

# Global Business Expansion

## Why Companies Should Pursue an International Strategy

© Jennifer Shook

Oct 12, 2008

In a borderless world, companies need to compete on a global level in order to succeed.

In today's world of financial uncertainty, it is important for businesses to have a clear idea of what stability involves for their company. One concept that more and more businesses are exploring is one of taking their business to a global level. Using an international strategy is not for every company, but with the availability of the Internet it is becoming easier to take your business to that next level. Here are just a few reasons why going global may be the right choice for your business.

### Diversification

Ever heard the phrase "don't put all of your eggs in one basket"? Going global allows companies to get some of their eggs into a different basket. Different markets offer different customers and a different customer base. The needs and demands of countries outside your own are most likely the same but at different times. In January of 2008, the New York Times commented that General Electric is doing well in developing countries by selling air fleets and aiding their infrastructure development. By the time the market cools overseas, GE predicts that the United States will be ready to buy again.

### Resources and Lower Costs

Another incentive driving businesses overseas is the availability of resources at lower costs than might be found domestically. For example, India has been known to offer information technology services and support for companies at a much lower rate than can be found in the United States. A benefit of globalization is increased competition, and both small and large businesses should take advantage of the lower cost of materials that can be found overseas.

### Economies of Scale

Helen Deresky's book *International Management* comments that businesses often choose to go global in order to benefit from economies of scale. Often companies can recognize profits large enough to cover their research and development costs, as well as the cost of keeping up with current technology, only by taking their business to a larger level. Even if these costs are not a factor in the decision, a larger market offers a larger opportunity for profit.

### Country Incentives

Often countries offer incentives to entice foreign businesses. Countries seeking new technology, capital, and domestic growth do whatever they can to get companies to "invest" in them. Tax exemptions, loans, the use of property, and subsidies are just a few of the incentives offered. Companies may choose to benefit from these even if going global was not a priority for them at the time.

Read more: [http://globalization.suite101.com/article.cfm/going\\_global#ixzz0U3MbxURr](http://globalization.suite101.com/article.cfm/going_global#ixzz0U3MbxURr)