value chain, firms can offset their own specific disadvantages and gain an immediate market presence. (Yeoh 2010).

The ability to allocate and reallocate resources across global markets with flexibility is an essential element of configurational advantage. In response to shifting market and competitive conditions across different regions, the firm needs to cultivate adaptability in order to effectively respond to these dynamics and reallocate resources to capitalize on operating opportunities in specific locations. Creating connections between operations in various global regions is essential for fostering the flexibility needed to adapt to change. By sourcing or producing goods at multiple locations, companies can mitigate risk exposure and reduce reliance on a single supply location. This allows for the flexibility to shift operations to the most cost-effective locations in response to fluctuations in exchange rates, potential disruptions due to strikes or labor unrest, and changes in economic and political conditions, thus minimizing the impact on production and supply costs.

The ability to rapidly deploy assets and resources at different stages of the value chain is of utmost importance. The company must possess the agility to swiftly introduce new products and respond to competitive actions, whether they originate from local or major global rivals. It is crucial for firms to possess the necessary resources to launch new products simultaneously across global markets instead of sequentially, market by market, in order to prevent competitors from gaining an advantage.

According to Marsh's research (2000), Levitt's pricing strategy emphasizes aggressive low pricing combined with standardization as a means to gain market share. However, Marsh (2000) contradicts this perspective by noting that Japanese consumers perceive price reductions as indicative of lower quality and status. The researcher argues that the perceived quality image holds more significance than the actual value of the product, as quality is primarily associated with higher prices.Similarly, Marsh (2000) proposes that different country preferences necessitate adjustments in pricing strategies for organizations. Marsh's research (2000) indicates that pricing decisions in international marketing are influenced at two levels. The internal level considers objectives for return on investment, required sales volume, and cost factors, while the macro level encompasses elements such as government restrictions, business cycle stage, exchange rate, and cultural factors.

Marsh (2000) emphasizes the importance of acknowledging and incorporating diversity into international pricing strategies. When effectively utilized, pricing can generate opportunities within markets and mitigate potential threats. It is crucial to acknowledge that the pricing decision primarily depends on the company's ability to rigorously adhere to strategies such as cost leadership. Both large firms and small country firms must adopt an active pricing strategy for similar products to ensure profitability. Following these price signals is not only the exclusive domain of larger firms but is equally important for smaller firms to benefit from this strategy. (Ahmad 2007).

Technological progress is a key driver of standardization (Marsh, 2000), leading to significant economies of scale in production, distribution, marketing, and management for organizations that embrace this new reality..

Often referred to as "relationship or customer sensitivity analyses," these analyses have become crucial for the long-term success of organizations. Relationship analyses focus on identifying sources of competitive advantage that differentiate a firm from its competitors in the eyes of consumers. The crucial aspect is that differentiation benefits arise from products and marketing strategies that are meaningful to the target customers. The goal is to understand the elements that influence customer satisfaction and loyalty, specifically those associated with the customers' inclination to buy and utilize particular products. (Wood, Darling, Siders, June 1998).

A particular framework, known as "gap analysis," which includes objective strategic profile methods, serves as a valuable framework in this context. Gap analysis involves creating a market profile for the relevant product lines of the company. This profile is focused on policy and provides recommendations for appropriate strategies to allocate resources in order to capture a larger share of the market in specific markets.Implementing this approach necessitates the firm's initial assessment of the complete market potential, encompassing both current and potential sales, for a specific product or product line. Subsequently, the firm identifies the strategic gaps that require resolution in order to actualize the market potential. To cater to rural consumers at affordable prices, the development of significantly new products requires the utilization of new product and process technologies. Examples such as computers and cell phones demonstrate efforts that have already been made in these product markets to create low-cost options by employing sophisticated and innovative technology. (Wood, Darling, Siders, June 1998)

In their research on the effects of market and learning orientations on organizational performance within the context of International Joint Ventures in Malaysia, Farrell, Oczkowski, and Kharabsheh (2008) found that a market orientation strategy has a stronger positive influence on organizational performance (including customer retention, new product success, average performance, and overall performance) compared to a learning orientation.

In other words, the findings of the study indicate that in International Joint Ventures, a market orientation emerges as the predominant strategy for attaining favorable performance. Firms that prioritize market orientation possess advanced capabilities that allow them to surpass competitors in customer retention, sales growth, and the successful introduction of new products. These findings also indicate that market-oriented firms possess distinct capabilities that allow them to outperform their competitors in customer retention, sales growth, and new product development. Additionally, the concept of causal ambiguity is supported, as market-oriented firms are capable of executing competitive actions that are difficult to replicate. For firms engaged in International Joint Ventures, adopting a market orientation can lead to a competitive advantage. (Farrell, Oczkowski, and Kharabsheh 2008)

A market-oriented company has better abilities and expertise in acquiring, sharing, and utilizing information in a systematic manner to guide the development and execution of new strategies. The ability to acquire, disseminate and use information systematically enables a firm to identify opportunities and create customer value more effectively than competitors. Therefore, strategies aimed at improving market orientation are likely to be more effective for firms that are not currently pursuing market-oriented practices. Additionally, emerging multinational corporations (EMNCs) can play a key role in changing the regulatory landscape in emerging economies through lobbying and influence.

EMNCs can leverage their influential status in their home country's economy by engaging in lobbying activities to secure political support. This support aims to expedite the implementation of coercive measures, such as stricter accounting requirements for publicly traded firms. From a cognitive and normative perspective (Liu, Rose, & Ellstrand, 2012), as EMNCs operate in developed markets, the national media may portray them as successful international firms, serving as examples for others to emulate.

As a result, the practices adopted by EMNCs may be perceived as exemplary and serve as models for mimetic isomorphism, thus facilitating the evolution of the institutional field in emerging economies. This means that more indigenous firms and professional associations consider the practices of EMNCs as legitimate and worthy of adoption (Liou, Rose, & Ellstrand, 2012). Given the intense competition, rapid change, and increased complexity in the global marketing environment, it becomes more challenging yet crucial for firms to operate in a socially responsible manner, conforming to ethical standards. Gaining a better understanding of how the environmental context influences marketing practices, specifically in identifying similar market environments, will play a crucial role in deciding the timing and methods for transferring effective marketing strategies between different countries.

CHAPTER 3. WAYS TO IMPROVE INTERNATIONAL BUSINESS STRATEGIE OF INTERNATIONAL COMPANIES

3.1 The concept of triangular or triadic relationship

As previously mentioned, these companies engage in a dialogue between economic entities, positioning themselves as a crucial intermediary in a triangular or triadic business relationship that also involves a supplier and a buyer. The concept of a triangular or triadic relationship, borrowed and adapted from Granovetter (1973), is used to describe three-way relationships involving intermediaries. Havila (2004) proposes that this term can be applied to relationship threads in international business in two ways, as depicted in Figure 1.

One way to use the term "triad" is to describe a closed interaction where the three partners in the relationship have equal or nearly equal influence on the transaction. In this scenario, the links A, B, and C occur simultaneously. In this scenario, the trading company functions as a commissioned broker representing and providing advice on behalf of one of the parties involved. The second approach refers to an open interaction, where the relationship among the different agents varies in intensity. In this case, the trading company engages with both the client (link B) and the supplier (link A) in order to facilitate a subsequent transaction between the supplier and the client (link C).

In this type of transaction, relationships (A) and (B) come before relationship (C).In an open interaction, the trading company assumes the role of a dealer/middleman, holding property rights over the traded product and directly influencing its pricing. In this case, the relationships are actually bilateral, between A and B, with the trading company recognizing the potential for a linkage (C) between buyers and suppliers that benefits both parties. However, in a closed interaction, the trading company serves as a broker, establishing relationships with both the supplier and buyer, and facilitating the transaction in which the supplier sells to the buyer.

In simpler terms, in an open interaction, the trading company engages in bilateral buying and selling activities. On the other hand, in a closed interaction, it doesn't directly buy or sell anything. Instead, it acts as a mediator and receives a percentage from the sale made by one or both parties involved. The triad, similar to other inter-organizational business networks, can be seen as an organic system that can be analyzed by examining relationships, structures, locations, and processes, depending on the specific inquiry (Easton, 1992).

While analyzing inter-organizational networks can be done using dyadic links, we believe that utilizing the triad as the unit of analysis allows for a more comprehensive understanding of the relationships involved, considering the nature of a trading company's business. Figure 1 illustrates the triangular relationship between a trading company, a supplier, and a buyer.

Nevertheless, this illustration does not incorporate all the possible scenarios that a trading company may encounter. The interaction of a trading company is not restricted to a single supplier and a single customer.Instead, they engage with a range of potential suppliers and buyers as part of their interactions (Ellis, 2001; Sluyterman, 1998).

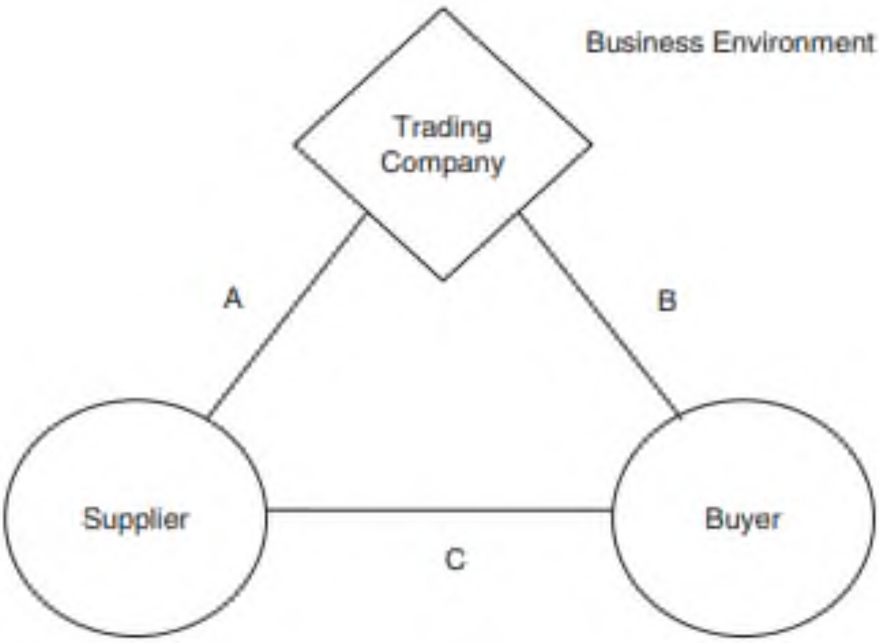

Figure 3.1. Triad structure

(Source Havila, V., Johanson, J. and Thilenius, P. (2004), “International business: relationship triads”, International Marketing Review, Vol. 21 No. 2, pp. 172-186.)

The interactions depicted by the lines A, B, and C in Figure 1 are a significant simplification. Furthermore, in addition to the broader range of possibilities arising from a portfolio of multiple suppliers and buyers, there are challenges related to transactions and associated costs as highlighted by Williamson (1991). These challenges include limited rationality and opportunism, which are further compounded by the international nature of the transactions and the inherent complexities resulting from cultural, political, legal, and regulatory differences between the home countries of suppliers and buyers. Moreover, these transactions often occur over significant geographic distances and in contexts characterized by institutional complexity.

Effectively managing this complexity and overcoming the challenges arising from diverse institutional conditions is a fundamental aspect of the services provided by a trading company. The capability to navigate these difficulties is cultivated through experience over time, becoming an integral part of its core operations, and enabling the trading company to pursue business opportunities in various countries or regions (Jones, 1998; Sluyterman, 1998).

Based on the concepts proposed by Håkansson and Snehota (1995), it can be deduced that the growth and advancement of a trading company are best elucidated by evolutionary factors rather than deterministic ones. Trading companies perceive their business environment as a vast network of potential interactions, extending beyond the economic realm to incorporate social and institutional relationships and activities (Håkansson and Snehota, 1995; Peng et al., 2008; Thomé et al., 2012).

Over the past three decades, significant changes have taken place in the international economic landscape and business environment. One notable development has been the rise of newly industrialized countries, including Singapore, South Korea, and Hong Kong, and more recently, Brazil, India, and China. The entry of these countries into international trade had such a profound impact that it has been referred to by international business researchers as the "third wave" (Jansson, 2007; Martell, 2007).

Peng (2003, 2004) has raised concerns about the relevance of strategic factors proposed by earlier theories in explaining firm strategy and determining organizational success or failure in international business. In the context of discussing institutions, as examined by scholars like North (1990) and Scott (1995), Peng has emphasized the necessity of complementing and expanding theories rooted in industry competition (Porter, 1980) and resources (Barney, 1991).

While Peng et al. (2008) acknowledge the significance of industrial competition and a firm's resources and capabilities, they emphasize the necessity of considering the impact of formal and informal institutions on shaping strategy. This need became apparent when firms from emerging and developing countries started engaging in international business.

Proposing the institutional-based view as a fresh approach to researching international business strategy, Peng et al. (2008) and Peng (2006) have introduced what they refer to as a "strategy tripod," depicted in Figure 2. Their institutionalism, influenced by North's (1990) concept of institutions as the "rules of the game" governing economic interactions between firms, and Scott's (1995) perspective on institutions as encompassing regulatory, normative, and cognitive structures, emphasizes the role of institutions in providing stability and predictability to social behavior. Peng and Plaggenkuhle-Miles (2009) have further contributed to this view.

Collectively, these two perspectives, one primarily focused on economic aspects and the other on social aspects, examine the formal and informal dimensions of institutions, applicable across various domains, including international business. Adopting this institutional perspective, Peng (2003) highlighted that one characteristic of emerging economies is their inclination to alter the formal and informal rules of the game, thereby necessitating adjustments in how the game is played. In essence, institutions in emerging countries often exhibit a transient nature. Meyer and Peng (2005) also highlight this reality in the cases they examined, interpreting them as a result of the shift from socialism to capitalism in the economies of Russia and Eastern European countries.

Authors such as Aidis and Adachi (2007) and Thomé and Vieira (2012) acknowledge and discuss the challenges that arise for foreign companies operating in these markets.Peng et al. (2008) contend that institutional conditions and transitions play a significant role in influencing business strategy in these countries, similar to the impact of industry-based competition and firm-specific resources and capabilities. This perspective is also supported by Peng and Plaggenkuhle-Miles (2009) in their study, which positions the institutional approach as the bridge connecting various ongoing debates in the field of global strategy.

In our study, we have embraced this standpoint by employing the strategy tripod (Peng et al., 2008) - firm-specific resources and capabilities, industrial competitiveness, and institutional conditions and transitions - to identify the driving forces behind the strategy of the trading company under investigation and the factors that determine its success.

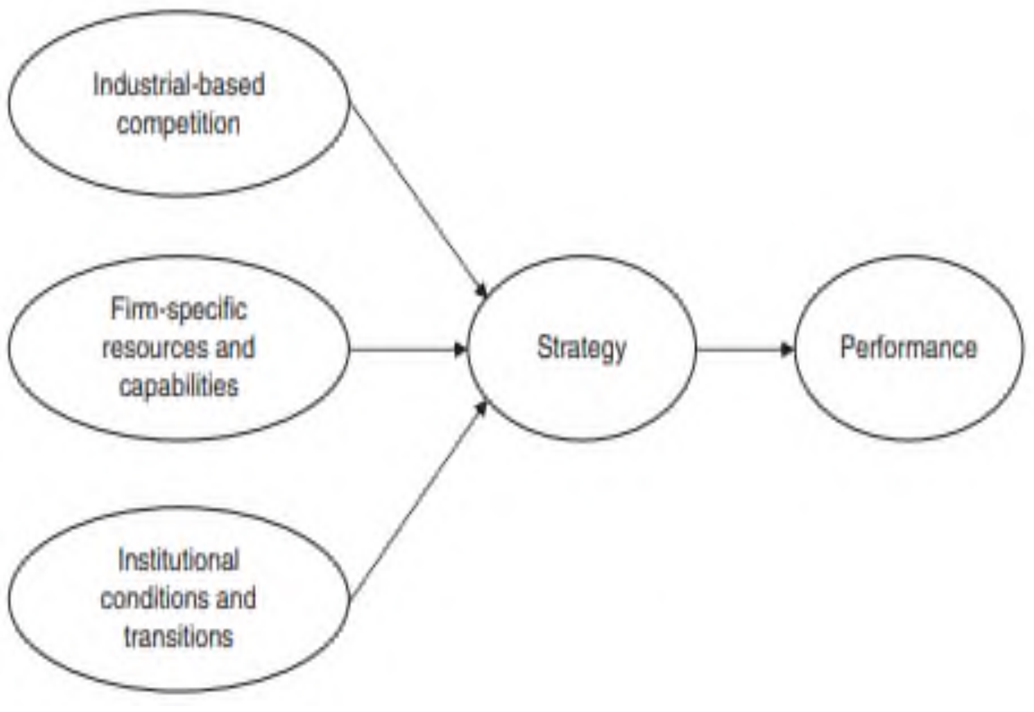

Figure 3.2. Strategy tripod

Source: Peng, M.W., Zhou, Y. and York, A.S. (2006), "Behind make or buy decisions in export strategy: a replication and extension of Trabold", Journal of World Business, Vol. 41 No. 3, pp. 289-300.

The initial driving force was identified as the requirement for competitiveness in the relevant sector. It was within this category that the owners of the company first recognized the need for strategic decision-making and a change in strategy. The decision to withdraw from the cheese sector and redirect focus within the flower sector towards tropical flowers necessitated exploring suppliers in different regions of the world due to competitive pressures.

The two company owners, who were present from the beginning, admitted that initially failing to perceive their competitors in the same market was a potentially fatal mistake. They acknowledged that this "myopia" could have led to the firm's bankruptcy within its first year. According to the respondents, the benefits and opportunities of operating in less regulated sectors are generally derived from several factors, including higher financial gains, reduced competition pressure, and fewer demands from suppliers and customers. These factors were also identified by Thomé et al. (2012).

According to the study data, the company went through a series of cycles where they actively searched for and obtained new suppliers and buyers, driven by this perception.Considering the nature of a trading company's business, the industry structure holds significant importance. It is evident that throughout its history, the firm's strategy has consistently exhibited characteristics aligned with the drivers proposed by the approach of industrial competitiveness. The strategic decisions have been influenced by industry conditions that either present or limit business opportunities, prompting the adoption of various strategies.. The strategic focus on the "Gains in Scope and Scale" drivers indicates that company executives are fully aware of the competitive pressures they faced when positioning the firm as a significant participant in trade between emerging markets. Respondents unanimously agree that "it was necessary to expand our operations" and introduce more organization to the business.

This understanding led to a strong push for diversification in terms of products, suppliers, buyers, and functions, following the approach identified by Ellis (2001), in order to increase the volume of transactions (with agents the company had a previous transaction history with and through the acquisition of other trading companies), and to establish a presence in key regions under the name of "BC.". The factors illustrated in Figure 2 primarily stem from the influence of suppliers, customers, and competitors, along with economies of scale and scope. These factors can be attributed to the market dynamics in which the trading company operated and were translated into strategic decisions adopted by the firm in order to survive and thrive.

3.2 The solutions to improve international business strategies of international companies

Establishing organizational objectives will provide clarity on how global expansion aligns with your company's vision and the specific goals it can contribute to achieving. This approach will also assist in prioritizing key aspects of global expansion, allocating the necessary budget, and establishing a well-defined timeline for accomplishing each stage of the expansion process.

When determining your objectives, take into account the primary focus or objectives of your global expansion. For example, your strategies for expanding globally may be influenced by the following considerations:

Broadening your talent pool to assemble a diverse team and acquire specialized skills.

Expanding your business into lucrative new markets.

Securing the financial stability of your company through the expansion into diverse markets.

Cost savings through relocating operations overseas.

Creating a brand with global recognition or enhancing your current reputation on an international scale.

Each of these possible factors driving global expansion will lead to distinct objectives that you would need to establish and strategize for.

There are various frameworks available to help you establish realistic goals for your company, including OKRs (Objectives and Key Results) and WIGs (Wildly

Important Goals). Regardless of the framework you choose, it is important to ensure that your goals are S.M.A.R.T. in nature.

Specific

Measurable

Attainable

Realistic

Time-bound

After establishing company goals and identifying the role of global expansion within them, it is essential to conduct comprehensive market research for the desired markets you intend to enter. By conducting this research, you will be able to recognize potential opportunities and challenges in advance, allowing you to make informed decisions before investing resources in implementing your expansion strategy.

When conducted effectively, thorough market research can optimize profitability, mitigate risks, and instill confidence in stakeholders and investors by providing substantial evidence supporting your global expansion plans.

Below are a few of the questions you should answer prior to joining a new market:

Is there a market need for your product or service?

What is the size of the potential market?

What is the socio-political and cultural environment like? Is it suitable for a product like yours?

Who are other businesses that are competing, and can your product or service give something new or innovative?

What impact will local laws and regulations have on your expansion plans, and can you overcome these obstacles?

Do you need to allocate resources for localization to ensure the success of your product or service in the new market?

What types of skilled professionals are readily accessible in the target country? For instance, does the country have a strong pool of talented academics, industry leaders in specific sectors, or a surplus of tech-savvy individuals?

Numerous resources are available to simplify the process of researching target markets, including country-specific databases like the OECD. By utilizing these tools, you can gain valuable insights and prioritize the markets that align with your global expansion strategy.

Although the ultimate objective may involve expanding into numerous countries across different continents, it is advisable to focus initially on a limited number of high-priority and low-risk markets. A strategic approach could involve starting with expansion into Europe or another key region, for instance.

By adopting this expansion approach, you can assess the effectiveness of your international expansion strategy and address any required modifications before committing additional finances and resources. This method enables you to test the waters and ensure that your strategy is well-calibrated before further investment.

While there are numerous approaches to global business expansion, it's important to recognize that what proves effective for one company may not be suitable for yours. Rely on your market research, company objectives, and budget to determine the most appropriate international expansion strategy for your specific needs.

The primary categories of expansion strategies include:

1. Selling and distributing goods or services through exports
2. Licensing and franchising agreements
3. Establishing strategic partnerships
4. Acquiring or merging with foreign companies
5. Establishing wholly owned subsidiaries overseas, also known as Greenfield Ventures

Every strategy for expanding into new markets has advantages and disadvantages. For instance, licensing is a relatively cost-effective approach that enables rapid expansion, but it may result in a lack of control over quality, messaging, and reputation.

In contrast, the Greenfield Venture approach grants your business complete authority over operations, but it is a costly and intricate procedure that spans from initiation to conclusion..

Which option is the most suitable for your international expansion?

The selection of an appropriate business expansion strategy relies on factors such as your timeframe, budget, and objectives. Nowadays, global expansion is not limited to large corporations only, but the size of your company will likely influence the choice of expansion strategy.

For large-scale enterprises with ample financial resources and abundant assets, options like acquisition or Greenfield Venture may appear particularly appealing, for instance.

Nevertheless, for startups and small to medium-sized enterprises (SMEs) operating with limited financial resources, partnerships, licensing, and exportation can serve as more cost-effective approaches to global expansion. These methods enable you to establish a presence and seize initial opportunities without incurring excessive expenses.

Omnipresent uses a combination of wholly owned entities and strategic partnerships to effectuate their international expansion approach. They have two principal motivations for global expansion

Since every business has unique requirements, it is important to assess which local talents would best serve your global expansion strategy.

CONCLUSIONS AND PROPOSALS

It is not feasible to identify a single strategic driver, as described by Peng et al. (2008), solely responsible for the strategy of the trading company under study. What we observed was the utilization of various strategies over time, influenced sometimes by industrial competitiveness, other times by firm resources and capabilities, and often by institutional conditions, often in combination. Similarly, there is no linear chronological order among these drivers, and no obsolescence of any driver was observed.

In contrast, the findings suggest that changes in the characteristics of organizational resources and capabilities, as well as competitive or institutional environments, require a review of strategies and potential reconsideration of strategic objectives. The ability to manage the interfaces between internal resources and capabilities and the demands imposed by industrial competitiveness and institutional conditions, along with the capability to undertake strategic redefinitions when necessary, are identified as the key factors determining the success of the trading company under study.

We find that by considering the complete range of activities undertaken by trading companies, we obtain a better understanding of their role in international trade. Our analysis contributes to the understanding of trading company activity as more than just passive contributors to the international strategies of other firms. Instead, they can be regarded as actively pursuing their own strategic objectives and strategies.

Additionally, we deduce that incorporating attention to institutional factors, as discussed by North (1990) and Scott (1995) and proposed by Peng et al. (2008), allows for a more comprehensive understanding of the business environment and strategic behavior of the trading company under study, especially following its collaboration with suppliers from emerging countries. This insight provides valuable directions for future studies. Suggestions for further research focus on the significance of comprehending the interaction between organizational characteristics and the competitive and institutional environments in emerging economies, aiming to identify opportunities for gaining competitive advantage.The findings highlight several important factors: firstly, the utilization of intellectual capital and specific knowledge management by the firm in the examined case to mitigate the impact of institutional differences between suppliers and buyers from various countries; secondly, the significance of effectively managing the interfaces between internal resources and capabilities and the demands arising from industrial competitiveness and institutional conditions; thirdly, the capability to undertake strategic redefinitions when necessary; and finally, the firm's pursuit of expanding the scale and scope of its operations to withstand pressure from clients, suppliers, and competitors.

There is significant research interest in determining whether similar outcomes can be observed in various industries and contexts, including those that do not involve emerging markets. This exploration serves as a means to broaden and deepen our understanding of the strategy tripod and its impact on performance. From a pragmatic and managerial perspective, our findings highlight the importance of consistently paying attention to all three aspects of the tripod. While one aspect may have been dominant during a specific period, the longitudinal perspective revealed that all three were significant, either individually or in combination, and none can be disregarded or overlooked. Last but not least, it is essential to note that the methodology employed in this study cannot be generalized to all trading companies operating in emerging economies or to other types of firms in such economies. Therefore, the conclusions are limited to the specific case that was examined. Further research involving similar studies with various types of organizations and sectors is necessary to broaden the understanding in this area.

I believe this research will not only stimulate discussions on the strategy and operations of trading companies, both in general and in emerging economies, but also influence further investigations into business strategy in emerging economies. This includes not only multinational firms but also domestic firms within those economies.

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