

# Answer

*by Admin .*

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## CTU MGMT Dynamic Environments WK5 IP

Globalization has and continues to remain an established framework of an established industry such as Italy's furniture sector. Hence, it means that most stakeholders should be able to realize the importance of globalization in the Company's operations. Globalization for the Company means diverse ranges of new technologies that are important in enhancing more manufacturing of high-quality furniture products than competitors. It also means that the Company has an expansive foothold in influencing its products to reach other countries without spending significant revenues in doing so. Even with globalization, the Company has to consider its challenges as it spreads its operational wings across borders. For example, cultural differences are undeniable. They are significant issues that cause hurdles in terms of challenging daily business environments. Despite this, it would be essential to note that the Company would benefit well through globalization worldwide.

### **Globalization Good for the Company**

Before an in-depth analysis of the position of globalization for the operations of the Company, an evaluation of its definition is essential. Globalization has to do with a company having to move its operations to the international community. It ensures the globalization of operations to meet its operational needs. Globalization has been one of the most efficient ways companies can remain effective and competitive on a global scale in the international business community (Zheng, Yang, Mou, & Du, 2013). It is an approach that ensures that a company can acquire an international status with more customers in its production and sales approaches.

### **Benefits of Globalization**

Choosing globalization, as reiterated above, creates a more definitive position in influencing significant development for the Company. The business can meet its objectives while

maintaining a superior position in the market (Altamony, Al-Salti, Gharaibeh, & Elyas, 2016).

Concerning the above, the following are the reasons for the Company considering globalization as an essential strategy for its business development.

#### Accessing new Cultures across the Globe

Globalization ensures easier access to foreign cultures for the Company. Managers and employees moving to foreign markets can have new experiences such as art, music, food, and movies. The reason is that they acquire an opportunity to interact with new people who are either native or tourists to the new markets they travel to and work to bring about new developments for the Company. New information is developed through these interactions, which influences individuals to adapt to and appreciate diverse cultures (Nofal & Yusof, 2016). In turn, the employees can learn how businesses work in these new markets, which influences the Company to understand the markets better and focus on its global expansion.

#### Spreading Technology and Innovation

Despite the globalization of technology, innovation and creativity are unique and different across the globe. The reason is that there are unique backgrounds in the education and professional sector, creating a unique operation in the market. So, it means that the Company can learn new knowledge and technological advancements that allow new ideas to be applicable in its native markets and other desired markets that it plans to expand to in the future (Widyastuti & Said, 2017). With the status of knowledge occurring faster than before, scientific advancement will be crucial in enabling growth in the Company.

#### Lowers Production Cost and improve Profitability

Globalization will be instrumental in ensuring that the cost of production for furniture products will be reduced significantly. The Company will not necessarily need to export its

employees and managers to new markets. It will use new markets to recruit and hire new skills and knowledge to support its growing needs and interests. In turn, this will mean lesser costs focused on the production process with increased global competition. Another important factor is that moving to develop nations will ensure that the Company can maintain its production cost at lower levels because of the affordability of the workforce (Nunan, 2017). A lower cost of production means that the Company will keep its production higher while ensuring improved profitability in developing markets.

#### Access to New Markets and Talent

New markets are many in the international community with new customers and significant numbers of revenue streams. Companies will focus on the creation of flexible and innovative approaches to growing their businesses. It will mean that the Company will develop a high level of creativity to ensure that it satisfies the large numbers of customers it serves. With an expansion plan, it will have to recruit new talent, ensuring new and specialized operations across the markets (Jhajharia & Kaur, 2015). Globalization will be instrumental in taking advantage of this growing pool of employees to ensure significant growth and development in its quest to influence positive developments.

#### **Preferred Geographical Location for Global Expansion to support Development**

Companies have to remain focused and keen on selecting the best market to support their operational expansion. For the Company, the focus should be influenced by its industry of operations. The furniture industry is growing tremendously globally because the focus is shifting from using trees in creating furniture products to more sustainable materials (India Brand Equity Foundation, 2020). Plastic and other materials are now taking the role of timber and wood in creating high-quality products for the market. Also, with growing populations across the globe,

the focus is on meeting the needs of the increased number of customers and consumers. For companies to beat challenges in dealing with the huge number of customers, the focus is on looking into markets with cheap labor to decrease the funds used to produce the furniture materials (Turulja & Bajgorić, 2018). Two main countries apply to the Company when finding the right market for its products across the globe. These include India.

### **India as a preferred Market of Choice**

There are different reasons why the Company should consider India a big target market to support its global expansion. India serves as a market with many opportunities. It has a huge population, making it to be the biggest market across the global business community. It also boasts of having the fastest growing economy in the last decade. Hence, companies operating in its jurisdiction can experience high growth (Bilgin, 2018). The Indian government has also worked hard to ensure that the GDP triples in the next decade. This means that the high rates of growth in the economy will increase its implication on the per capita growth of the population. The same trend will apply to the purchasing power of the nation. The Company has an opportunity of tapping into this growth because it comes with significant financial gains. Secondly, the country has a high growing technological infrastructure, which evolves faster than most international community markets (India Brand Equity Foundation, 2020). A good example includes its high internet penetration, which supports maturity in the domestic start-up system. This means that the Company can come and sample new products and borrow ideas to implement in its native markets to influence sustainability.

The above factors make India attractive to the Company to launch its products. India also has a major focus when it comes to boosting its human capital. It has one of the largest pools of trained workforce. When evaluating the position and influence of Indians across the globe, it is

important to note that they remain to be amongst the finest workforces. Indians have a strong work ethic in manufacturing, innovation, and research and development, which are instrumental in influencing maturity in the furniture industry (Too & Weaver, 2014). The Indian market is also open to new regulations focused on creating a new environment to support international business (Kalyani, 2016). The Company can move from Italy to India due to friendly economic policies that can improve operational development. India is open compared to most countries in the international community. The government has continued to welcome investments in foreign direct investments in the last few years.

This is somehow different from the rest of the world, which focuses on domestic developments and investments rather than FDI. The situation has influenced the country to continue growing in terms of its business ranks due to the increasing number of investments it attracts from other countries. Due to this, the Company can acquire a large pool of workers, which is affordable. In turn, it can continue to cut operational costs while focusing on influencing significant growth and development in its financial endeavors (Kalyani, 2016). Also, the issue with open policies means that the country has less taxation than the world, which is beneficial for profitability. Such a company will make significant profits, which can be applicable in increasing jobs and ensuring the support of the national GDP.

### **Refute of the Argument surrounding Globalization in the Company**

Globalization has its challenges, which are normal for any company, focusing its expansion in the international community. However, these challenges should not serve as an operational problem to stop developments. Cultural shocks are one of the most significant problems since foreign countries take time to learn, understand, and appreciate new cultures. Another important issue includes companies spending more funds to relocate employees, train

them, and influence them to adapt to new markets. It also wastes time for a company to understand how new markets operate and act about their developmental needs. Competition from domestic and multinationals in new markets to new entrants such as the Italian furniture company may diminish its operational needs and expectations, pushing I out of the market at any given time (Nofal & Yusof, 2016). Stringent market regulations such as focusing on high taxation may limit profitability, pushing companies to move out of foreign markets.

### **Conclusion**

In conclusion, everything in the world has a double side. Hence, globalization has both negative and positive sides. To name the negative, cultural shock, increased operational costs, unfriendly regulations, and a high level of competition are forces that push companies to move out of their foreign markets. However, the positives should be instrumental in ensuring the Italian furniture company remains steadfast in a market such as India. The Company will acquire a large pool of talent, access new markets, spread new technology and innovation, lower production costs, and improve profitability. This is important because it will enable the country to remain focused on growth. A market such as India will ensure that it gets many affordable employees, lower taxation levels, an increased population meaning an increased number of customers, and government support due to its needs in supporting foreign direct investments. Therefore, globalization plays a major role in <sup>2</sup>the growth of the Company.



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