Corporate Strategy

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Reconciling global integration and national differentiation

Global integration is the concept of advancing a given product or service within the global sphere to serve a global market. A corporation attains global integration by leveraging a corporate strategy focusing on the coordination operating model, replication model, and unification (Dess et al., 2021). The coordination operating model seeks to advance a standard method of running operations, often with a central leadership. The global corporate leadership makes decisions for the companies while entrusting the regional and nation-based leadership to the CEOs and management specific to the various areas. Thus, the leadership coordinates operations such as common brand identity, product development, and common innovation pathways (Dess et al., 2021). It extends to other functions, such as manufacturing and distribution, which helps to have the expected quality and standards.

The replication model makes note of the need to have similitude in the nature, design, and market offering of a given product. Multinationals use this common concept to establish a ubiquitous experience or product offering across branches or regions (Dess et al., 2021). One example is Apple Company, which has adopted an international marketing strategy with a standard shop design. This is true for service-centered companies such as McDonalds and Starbucks, as they advance a standard product quality, taste, and service process across all the regions (de Bruin, 2018). The significance of having a replication model for a corporation is to make a quality established nation-based experience common for all other nations where the corporation opens its branches.

On the other hand, a corporation attaining national differentiation is often a result of the concentration of core factors that arise from the Porter Diamond factors specific to a given country, including firm strategy, structure and rivalry, factor conditions, demand conditions, and related and supporting industries (Porter, 2017). The corporation attains national differentiation by focusing on a product differentiation strategy and a product diversification model. Product differentiation is predicated on understanding the core value proposition that a given corporation's product offers to the market. Upon this concept, a company can create a unique method or innovative framework for developing a product that solves a peculiar market problem that makes it the most outstanding in the marketplace.

Other strategies applicable in the national differentiation of a product include focusing on market-based factors and identifying the demand-based Porter Diamond model (Porter, 2017; de Bruin, 2020). The demand-based factor is useful in the national differentiation strategy as it informs the corporation of the customer needs, wants, and preferences. That way, the corporation can act in a manner responsive to the existing demands. The corporation often benefits from a nation with a high demand for market products that the company specializes in (Dess et al., 2021). On many occasions, a corporation should identify an active and high-demand market as this allows it to compete at the highest standards and evolve its product offering to meet user demands (Dess et al., 2021). This will likely spur technological adaptation and provide other advantages, such as cost-leadership.

The concept of having a common brand uses the unification strategy and applies to both global and national differentiation strategies. A unification strategy is based on the development of standards and procedures that make it easy for a brand to attain a global appeal. To reconcile national differentiation and global integration, it is essential to position a national company to the global atmosphere by adapting global standards of competency and operation (Dess et al., 2021). This is more defined by the concept of the global organization design, which is adapting core standards that make a corporation's brand globally acceptable.

The importance of location during the reconciliation process

Location plays a vital role during the reconciliation process of global integration and national differentiation by optimizing on locating a company's inherent advantages, such as innovation, and using the global integration by adhering to market demands, technologies, and operations. The national differentiation is found in identifying the comparative advantage that a given industry enjoys out of the development of its firms. The fast speed of growth, development, and the inherent competitive advantages generated from the internal competition – and the national integration of the partners' produces, suppliers, institutions, and complementary functions such as regulatory and market factors advance the position of a given industry (Dess et al., 2021).

The concept of national differentiation and global integration is optimized by first positioning the corporation in a zone where the Porter Diamond Framework suits the given firm. This step's significance is ensuring that the company can operate at the highest level of global standards and benefit from the developments in the given industry, which other companies within the same industry apply (Dess et al., 2021). For example, a tech company is more likely to attain its global integration model if it has its headquarters in the US, particularly California, as this is the headquarters of global technological innovations (Porter, 2017; de Bruin, 2020). Therefore, the four-factor issues, particularly the concentration of other factor issues, are highly advanced; in this case, the human factor inputs can contribute significantly to the product value chain.

In retrospect, the location of certain operations helps advance the ease of operations of a corporation within a global marketplace – hence optimizing a given nation's competitive advantages. For instance, US manufacturing companies and even big tech companies, despite having headquarters in the US, locate their manufacturing and assembling operations in China. China enjoys a competitive advantage in the manufacturing industry, which helps attain cost advantage and ease of operations as the country-specific conditions favor manufacturing (Dess et al., 2021). Hence, the concept of the location of certain operations in given areas is consistent with the global integration model.

Further, the core concept of corporations seeking to reconcile their global integration and national differentiation is establishing a PESTLE study when determining entry to various countries or deciding its core operations (Çitilci & Akbalık, 2020). For it occurs that some nations have the right political, economic, social, technological, legal, and environmental conditions for locating operations of a given company (Çitilci & Akbalık, 2020). On the other hand, other nations are more suitable as consumers or target markets. Therefore, in this case, national differentiation considers the centralization of the core activities, such as the production of resources, due to its unique comparative advantage. At the same time, the global integration widens the market scope, offering a new dimension in the corporate strategy—marketing, distribution, and supply chain-related issues. Thus, a corporation can utilize the location-based advantages aligned to a given nation and align itself to the global market demands, thus attaining its global marketplace. One such example is the Japanese automotive industry, whereby the corporations in vehicle manufacturing utilize the established Porter Diamond-based advantages while integrating their car models to the global market demands and needs (Porter, 2017). That way, a corporation operating in a nation with inherent comparative advantage can use the global integration to optimize on a wider market share.

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