

The Effects of Globalization and Competitiveness on Strategic Management

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Abstract

Modern economic activities have transformed into a complex global network influenced by advancements in information systems, technology, skill development, and the integration of resources across borders. In today's interconnected world, reduced trade barriers and increased openness have made globalization an inevitable process. Consequently, businesses now face both greater opportunities for success and heightened risks of failure. Global economic interaction has existed in various forms since the earliest days of organized society. Since the Industrial Revolution, this integration has accelerated, becoming largely irreversible. This is driven by the fundamental truth that business and profit motivations often transcend national borders, cultural differences, and political boundaries. Whenever mutual advantage is perceived, cross-border business relationships are rapidly established. The rapid pace of internationalization has intensified global competition, prompting companies to adopt more effective and realistic management strategies. In this context, strategic management has gained prominence as a discipline distinct from traditional operational management. Unlike techniques that solely aim to improve efficiency, strategic management involves comprehensive planning and alignment with a company's external environment. Firms that systematically implement strategic management practices tend to outperform those that do not. However, to maximize its benefits, organizations must strengthen both the preparation and evaluation phases of strategic management implementation. The rapid pace of internationalization has intensified global competition, prompting companies to adopt more effective and realistic management strategies. In this global community, individuals increasingly perceive themselves as citizens of the planet, where diversity is acknowledged and tolerated to promote peace, cooperation, and shared economic benefits.

Keywords

Globalization, Porter's Five Forces Framework, Strategic Management Approaches, Performance Improvement, Competitive Advantage, Global Competitiveness

1. Introduction

Globalization is the word used to describe the growing interdependence of the world's economies, cultures, and populations, brought about by cross-border trade in goods and services, technology, and flows of investment, people, and information. Countries have built economic partnerships to facilitate these movements over many centuries (<https://www.investopedia.com/>, July 5, 2023). The process of globalization is facilitated by technology, which dislocates humans from both time and space and projects them into a world where the future and past exist simultaneously (Daniels et al., 2022). This technology comes from education. As we experience globalization and its effects, we realize that the only way to accept it is through knowledge (Joshi, 2009). Hence, one could say that globalization represents the process of increasing convergence and interdependence of national economies and of the international scope and availability of markets, distribution systems, capital, labor, and technology (Tatic et al., 2006).

While earlier studies recognize how globalization influences business strategies, this paper investigates the ways multinational organizations respond to globalization-driven challenges and seeks to identify the most effective strategic responses. Employing a literature review grounded in a synthesis-based framework, the research will examine, compare, and evaluate various strategic management models to determine which are best suited to address issues posed by globalization. Despite recognizing globalization's profound effects, existing data remains inadequate, particularly when viewed from two critical angles. Firstly, a comprehensive understanding of how globalization impacts businesses of all sizes, small, medium, and large, both national and multinational, requires data that is much more finely segmented. Secondly, it is essential to analyze and compare various strategic approaches rooted in earlier research and literature. Finally, this study aims to critically assess and argue which of these strategies may be most effective in addressing the challenges posed by globalization. This research seeks to systematically review the evolving trends in globalization and their impact on strategic management. Strategic management, defined as the systematic approach to planning and executing a company's path to success, is increasingly influenced by the complexities of global interdependence. In this context, businesses must navigate challenges such as geopolitical tensions, regulatory complexities, and shifting global value chains. For instance, recent analyses indicate that strategic interdependence is reshaping the global economy, with companies becoming more selective in international investments and adopting localized strategies to mitigate risks (Ndubai et al., 2018).

Large numbers of businesses struggle to gain market share in finite marketplaces where there is only so much money to go around. This requires competitiveness. Globalization means quickening international trade and the steadily increasing reliance of individual economies on each other (Alli et al., 2007). Competitiveness and globalization are linked with strategic management and understanding how these concepts tie into each other are required to form a successful long-term strategy for business. The research examines the effects of globalization and competitiveness on strategic management. It is important under the general area of study because management strategies help businesses find direction and growth through a process of assessment, evaluation, and development, which can help identify new business goals, set appropriate and achievable objectives, and help businesses achieve a competitive edge (Ristovska & Ristovska, 2014). Business strategy can cover multiple time frames and objectives. Addressing these structural challenges requires more than political rhetoric it demands innovative strategies that enable local industries and small businesses to thrive in a competitive global economy. This study makes a practical contribution by promoting the adoption of business intelligence (BI) and data-driven decision-making among small and medium-sized enterprises (SMEs). These tools empower SMEs to enhance operational efficiency, strengthen strategic planning, and elevate their capacity to compete effectively in global markets (Coleman, 2016). Empowering domestic enterprises with scalable, evidence-based technologies not only fosters innovation and productivity but also strengthens economic resilience, reduces reliance on global supply chains, and supports inclusive job creation. In this way, my contributions align with the national interest by addressing the root causes of economic displacement and bolstering the long-term competitiveness of the U.S. economy.

This research concentrates on how globalization consistently compels organizations to devise strategies that enhance competitiveness. Specifically, I aim to explore the critical role of senior leadership in formulating and executing effective strategies that build sustainable competitive advantages in today's globally interconnected marketplace. This systematic review draws on three leading bibliographic databases—Google Scholar, Web of Science, and Scopus to encompass a broad and diverse spectrum of scholarly outputs. Through bibliometric analysis, the study seeks to enhance current literature by pinpointing the most prolific authors, institutions, and countries, as well as conducting citation and co-citation analyses within the field of global competitiveness. For this purpose, the research aimed to answer the following questions:

1. What Is the Impact of Globalization on Business?
2. How Is Globalization Affecting the Competitiveness of SMEs vs. Large Conglomerates?
3. What Are the Best Approaches to Strategic Management Based on Past Research?
4. How Can Strategic Management Approaches Address Global Competitiveness and Challenges?

5. How Do Large Corporations Manage the Complexities of Operating in Multiple International Markets Using Strategic Management Approaches?

6. How Can Businesses Integrate Sustainability into Their Strategic Management Processes?

7. How Can Firms Assess and Mitigate Risks Associated with Global Market Uncertainties Using Strategic Management Approaches?

2. Research Methodology

The study adopted a positivist orientation, emphasizing objectivity and empirical evidence, and employed a cross-sectional research design to analyze the relationship between globalization and strategic management. The research process began with a clear identification of the research problem, followed by an extensive review and synthesis of relevant academic literature to establish a theoretical foundation. Based on this, specific hypotheses were formulated to guide the inquiry, focusing on how organizations across different sizes, small, medium, and large, respond strategically to globalization (Pedrini & Ferri, 2018).

The central hypothesis proposed that organizations adopt diverse and efficient strategies to navigate the challenges and opportunities arising from globalization to sustain competitive advantage and ensure survival. To test this hypothesis, the study relied on secondary data extracted from peer-reviewed journal articles, industry reports, and case studies, enabling a broad and rigorous examination of existing findings (E-Vahdati et al., 2018).

The findings further indicated that the effectiveness of these strategies often depends on organizational size, resource availability, and the specific environmental context. Large multinational enterprises tend to leverage global integration and resource optimization, while smaller firms often focus on niche markets and local responsiveness (Walker, 2010).

Overall, the study highlights the dynamic and complex nature of strategic management in a globalized business environment and underscores the necessity for firms to continuously adapt their strategies to maintain relevance and competitiveness (Daniels et al., 2022)

3. Institutional Background and Literature Review

This section offers the essential institutional and regulatory context needed to understand how globalization and strategic management interact to sustain business growth and competitive viability. It examines the roles of global institutions, national regulations, corporate governance frameworks, and geopolitical dynamics in shaping strategic decision-making, providing a foundation for understanding how companies navigate global competition.

3.1. The Impact of Globalization on Business

The globalization of markets is a reflection of the increasing degree of economic integration and interdependence of countries worldwide. Internationalization of

companies is the tendency of companies to acquire new markets, opportunities, and scopes of their business activities, while globalization specifies a market trend-intensive economic relationship between countries in the world (Ansoff, 1984). Globalization encourages companies to internationalize and to substantially increase the volume and types of cross-border transactions in goods, services, and capital. Also, globalization leads to the rapid dissemination and diffusion of products, technology, and knowledge in the world, regardless of the origin of chosen products (Grint, 1997). The process of globalization is a natural process that is a result of the growing and accelerated process of generalizing the character and process of production. The development of science, engineering, and technology and the expansion of markets for goods worldwide lead to internationalization of economic and financial developments and their global deployment (Ansoff, 1984). If globalization is understood as a process that leads to greater economic integration of national economies, as a process of fragmentation of the world economy and the international economy, then globalization is a process of opening of national economies through the removal of economic and financial boundaries of national economies and thus their transformation into an international economic and financial market (Jovanovski, 2007).

Globalization is a worldwide trend through which economies in the world lose their borders and connect to each other. The companies are no longer imprisoned in their borders and can implement a wide range of business activities around the world (Sivanya, 2020). Many companies are present in markets around the world, procuring their raw produce or conducting research and development worldwide. Trade barriers have fallen, and global trade between countries in goods and services is growing faster than domestic production. Globalization, developed from an economic aspect, has two main components: the globalization of markets and the globalization of production (Hill, 2008). The globalization of markets indicates the merging of historically different and separate national markets into one big global market. In recent years, it has been constantly discussed that there has been a significant change in priorities and preferences regarding consumers' needs in different countries. It has been noticed that there are similarities in consumers' preferences globally. Companies that offer standardized products worldwide help create a global market (Sivanya, 2020). The most common global markets are not the markets for mass consumer products, because there are still differences between countries in terms of tastes and preferences, which still have great meaning and a sort of brake on globalization, but these are the markets for industrial goods and materials that have a universal need in the world (Susman, 2007). The globalization of production is the tendency of companies to find suppliers of goods and services from locations around the world, to realize the advantage of national differences in price and quality of the factors of production. The globalization trend of unifying and socializing the global community, as well as forming preferential trade agreements and groupings such as NAFTA and the European Un-

ion, which united more nations in a single market, allows companies significant market opportunities (Alli et al., 2007).

The trend towards globalization has been clear in the pattern of sustained growth in the world trade and investment flows. Growth in the world economy has become more trade-intensive (Tatic et al., 2006). Globalization means the speedup of movements and exchanges (of human beings, goods, services, capital, technologies, or cultural practices) all over the planet. One of the effects of globalization is that it promotes and increases interactions between different regions and populations around the globe (Alli et al., 2007). The World Bank provides financing, advice, and other resources to developing countries in the areas of education, public safety, health, and other areas of need. Often, nations, organizations, and other institutions partner with the World Bank to sponsor development projects. In 2017, the World Bank created the Human Capital Project, which seeks to help countries invest in and develop their people to be productive citizens and active contributors to their economy (<https://www.investopedia.com/>, July 24, 2023). The IMF promotes global macroeconomic and financial stability and provides policy advice and capacity development support to help countries build and maintain strong economies. The IMF has three critical missions: furthering international monetary cooperation, encouraging the expansion of trade and economic growth, and discouraging policies that would harm prosperity. To fulfill these missions, IMF member countries work collaboratively with each other and with other international bodies (IMF, 2023).

In today's rapidly evolving global business environment, shaped by globalization, rising competition, and heightened complexity, effective global leaders must craft and continually adapt robust strategies that are both forward-looking and flexible (Wheelen & Hunger, 2004).

Two aspects of this trend, which contribute to the globalization of business operations, are: First, progressive reduction of barriers for trade: Foreign trade barriers are broadly defined as a foreign government policy, practice, or procedure that unfairly or unnecessarily restricts U.S. exports. In U.S. trade agreements, foreign governments agree to eliminate these trade barriers, and TANC works to ensure countries live up to their agreement obligations. TANC classifies foreign trade barriers into four broad types: Border Barriers, Technical Barriers to Trade, Government Influence Barriers, and Business Environment Barriers. There will be a positive effect on globalization by the elimination of these trade barriers (World Bank, 2023). Second, offer foreign investors wide freedom: The U.S. is the world's largest recipient of foreign direct investment (FDI). The U.S. government policies on taxation and regulation offer foreign investors wide freedom. Nevertheless, investments controlled by foreign governments may be subject to restrictions (<https://santandertrade.com>, July 24, 2023). These two aspects of globalization create opportunities for companies to enter new markets, which also provide opportunities to export their goods and build production facilities in other countries where labor and raw material costs are comparatively lower than in other countries (Sivanya, 2020).

3.2. Concept and Definitions of Strategic Management

Chandler's definition of strategic management emphasizes the importance of understanding the underlying goals and objectives of an organization, as well as the plans and resources needed to achieve them. This approach focuses on the long-term direction and vision of the organization, and the allocation of resources to align with that vision (Mintzberg et al., 1998). On the other hand, it highlights that there are no universally accepted definitions of strategic management and that different authors may have different perspectives on the subject. Mintzberg et al. (1998) also point out that the field of strategic management is constantly evolving and that new theories and concepts are continuously being developed. In summary, strategic management is a process that organizations use to plan and direct their activities to achieve specific goals and objectives. It involves identifying the long-term direction of the organization and allocating resources to align with that vision (Kazmi, 2008). It is often used by larger companies to achieve a competitive advantage in a rapidly changing business environment, but strategic management is important for small, medium, and large organizations. Early studies of strategic management focused on identifying the strategies that were most likely to lead to financial success, but over time, the focus has expanded to include other factors such as organizational structure and culture. (Mohamed & Basar, 2023). Additionally, business organizations may rely more on intuition and experience than on academic principles when making strategic decisions (Ennis, 1998).

The key responsibility for the successful use of strategic management lies with top management, which should be very familiar with the internal and external environments, be responsible for the whole process of strategic management, and be the main visionaries and strategists in strategy planning and analysis (Jovanovski, 2007). They should attract the company's important stakeholders and change strategic thinking into a collective learning process, while the introduction of changes should be innovative and gradual (Mintzberg, 1994). To successfully apply strategic management, the assumptions about the environment, the mission, and core competencies must be realistic; they must be known and understood throughout the organization and constantly tested (Sachs et al., 2020). This growing interdependence is manifested in various international initiatives and collaborations. For example, multinational military interventions, such as the NATO-led operation in Kosovo, highlight the increasing willingness of countries to work together in addressing security challenges beyond national borders (Daalder & O'Hanlon, 2000). Similarly, scientific cooperation exemplified by the joint space program between the United States and Russia demonstrates how former geopolitical rivals can collaborate for common advancement (Launius, 2006). Moreover, global financial institutions like the World Bank and the International Monetary Fund (IMF) play significant roles in shaping economic policies and development strategies worldwide, underscoring the impact of multilateral cooperation on global stability and growth (Woods, 2006).

Together, these developments illustrate a shift toward a more interconnected

world where technology and globalization drive collective efforts to confront complex challenges, fostering peace and prosperity across diverse populations.

A world is being created where people cooperate and collaborate to overcome common challenges. In the worldview expressed by former U.S. President Donald J. Trump, “other countries have taken advantage of America”, a sentiment echoed by a growing number of individuals in Western economies who question whether globalization has truly delivered broad-based benefits (Irwin, 2017). Much of this skepticism stems from China’s rapid trade growth since the late 1990s, which, contributing to significant economic gains in emerging markets, has also been linked to the decline of manufacturing employment in developed countries. Research suggests that increased import competition from China contributed to job displacement and wage stagnation among U.S. blue-collar workers, particularly in the Midwest and South (Autor, Dorn, & Hanson, 2016). This economic dislocation is widely regarded as a factor in the rise of populist political movements across the U.S. and Europe, often described as reactions by “the losers of free trade” against the perceived failings of the pro-globalization elite (Rodrik, 2018).

3.3. Importance of Strategic Management

Strategic management originates from strategic planning, and as a technique for managing all important aspects of a company’s environment, it scientifically differs from other management techniques that only seek to improve operational effectiveness (Mohamed & Basar, 2023). The second aim was to establish the characteristics of using strategic management to improve a company’s competitiveness. According to Češnovar (2006), those companies systematically applying strategic management achieved better business results than those that did not. To achieve a better effect in the use of strategic management, companies should improve in the preparation and assessment phases of using it (Češnovar, 2006). A strategic management process helps an organization and its leadership think about and plan for its future existence, fulfilling the principal responsibility of a board of directors. Strategic management sets a direction for the organization and its employees (Ambrosini & Bowman, 2009). Strategic management means the planning of activities that are vital for the orientation and functioning of the entire company. Management as the decision-maker plays the main role in analyzing and envisaging events in the external environment and adjusting the company to external impacts (Rigby & Bilodeau, 2005). External analysis means examining the industry environment of a company, including factors such as competitive structure, competitive position, dynamics, and history. On a macro scale, external analysis includes macroeconomic, global, political, social, demographic, and technological analysis, and External factors are elements from outside the company that affect business performance, such as competition, economic climate, political and legal environment, technological advances, or major global events (Hill, Schilling, & Jones, 2020). The environment’s various influences require a different strategic response.

The company should satisfy the needs of target customers more successfully

than its competitors to achieve companies' goals, identify what form of competitive strategies should be developed, and maintain the necessary competitive advantages (Chia, 2004). Management should develop strategies considering external (Political, legal factors) and internal factors (organizational structure, management styles, capital) to achieve a competitive advantage in the global market (Češnovar, 2006). According to Thompson et al. (2007), there are two main reasons why strategies and tactics are essential in business. The most crucial point regarding the methodology is that management must plan how the organization's operations will be conducted ahead of time. They say that the board's solution for working together, its guide to the upper hand, and its course of action for gratifying clients and working on financial execution is a reasonable and carefully reviewed methodology. According to Dyson et al. (2007), it is important to establish administrative measures to evaluate strategies that are set by the management of the organization. Measurement of strategy is highly important for business organizations and reinforces the need to create objectives that are quantifiable, time-bound, and specific. They claim that the critical advancement measure acknowledges the administration interaction that advises, shapes, and supports an organization's crucial decisions (Chia, 2004). To measure the effectiveness and efficiency of an organization's strategy, management can examine how the strategies are linked to the objectives and the way of plans to achieve them. A strategy is effective if it uses the resources that management allocates according to the plan and delivers the expected result (Hunger & Wheelen, 1996). The positive effects of using strategic management are mentioned in many studies (Hunger & Wheelen, 1996). Those organizations that use strategic planning are more successful than the average organization, while companies that do not apply strategic management have fewer chances of surviving (McLuhan, 1964). Strategic planning helps managers take a long-term view, diverts management from day-to-day operational problems, improves the decision-making process, and has a positive effect on the company's financial performance (Hunger & Wheelen, 1996).

The important benefits for a company which applies strategic management are: the focus of effort and setting of directions; distinguishing the company from its environment; providing consistency in the decision-making process; magnifying the focus on the external environment; intensifying instruments for guiding and leading employees; making communication and mutual understanding easier; establishing a system for logical and systematic problem-solving; providing for the rational distribution of scarce resources among units, programmers and projects allowing effective managing and lower business costs; enabling the controlling of the set objectives; reducing indistinctness; and ensuring order (Češnovar, 2006). The main reason for using strategic management is to master the business environment's complexity more easily, which is difficult to achieve unless organizations manage it in a settled and systematic way. Skeleton and flexible planning could be a firm base for an on-time and successful company response (Češnovar, 2006).

3.4. Sources of Competitive Advantages

A nation's competitiveness depends on the capacity of its industry to innovate and upgrade. Companies gain an advantage against the world's best competitors because of pressure and challenge (Sachs et al., 2020). They benefit from having strong domestic rivals, aggressive home-based suppliers, and demanding local customers. In a world of increasing global competition, nations have become more, no less, important. As the basis of competition has shifted more to the creation and assimilation of knowledge, the role of the nation has grown (Ambrosini & Bowman, 2009). Competitive advantage is created and sustained through a highly localized process. Differences in national values, culture, economic structures, institutions, and history all contribute to competitive success (Bala Subrahmanya, 2022). There are striking differences in the patterns of competitiveness in every country; no nation can or will be competitive in every or even most industries. Ultimately, nations succeed in particular industries because their home environment is the most forward-looking, dynamic, and challenging (Češnovar, 2006). According to Porter (1980), labor costs, interest rates, exchange rates, and economies of scale are the most potent determinants of competitiveness. Globalization allows companies to find lower-cost ways to produce their products. It also increases global competition, which drives prices down and creates a larger variety of choices for consumers. Lower costs help people in both developing and already-developed countries live better on less money (Ohmae, 1995).

3.5. International Business Climate

The international business environment is a complex network of economic, political, legal, and cultural forces that shape how organizations conduct international business (Hashim & Jedin, 2007). It consists of external and internal factors that impact a company's success or failure in different markets. External factors include political, economic, sociocultural, technological, environmental, and legal factors. Internal factors include values, management styles, human resources, technological and physical resources, and organizational structure (Cavusgil, Yeniyurt, & Townsend, 2004). The development of communication and information technologies has contributed to the process of globalization, but also provided devices that simplified the progress of globalization. Newly developing markets also distinguish the financial benefits, technical expansion, and growing opportunities that globalization provides them (Sivanya, 2020).

3.6. Development of Markets

The rapid development of information technologies, international tourism, widespread cultural exchange, and improved living standards, in many developing countries have contributed to the emergence of a group of consumers in different countries and regions of the world with similar educational profiles, lifestyles, purchasing power and for good products, as well as aspirations for high quality (Cavusgil et al., 2004). This scenario, in combination with the liberalization of international

trade and the availability of global distribution channels, opens great opportunities for companies that want to offer their products to global markets. Global markets offer new revenue potential, exposure to foreign investment opportunities, and new sources of raw materials (Sivanya, 2020). The companies that are active in international business are called multinational enterprises. A multinational enterprise is an enterprise or corporation that owns substantial resources and performs various business activities through a network of branches located in different countries, and each branch forms its business strategy based on the different market characteristics (Cavusgil et al., 2008). According to Levitt (1983), well-managed companies have moved from customizing items to offering globally standardized products that are advanced, functional, reliable, and low-priced. A powerful force drives the world toward a converging commonality, and that force is technology. It has proletarianized communication, transport, and travel. It has made isolated places and impoverished people's eagerness for modernity's allurements. Almost everyone everywhere wants all the things they have heard about, seen, or experienced via the new technologies (Levitt, 1983).

4. Data Analysis and Results

4.1. The Effect of Globalization on the Competitive Landscape

Globalization leads to increased competition. This competition can be related to product and service cost and price, target market, technological adaptation, quick response, and quick production by companies (Thompson & Strickland, 2003). When a company produces at a low cost and sells at a lower price, it can increase its market share. Customers have a large multitude of choices in the market, and this affects their behavior. They want to acquire goods and services quickly and in a more efficient way than before (Bartels, Buckley, & Mariano, 2009). They also expect high quality and low prices. All these expectations need a response from the company; otherwise, sales of the company will decrease, and they will lose profit and market share. The steps of globalization take the struggle for competitiveness to a new level, and that has deep implications for strategic management (Sachs et al., 2020). Strategic plans must include global considerations while remaining focused on the competitive climate of the local economy. For example, long-term financial plans must take the economic conditions of foreign nations into account, since economic troubles on one side of the world can affect a company's local economy (Hill, 2008). Similarly, refiners of raw materials must consider the price and quality of goods imported from outside of their home country, even when dealing solely with domestic customers. Strategic management, as a management discipline, has always been concerned primarily with the performance of the organization and actions of the organization to achieve competitive advantage and create value for customers and its stakeholders (Kim & Oh, 2004). The competitive environment is intensified by globalization and rapid changes in technology. Globalization has resulted in a change in the competitive landscape. According to Kim and Oh (2004), globalization and technological advances are

the dominant influences on today's changing landscape of competition and the firm's strategic actions. Globalization increased economic interdependence, and the development of information technology caused hyper competition in global markets.

Companies must adopt new strategies to deal with the increased competitiveness offered by globalization. Strategic flexibility, global perspective, intelligence management, and innovation are some approaches for new global markets (Thompson & Strickland, 2003). A successful international strategy focuses on a single point of operation while exporting products and services around the world. As such, it ranks low on both global integration and local responsiveness (Daniels et al., 2007). Companies often use an international strategy when they expand into secondary markets. It is essentially an extension of the domestic strategy, operating with a central or head office in the home market and exporting products to target markets. The major advantage of this approach is that it is a quick way to test the global appeal of the product without making significant investments in infrastructure or staffing in other markets (Kim & Oh, 2004).

4.2. Strategic Management Model and Porter's Theory of Competitive Advantage

Wheelen and Hunger (2004) provided a model for executing strategic management, which starts from environment scanning, strategic development or formulation, and ends with strategic implementation and evaluation. Porter provided the notion of competition in the Competitive Advantage of Nations and developed arguments that the global competition and environment need to be assessed according to the four characteristics to create globally competitive firms in a certain business (Porter, 1980). In the global strategy, management of the companies needs to create a global organization by expanding their local/organization's vision to include overseas operations. To do this, they should include certain values of companies that can be found globally to formulate the vision and mission of the organization (Wheelen & Hunger, 2004). Specific missions to monitor global stakeholder groups, economic trends, and markets must be integrated into the ongoing strategic management process. Management must constantly discuss global customers, economic trends, and markets and help integrate this information into ongoing strategic management processes in the organization and through business intelligence (Wheelen & Hunger, 2004).

Managers need to lead by communicating the values of employees from their home country to the staff in the host countries with an aim of integrating with the parent companies' values and to make sure that in the hiring, firing, and other human resources processes, all employees are given a fair chance (Chia, 2004). The head office must incorporate fair chances for promotion opportunities for all its employees globally. Organizations must then seek to respond to opportunities globally, and this process may often evolve through the four stages of international development, each having its own implementation challenges

(Daniels et al., 2007). In the first stage, the organization will be at its domestic stage, where it focuses its efforts on domestic operations but begins to export its products or services as part of a growth strategy, through exporting its products and services as part of a growth strategy or through an export agency or department (Hashim & Jedin, 2007).

When the business is successful through the international growth strategy, the firm will move to the international stage, which involves creating an international division to handle sales. Marketing strategies at this stage will often be customized to suit the needs of each local country (Dyer & Singh, 1998). When the second stage is successful, the firm will move up to the multinational stage with marketing and production facilities throughout the world. A firm is labeled as a multinational when more than one-third of sales originate overseas, and the firm has worldwide access to capital markets (Dyer & Singh, 1998). In the final stage, the firm is no longer associated primarily with any one country. Global firms like Exxon, Philips, and Unilever operate in dozens of countries or more. However, many companies become multinational reluctantly. They start off as export houses, and then, as international business grows and becomes a significant part of corporate revenues, they become involved in foreign operations (Cullen & Parboteeah, 2010).

However, many of these firms remain domestic in culture, and the international division is treated as a specialized branch. The situation becomes “one of them versus us”, and what is lacking is a true worldwide orientation in product design, manufacturing, and marketing functions (Hashim & Jedin, 2007). Foreign subsidiaries may then be set up, which play three primary roles in organizations: local implementers that help meet local needs, specialized contributors that play a unique role as part of an interdependent network, and a subsidiary with a global mandate that is responsible for an entire global business of the organization (Wheelen & Hunger, 2004). Evaluating and controlling a global company is never easy. The model in **Figure 1** depicts how to develop a comprehensive strategic-management model. Organizations must find accepted measures to assess the performance of staff across the global companies. Monitoring global subsidiaries must be done carefully and occasionally, and corrective measures must be taken if performance is not up to expectations (Fred, 2010).

4.3. A Comprehensive Strategic-Management Model

Besides formulating and implementing strategies, adding value to customers and stakeholders has always been a central theme in strategic management. To create value for these stakeholders, management needs to achieve a competitive advantage over its competitors by adapting to the ever-changing global business environment quickly (Fred, 2010). According to Porter (1980), achieving competitive advantage has often been recognized as the single most important goal of a firm. Porter (1980) argued that managers need to identify the sources of competitive advantage of the firm and try to systematically identify these sources. To help them achieve

this, strategic management provides three different approaches to addressing the issue. The three approaches are: Porter's Five Forces (P5F), the resource-based approach (RBA), and the relational-based approach (RA). Each of the above approaches concentrates on resources in different aspects of the industries. For example, Porter's Five Forces seeks resource comparison across the industries, the resource-based approach seeks resources within the firm itself, while the relational-based approach seeks resources between industries to obtain synergies. Porter argued that these three approaches need to be integrated, and it is not enough for them to work alone for a company to achieve competitive advantages (Porter, 1980).



Figure 1. Porter's five forces (P5F) model.

The Porter's Five Forces Approach (P5F) provides a model to compare the industry forces with firm performance to achieve competitive advantage (Porter, 1980). The five forces look at: 1) threat of new market entries, 2) threat of substitute products or services, 3) Bargaining power of buyers, 4) Bargaining power of suppliers, and 5) Competitive intensity among industry incumbents or rivalry among firms. The assumption of this approach is based on the homogeneity of resources in the same industry. As a result, a firm's success depends greatly on how management reacts to and accurately predicts the threats, opportunities, and changes in its industry. In the turbulent economy, management must be ready to face the challenges of the threats in their industry, and they may have to revert to contingency

plans of their strategies. An analysis of all five competitive forces gives management a comprehensive view of the factors affecting profitability in the industry. Porter's Five Forces (P5F) model serves as a foundational framework in strategic management, designed to analyze the competitive structure of an industry and assess its potential profitability. By evaluating these forces, firms can make informed decisions about entering new markets, developing strategic partnerships, or innovating to reduce threats.

4.3.1. Threat of New Entrants

When an industry starts becoming profitable, it will entice new entrants. If the barriers to entering the market are not strong enough, new entrants can easily capture market share and threaten profitability. New entrants undercut prices and offer valuable alternatives to the industry (Porter, 1980). A practical example of a new entry and high threat to existing players is Apple's entrance into the music distribution industry with the iPod. Apple entered a new market, stole market share from existing players, and completely changed the way we consume music and audio content today. On the other hand, if barriers to entry are high, it is much harder for new entrants to enter the industry (Integrated Strategic Management, 2023).

4.3.2. Bargaining Power of Suppliers

Suppliers offer the industry the input needed to operate (i.e., components, materials, and services). When the bargaining power of suppliers is high, there is a strong chance that suppliers could set higher prices for those inputs or reduce quality without retaliation (Robinson & Pearce, 1983). If the companies have a few suppliers to choose from, their bargaining power is likely low, so companies will not have a problem switching suppliers if needed (Porter, 1980).

4.3.3. Bargaining Power of Buyers

In Porter's Five Forces model, buyers are the customers. At the expense of industry profitability, strong buyer power can lower prices, pit rivals against each other, and demand higher quality or service. The power of customers is higher when there is a limited number of customers, and they have many sellers to choose from. Beyond this, if a large portion of a seller's revenue is determined by a handful of buyers, those buyers will have more leverage. Switching costs should also be considered when determining the buyers' bargaining power (Porter, 1980).

4.3.4. Threat of Substitute Products or Services

All firms in an industry compete with other industries that make substitute products or services. An example is a messaging app that is a substitute for email and an airline website replacing travel agents with its own ticket booking system. If buyers can satisfy their needs with a different product or service from an alternative industry, that will put a lid on how high the industry can set its price. The more attractive a substitute, the firmer the lid on industry profits. If there

are many substitutes that can perform a similar function as a product or service, then the threat of substitutes is high. If there are few substitutes that provide the same function as a product or service, the threat of substitution is low (Porter, 1980).

4.3.5. Competitive Rivalry

Although rivals are subject to the same industry forces, the force of competitive rivalry is often the largest determinant of an attractive industry since it is affected by the four previous forces. To capture their share of the market, rivals will compete on price, quality, service, marketing, and spending. Competitive intensity is the highest when your buyers have plenty of alternatives, there is little service or product differentiation between rivals, and when industry growth is slowing. If the buyer can choose from a fair number of competitors, the buyer can start bidding wars and reduce profits. When there is little differentiation between rivals, a product or service will be perceived as a commodity, and the buyer will purchase solely on price (Porter, 1980).

4.4. The Resource-Based Approach (RBA)

The RBA is somehow in contrast to the P5F assumption because the basic assumption of the RBA is the qualities and quantities of resources that are not equally distributed among competitors. The assumption calls for looking at the heterogeneity of resources among firms (Barney, 1991). The theory suggests that competitive advantage stems from internally developed resources (tangible and intangible) with the characteristics of value, rarity, inimitability, and non-substitutability. The resource-based approach assumes that an individual firm's unique collection of resources and capabilities is the primary influence on selection and the use of its strategies. Resources are inputs into a firm's production process, such as capital equipment, the skills of individual employees, patents, finances, and talented managers. Resources and capabilities realize their competitive potential when they are valuable, costly to imitate, and non-substitutable.

The argument is that resources with such characteristics cannot be easily acquired or imitated by firm's competitors to remain sustainable (Porter, 1980). The difference between the P5F approach and the RBA is that the RBA adopts an internal perspective in understanding competitive advantage, while the P5F looks at it from an external point of view. The company's resources include intangible assets such as the capabilities, culture, and knowledge of the workers. Hence, companies must build up their internal resources to cushion the challenges they have to face during a turbulent economy (Porter, 1980).

4.5. The Relational Approach (RA)

The RA approach is very useful to companies that have globalized subsidiaries or branches, as it incorporates the different inter-relationships of the company that usually exist between companies in a globalized situation, for example, joint ventures, strategic alliances, and mergers. The basic assumption of this approach is that firms

within an industry are heterogeneous (i.e., having different resources and structures). Hence, firms' resources are neither easily acquired nor traded in a marketplace across the firms. The focus of the analysis is on the performance of the inter-firm relationship and the internal and inter-firm resources of the companies. During a turbulent economy, managers may have to cooperate with their alliances to build up strength and resources to reduce competitors' threats based on the inter-firm relationships that they have built up (Porter, 1980).

Strategic integration is a tactical approach to management that involves high initial investments in resource acquisition and employee training programs, inter-firm cooperation, and external environment forces (Saxton, 1997). However, the process carries long-term advantages that minimize the costs of increasing business globally. Although the three approaches, the Resource-based approach, the Relational approach, and Porter's Five Forces approach are different, the objectives of these approaches are similar. Strategic integration is the gradual combination and transformation of independent components of business organizations into cohesive and synergistic entities. Strategic integration is an important element in the process of improving organizational performance because it facilitates the continuous alignment of business strategies within the ever-changing business environment. Dyer and Singh (1998) suggested an integrated approach that can be used to achieve a competitive advantage for a company. Consequently, Dyer and Singh (1998) came up with an integrated framework of the three approaches.

4.6. An Integrated Framework of the Three Approaches

Firms use strategic integration to confront the consequences of both predictable transitions and unpredictable challenges that are bound to occur at different levels of business operations. Business strategies, corporate strategies, and functional strategies are the three main levels of strategies that organizations seeking systematic integration adopt for the purposes of creating sustainable competitiveness (Hax, 1989). The process of strategic integration involves crafting and implementing strategic objectives from an informed perspective of an organization's competitive environment. Therefore, it is important to begin the integration process by analyzing how the current mission, objectives, and values affect the interests of all the stakeholders in the organization (Kim & Oh, 2004). The current mission identifies the current underlying strategies that define an organization's approach to resource utility. Values express the institutional identity through organizational culture and practices, whereas organizational objectives define the scope of results that organizations seek to accomplish, such as profitability, increased market share, innovation, or financial efficiency (Integrated Strategic Management, 2023). The differences and similarities of the three approaches in strategic management can also be summarized in Table 1. The table compares the differences between the three approaches in terms of assumptions, firms' goals, unit of analysis, focus of analysis, and strategies.

Table 1. Differences and similarities of the three approaches.

Category	Porter's Approach	Resource-Based Approach	Relational Approach
Sources of competitive advantage (CA)	Five industries (e.g., threat of new entry, buying power of buyers, etc.).	Internally developed resources (e.g., financial, human, etc.).	Inter-firm relationships (e.g., strategic alliances, joint ventures, etc.).
Assumptions	Firms within an industry are identical (i.e., homogeneous). Firm resources are identical. Firm resources are short-lived and highly mobile because of their homogeneity.	Firms within an industry are different (i.e., heterogeneous). Firm resources are heterogeneous. Firm resources are neither easily acquired nor traded in the marketplace across firms because of their heterogeneity.	Firms within an industry are heterogeneous. Firm resources are neither easily acquired nor traded in the marketplace across firms because of their heterogeneity.
Firms' goal	Achievement CA Creation of customer and firm value.	Develop unique firm resources for sustained advantage.	Create value through partnership and collaborative advantage.
Unit of analysis	Industry (sometimes individual firms).	Individual firms.	Individual firms.
Unit of analysis	Industry forces-strategy-performance relationship. Focused on positioning a firm in an industry.	Internal resources-strategy-performance. Focused on developing unique firm resources.	Interfirm relationships-performance. Internal resources-interfirm resources-performance. Focused on building and maintaining partnership.
Strategies suggested	Differentiation and low costs.	Differentiation and low costs.	Not suggested.
Representative references	Porter (1980)	Barney (1991); Wernerfelt (1984)	Dyer and Singh (1998)

A conclusive analysis of an organization's structure, resources, capabilities, industry trends, and external environment lays the groundwork for identifying both its vulnerabilities and competitive strengths. Once core competencies are clearly understood, strategic integration can be operationalized and assessed through several key mechanisms, including effective corporate governance, robust strategic management practices, visionary strategic leadership, and dynamic strategic control systems (Sachs et al., 2020). Crucially, this integration process must be complemented by ongoing adjustments in both internal and external coordination of functions and roles, which is a reflection of the principle that organizational structure must support strategy (Bruijl, 2018).

4.7. Application of Strategic Management in Globalization to Achieve Competitive Advantage

The concepts and theories of strategic management help managers have a clear and practical approach by applying strategic thinking in the organization. Strate-

gic thinking managers used the strategic management model to understand their company's present situation and desired future (Dess, Lumpkin, & Taylor, 2004). The managers will not only understand the firm's present situation but also its future direction. A common integrated framework allows for better coordination among the staff, departments, and levels (Chia, 2004). Decision-making can take place at a faster rate when it is coordinated. Strategic management, therefore, allows for better delegation as expectations are more aligned between the home country and the branch overseas (Tatic et al., 2006). In a globalized business world, this can allow a common understanding, a common language, and alignment of mental models across the organization. Strategy is about choices. Most practitioners usually will consider industry structure, firm-specific resources, and capabilities before choosing their strategies (Hout, Porter, & Rudden, 1982). A contribution to the integrated approach is to emphasize the importance of cooperative strategies. This means that in turbulent times, managers can work together with other partners to cooperate to increase the resource capabilities or to offset the negative impact of the economy (Tatic et al., 2006). The integrated theory suggests that firm performance, at least in part, can be improved by cooperative strategies, besides firm resources or capabilities and adaptability to its continuously competitive industry, a notion brought forth by Porter's five forces (Porter, 1980). Essentially, developing a competitive strategy is developing a broad formula for how a business is going to compete, what its goals should be, and what policies will be needed to carry out those goals.

The Wheel of Competitive Strategy illustrates that competitive strategy is a combination of the ends (goals) for which the firm is striving and the means (policies) by which it is seeking to get there. Different firms have different words for some of the concepts illustrated. For example, some firms use terms like "mission" or "objective" instead of "goals," and some firms use "tactics" instead of "operating" or "functional policies". Yet the essential notion of strategy is captured in the distinction between ends and means (Porter, 1980). In the hub of the wheel are the firm's goals, which are its broad definition of how it wants to compete and its specific economic and non-economic objectives in the global market. The spokes of the wheel are the key operating policies with which the firm is seeking to achieve these goals. Under each heading on the wheel, a succinct statement of the key operating policies in that functional area should be derived from the company's activities. Depending on the nature of the business, management can be specific in articulating these key operating policies. Once they are specified, the concept of strategy can be used to guide the overall behavior of the firm. Like a wheel, the spokes (policies) must radiate from and reflect the hub (goals), and the spokes must relate to each other, or the wheel will not roll (Porter, 1980). The globalization of markets is one of the most important developments of this century. Its impact on economic transactions, processes, institutions, and players is dramatic and wide-ranging. It challenges established norms and behavior and requires different mindsets. Yet, globalization creates opportunities for the well-prepared par-

ticipants who are visionary and have insight. The globalization of markets reflects the growing interdependence among the different markets of the world and the multinational nature of sourcing, manufacturing, trading, and investment activities (Levitt, 1983). It also reflects the increasing frequency of cross-border transactions and financing and the heightened level of competition. These phenomena are fueled by advances in information, communication, and transportation technologies with increased global economic growth (Levitt, 1983).

Context in Which Competitive Strategy is Formulated illustrates that, at the broadest level, formulating competitive strategy involves the consideration of four key factors:

4.7.1. Company Strategy

An individual strategy is an understanding of one's role and place in the future flow of events, which allows one to form a set of actions to achieve success as a resonance between one's value system and achievements associated with significant effort (Dess, Lumpkin, & Taylor, 2004).

4.7.2. Industry Opportunities and Threats

Strengths and weaknesses are internal factors for the companies. Opportunities and threats are external factors for the companies in the industry. Companies can take advantage of opportunities and protect against threats, such as competitors, prices of raw materials, and customer shopping trends (Eisenhardt & Martin, 2000).

4.7.3. Personal Values of the Key Implementers

Personal Values are broad, desirable goals of the companies that motivate companies' actions and serve as guiding principles for preparing operational strategies (Lührmann et al., 2024).

4.7.4. Broader Societal Expectations

Social expectations are defined as implicit rules that govern companies' actions and beliefs in a way that is deemed acceptable by society. Social expectation is dependent not only on the individual but also on culture, age group, and location of the target market (Peteraf, 1993).

These key factors help companies formulate competitive strategies and determine the limits of what a company can successfully accomplish. The company's strengths and weaknesses are its profile of assets and skills relative to competitors, including financial resources, technological posture, brand identification, and so on. The personal values of an organization are the motivations and needs of the key responsible person and other personnel who must implement the chosen strategy. Strengths and weaknesses combined with values determine the internal (to the company) limits to the competitive strategy a company can successfully adopt (Porter, 1980). The external limits are determined by its industry and broader environment. Industry opportunities and threats define the competitive environment, with its attendant risks and potential rewards. Societal expectations reflect the im-

impact on the company of such things as government policy, social concerns, evolving more, and many others. These four factors must be considered before a business can develop a realistic and implementable set of goals and policies (Porter, 1980). There are many implications of the increasingly global nature of market transactions. In a fundamental sense, the distinction between domestic and international is redundant and superficial. Those enterprises that learn to operate in a more complex, uncertain environment are more likely to succeed (Hall & Hall, 1990). As transactions gain international character, they have an impact on industry structure. On one hand, global linkages may shorten product life cycles, create intense price pressures, displace manufacturing, outdated technology, or design, or simply cause declines in sales and profitability (Bolton Report, 1971).

On the other hand, global exchange may lead to new growth opportunities, new sources of know-how and production inputs, new product ideas, or partnerships, causing new sources of competitive advantage (Hout, Porter, & Rudden, 1982). Entire industries, if unprepared, can be lost to competitors. In the United States, we have observed the decline of industries such as steel, textiles, shoes, tires, and electronics. No business or industry is totally immune from international competition (Hout, Porter, & Rudden, 1982).

4.8. Strategic Management and Global Competitiveness

The fundamental goal of strategic management is to increase an organization's competitiveness in the marketplace. Medium-term and long-term strategies should always be focused on gaining an advantage over competitors, and there are countless ways to gain such advantages. Short-term goals are often more internally focused (quarterly revenue goals, for example) and can be less "strategic" in the true sense of the word (Claburg, 2023). A key to increasing competitiveness is having all the information needed to accurately assess competitors' positions in the marketplace and using that information to spot gaps and opportunities to gain advantages. Companies are no longer imprisoned in their borders and can implement a wide range of business activities around the world. Many companies are present in markets around the world, procuring their raw materials and conducting research and development worldwide (Cullen & Protean, 2010). Trade barriers have fallen, and global trade between countries in goods and services is growing faster than domestic production. As a result of this, companies cannot afford the luxury of assuming that the success of the domestic market will lead to long-term profitability (Cullen & Protean, 2010). The flow of money across national borders is freer, companies seek better financing rates, and investors everywhere are looking for a more favorable return on investment. Globalization, developed from an economic aspect, has two main components: the globalization of markets and the globalization of production (Ball, 2001). The globalization of markets refers to the merging of historically different and separate national markets into one big global market. In recent years, it has constantly been discussed that the tastes and preferences of consumers in different countries and nations have begun to

resemble one another on a global level and that they help in the creation of a global market (Hashim & Jedin, 2007).

Companies that offer standardized products worldwide help create a global market. The most common global markets are not the markets for mass consumer products, because there are still differences between countries in terms of tastes and preferences, which still have great meaning and a sort of brake on globalization, but these are the markets for industrial goods and materials that have a universal need in the world (Joshi, 2009). The globalization of production refers to the tendency of companies to find suppliers of goods and services from locations around the world, to realize the advantage of national differences in price and quality of the factors of production (Lasserre & Monteiro, 2022). Companies do this to reduce overall costs and thereby improve the quality or functionality of their product by offering to compete more effectively (Hill, 2008). In economics, internationalization is seen as a process of increased involvement of enterprises in international markets (Susman, 2007). The process of globalization, the fight for survival, constant pressure, and the need to preserve and strengthen the market position force companies to be willing to constantly innovate and explore opportunities to achieve competitive advantage and expand business activities outside the domestic market. Entrance of the companies in the global market becomes inevitable not only because of limitations of the domestic market but also because of globalization; the domestic market share is under threat from foreign competition (Bartels, Buckley, & Mariano, 2009). In “Globalization, Technological Change, and the Challenges of Strategic Management”, Teece argues that globalization has transformed the nature of strategic management, requiring firms to be more flexible and adaptable in the face of rapid technological change and shifting market conditions (Claburg, 2023).

Management as the decision-maker plays the main role in analyzing and envisaging events in the external environment and adjusting the company to external impacts. The environment’s various influences require a different strategic response. The most successful are those companies whose management can generate strategies that prepare the structure, processes, systems, and culture for the envisaged changes in the environment (Kast & Rosenzweig, 1985). To fulfil the management expectations, the company should satisfy the needs of target customers more successfully than its competitors, identify what form of competitive strategies should be developed, and maintain the necessary competitive advantages. These are the results of management’s decisions, accumulated resources, and the ways they are engaged, strategic factors in the branch, and limitations of the resources market (Oliver, 1997). The future of multinational corporation’s hinges on their ability to address three main forces affecting globalization today: geopolitical tensions, sustainability, and digital transformation. It is no surprise that these challenges are also high on the agenda at the World Economic Forum Annual Meeting in Davos this year (Lasserre & Monteiro, 2022). Until recently, multinationals have adapted their global strategies in response to changing consumer preferences, competitive landscapes, and economic conditions. According to Lasserre and Monteiro (2022),

all companies currently operating across different countries now need to put geopolitical issues, sustainability, and digitalization at the heart of their strategies for how to compete globally.

The Covid-19 pandemic and Russia's invasion of Ukraine have further accelerated these pressures, forcing multinationals to re-examine their global strategies (Lasserre & Monteiro, 2022). There are several specific factors that promote globalization and guide enterprises to strive for business development and growth through international and global operations, including political changes, the development of technology, the international business climate, market development, expenses, and competition (Ball, 2001).

4.8.1. Political Changes

The globalization trend of unifying and socializing the global community, as well as forming preferential trade agreements and groupings such as NAFTA and the European Union, which united more nations in a single market, allowing companies significant market opportunities. Two aspects of this trend, which contribute to the globalization of business operations are: progressive reduction of barriers for trade and foreign investment by most governments, which leads to intense opening new markets by international companies, which also exported them and build production facilities in them, and the privatization of most of the industry in the former communist countries, as well as opening their economies to global competition (Linjee et al., 2019).

4.8.2. Development of Technology

The development of computing and communication technologies has enabled an increased flow of ideas and information across the borders of countries, providing consumers with an introduction to goods on a global scale. Internet and networking have enabled smaller companies to compete globally, because of the rapid flow of information, regardless of the physical location of the seller or buyer, and allow international companies to hold corporate meetings among managers from headquarters and branches, without wasting unnecessary time for travel (Cullen & Parboteeah, 2010).

4.8.3. International Business Climate

The development of communication and information technologies has contributed to the process of globalization and has also provided instruments that facilitate the processes of globalization. Newly emerging markets also recognize the economic benefits, technological development, and growth opportunities that globalization provides (Hill, 2008).

4.8.4. Development of Markets

Information and communication technologies, the rapid development of international tourism, widespread cultural exchange, and improved living standards, in many developing countries have contributed to the emergence of a group of consumers in different countries and regions of the world with similar educational

profiles, lifestyles, purchasing power and for good products, as well as aspirations for high quality (Susman, 2007). This scenario, in combination with the liberalization of international trade and the availability of global distribution channels, opens great opportunities for companies that want to offer their products to global markets. Large market potential exists outside of the domestic market, and that is why companies go out into foreign markets, generate sales, and have opportunities for profit that cannot be achieved at home (Daniels et al., 2007).

4.8.5. Expenses

Trade liberalization, global consumer habits, rising development costs, and the need for economies of scale, pressure from foreign competitors in the domestic market, and the development of information and communication technologies are considered drivers of globalization (Ball, 2001). Because of the need to introduce new products and investment in research, development, and innovation, achieving economies of scale, reducing costs, and access to cheaper raw materials, companies are forced to plan activities, taking into consideration the global market. Economies of scale and cost reduction are the main goals of management. That is why companies decide to locate production in countries where the cost of developing and producing is comparatively less (Hill, 2008).

4.8.6. Competition

One of the reasons that companies join global strategies is the need to maintain or gain a competitive advantage in foreign markets and avoid competition in the domestic market. Competition in international markets is huge and growing, with more multinational competitors who win markets worldwide (Dess, Lumpkin, & Taylor, 2004). Companies improve their competitive position by opposing competitors in international markets or by premature intrusion into the domestic market of the competitor to destabilize or suppress its development (Cavusgil et al., 2008). Organizations can effectively manage these factors mentioned above by applying one or more of these strategic frameworks Porter's Five Forces (P5F), the Resource-Based View (RBV), or the Relational View (RV), each offering complementary strengths to anticipate risks, leverage internal capabilities, and build supportive networks (Paksoy et al., 2023). **Table 2** describes how an organization can leverage Porter's Five Forces (P5F), the Resource-Based View (RBV), and the Relational View (RV) to strategically address different dimensions.

Moreover, the framework of five forces, RBA, and RA may be seen as something that can be used when completing an industry analysis to evaluate. Even after closer examination, it becomes obvious that the model allows an organization to gain a deeper understanding of how to address the key factors of challenges of globalization and competitiveness (Nelson, 2018). By using Porter's Five Forces, organizations can clarify which market participants wield the greatest influence and are most likely to shape industry norms. This framework offers not only a snapshot of the competitive environment at a given moment but also reveals evolving industry dynamics and emerging trends. As a result, firms can anticipate how the

landscape may shift and strategically prepare for future scenarios (Lord et al., 2020).

Table 2. An integrated framework of the three approaches to address the competitiveness of globalization.

Strategic Need	Porter's Five Forces (P5F)	Resource-Based View (RBV)	Relational View (RV)
Political Changes	Evaluate political and legal trends through a PESTEL analysis, and respond proactively to evolving supplier dynamics and entry obstacles.	Utilize internal capabilities, including legal know-how, as strategic assets.	Collaborate with other entities to build regulatory resilience and conduct unified lobbying.
Technology Development	Analyze how breakthrough technologies could reshape industry landscapes.	Develop and expand your organization's unique technological expertise.	Engage in partnerships to foster joint innovation and secure technology resources.
International Business Climate	Assess global competitive dynamics and evaluate potential market entry challenges.	Align internal capabilities and structures to support successful cross-border expansion	Form strategic partnerships to accessing local markets and co-invest in infrastructure development.
Market Development	Evaluate the intensity of competition in new market environments.	Capitalize on proprietary strengths and capabilities to enter new markets effectively.	Establish joint ventures to pool resources and share the financial burdens of market entry.
Expenses/Cost Management	Evaluating cost influences stemming from supplier terms and industry rivalry.	Leverage streamlined workflows and resource utilization to manage expenditures effectively.	Partner with others in cooperative ventures to mitigate financial burdens.
Competitive Rivalry	Analyze market forces and predict future industry developments.	Deploy exclusive resources to distinguish your offerings in the marketplace.	Create unique value propositions by combining strengths with partners to deliver superior solutions.

As globalization increases, more opportunities are opening easily to perform in the international markets. The Managers develop and adapt strategies for internationalization to transform their organizations into globally competitive enterprises (Dyer & Singh, 1998). Managers seek to coordinate the supply, production, marketing, and other activities based on international activities. The organization of the company globally is a challenge and requires strategic positioning, organizational skills, a high degree of coordination and integration, attention to the needs of individual markets, and the implementation of common processes (Cullen & Parboteeah, 2010).

The strategy for internationalization is an organizational plan for positive positioning compared to the competitors. This plan leads a company to select customers, markets, products, and services in global markets, not just a particular international market. The strategy for internationalization should help managers formulate a strong international vision, allocate scarce resources worldwide, par-

ticipate in the major markets, implement global partnerships, and be involved in competitive activities in response to global rivals and establish activities that add additional value on a global level (Cavusgil et al., 2004). When companies compete outside of their country, they face several challenges and pressures. These pressures and challenges to maintain competitiveness require them to reduce costs so that consumers do not evaluate their products or services as too expensive. This leads to the need to locate production facilities in places where production costs are lower and supply chain management is stronger. In the context of the pressure to reduce costs, managers must strive to be ready to respond to local pressures to adapt products to local market requirements where the company is active (Daniels et al., 2007). It requires differentiation of companies' strategies and tactics in different countries to get a competitive advantage, to preserve the tastes and preferences of consumers, but also the differentiation of distribution channels, management of human resources, and government regulations (Kast & Rosenzweig, 1985). Because the strategies and tactics for differentiation of products and services in local markets create additional costs, they can also lead to increased costs for the company. It's important to have different international, global, multidomestic, and transnational strategies to achieve competitive advantage (Dess, Lumpkin, & Taylor, 2004). The strategy that will be chosen by the company depends on the pressure faced by cost-cutting and the importance of adapting to local markets (Thompson et al., 2007).

5. Conclusion

Preliminary findings indicate that globalization has effectively bridged the gap between consumers and manufacturers, allowing consumers to connect with any manufacturer within seconds, irrespective of geographical distances, thanks to technological advancements. This phenomenon presents both opportunities and challenges for organizations. Business leaders and managers must diligently employ appropriate strategies that align with their specific business objectives, market dynamics, and customer behaviors. Furthermore, selecting the right strategic management approach is crucial for organizations of all sizes, small, medium, and large, to achieve their goals and ensure survival in this competitive landscape. While this study explores various strategic approaches to address the business needs and competitiveness arising from globalization, future research could focus on adapting these approaches to meet the specific needs of different industries.

Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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