

GLOBALIZATION – RESOURCES INTEGRATION STRATEGY

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Any economical organization operates in a dynamic, very complex environment. Its capability to adapt itself to external and internal factors' change represents a fundamental condition to success in business and, in many cases o survival condition.

In relationship with its environment, an organization's objectives are directed towards following:

- environment's social need satisfaction and the biggest social order receiving;
- providing, in the best condition, all (or as much as possible) needed resources for its activity;
- increasing its activity effectiveness, especially by achieving a plus value permitting for itself a good operating status and a strong position towards its competitors.

An organization achieves its objectives by developing its management function [1].

- An organization's management function has two missions:
 - ◆ for a stationary functioning – *preview, organizing, coordinating and control evaluating,*
 - ◆ *protecting, compensating and adjusting the organization structure for establishing a good relationship with the environment, reestablishing the equilibrium state between them and designing the adequate organizational structure for itself.*

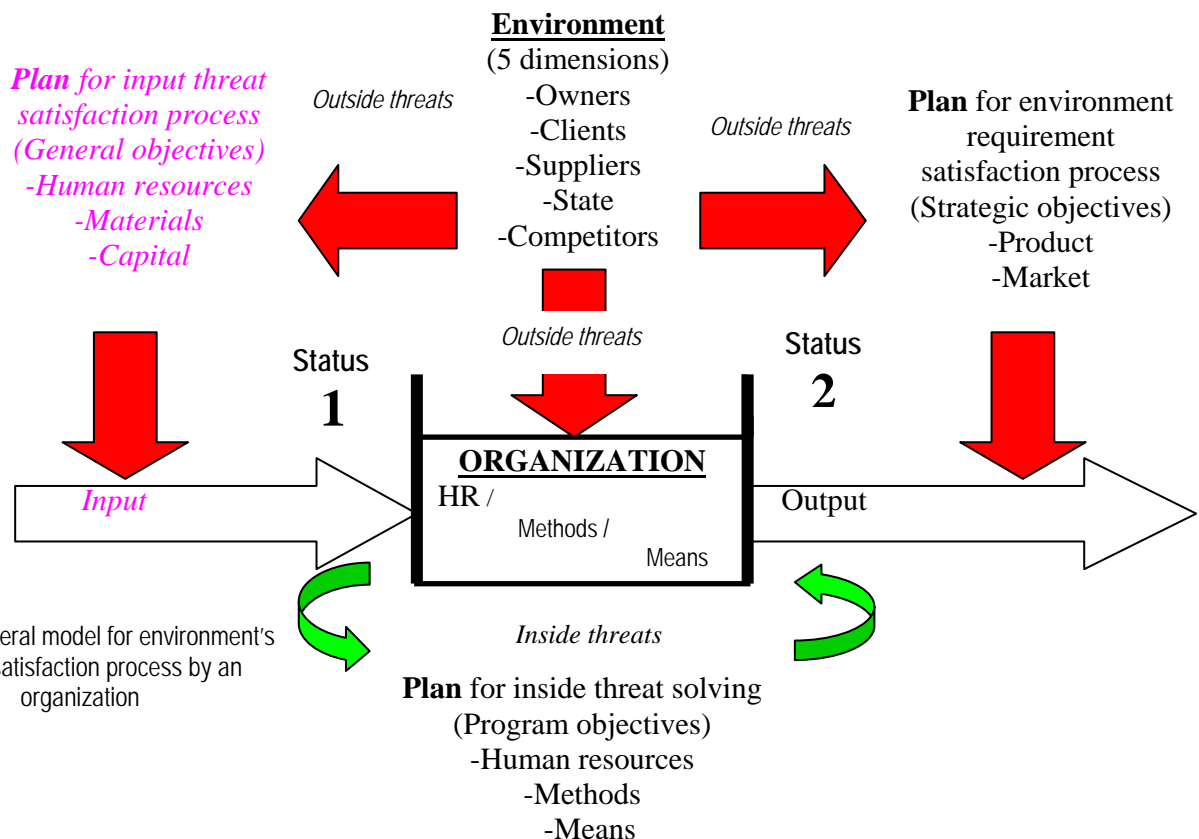


Fig. 1 General model for environment's threats satisfaction process by an organization

An organization operates in its environment together with the other actors, function of its recognized position in it. Its capability in competition represents the power to get from the environment, in more advantageous condition than its competitors, the biggest social order and all necessary resources to fulfil its task.

In a tremendous dynamic environment, especially in the last decades of the 20th century, the market asks a high diversity of products and offers small amount of resources (human, material and finance). In these conditions, an organization has to optimize its' objectives by specific strategies, based on superior integrated structures, in different areas all over the world.

There are some mandatory elements an organization has to keep under control while integrate in superior structures, as follows: mission, objectives, owners, structure, way of providing resources, etc.

GLOBALIZATION

Any organization is able to act in an well geographically determined environment, only if inside it has a favorable competition position.

International strategic management

From an organization's point of view, the environment has two key characteristics – social order and needed resources offer to fulfil its mission. As a consequence, its basic strategy is directed to acknowledge the opportunities and the threats the environment poses.

An organization's strategy operating in a globalize environment, has to get answers to the following questions:

- ❑ *WHAT?* Is going to be produced in condition of excellence; the organization will produce those products which offer good opportunities, in a well determined market.
- ❑ *WHERE?* An organization will operate – region, area, market share.
- ❑ *HOW?* The resources will be allocated.
- ❑ *WHAT?* Should be, in the region, organization's mission (products, services, objectives) permitting himself to have a most favorable position towards competition.
- ❑ *HOW?* Structural units of an organization operating in different regions, are able to integrate coherently themselves and to generate synergy to the upper level.

The main ways, the globalization can be achieved are *international trade, strategic alliance and abroad investment*.

International trade

The trade objective of an organization is to win money due to its favorable position on the market. The advantageous position in competition towards the other players on the market is achieved in the following condition:

- The organization will export products and services, if their manufacturing process home is less expensive than it is in the area these are exported.
- The organization will import products and services, if their manufacturing process home is costly than it is in the area there are imported from.

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For obtaining advantage in competition on the market, an organization will establish for its operational units, acting in different areas, adequate strategies:

- ◆ *differentiation strategies*, by maintaining an image according to what the strategic unit sells unique products and services by rapport to others found on the market;
- ◆ *cost leader strategies*, by achieving the maximum cost effectiveness, by rapport to other players acting on the market;
- ◆ *task strategies*, by producing products type for clients type, on regions type.

Strategic alliances

Strategic alliances represent cooperation associations established between two or more organizations, in different activity areas, permitting them the control the sources of variations in the environment.

Strategic alliances could be:

- *partnerships* – represent those associations established between producers and clients for reducing operational risks, in purpose to manufacture together clients' needed goods, to participate in research and development activity, to manufacture goods in an integrated way by themselves, or to assure services after sale;
- *understandings* – represent those associations established between some competitors acting on a market, intending to transform it, from a free market in a monopoly and to elude demand – offer adjustment by price.

Strategic alliances' objectives are directed towards organization's penetrations on a stable market, risks share, new technology and experience exchange, process and product management system transfer, get advantage on a market competition for both, and generate synergy.

Investments

Investments represent means added to a region leading to an increase of internal capability of an organization and determining, in this region, the optimum effects of its strategic capability [2].

Investments are places to increase technological capability – products, services, human resources, manufacturing methods, production capacities, or to increase managerial capabilities – management techniques, owners rights advantage, minimizing political threats or commercial barriers action.

The investments assure both production resources and organization's activity effectiveness.

Investments are placed only if there are achieved the following tasks:

- *area advantage*; the operation in the region is more profitable than in other areas, its economical and technological potential and the skill of human resources are higher and the cost of economical resources providing is lower;
- *market opportunities*; the competition on the regional market is more advantageous for an organization by rapport with other similar ones;
- *internationalization advantage*; the profit gained abroad in an owned production unit is higher than that obtained in other conditions.

GLOBALIZATION STRUCTURES

Depending on environment main economical characteristics and organization's globalization strategy, some organizational structures focused to fulfill both environments' needs and organization's effectiveness, could be built.

Between the structural units of an integrated organization some relationships could be established as follows:

- *Reciprocal interdependence* – every structural unit depends on all the others;
- *Sequential interdependence* – each structural unit depends only on some specific structural units (determined by the manufactured process);
- *No interdependence* – all structural units operate independently;
- *Informational interdependence* – relationships are established at the informational level between structural units, permitting to make decisions in team condition.

Structural relationships between integrated structural units are determined by the centralized way the decisions are made for organization's mission and resources providing. It is set, in the mean time, their autonomy by rapport the upper level and the limits of their authority.

Centralized structures

Centralization characterizes the integrated systems, which make all decisions concerning the majority of their functions, determining the mission, the objectives and their own structural units' resources. The management functions act as follows:

- at integrated organization's level – preview and control – evaluation functions;
- at components level – organizing and coordinating functions.

Depending the way relationships between components are established, centralized structures could be vertically integrated, horizontally integrated and functionally integrated.

- *Vertically integrated structures* characterize those organizations acting in production business, are represented in pyramidal form and are consequences of products and services manufacturing process ordering.
- *Horizontally integrated structures* represent that aggregate organization composed by two or more production units with the same mission, determined by their specialization in product's manufacturing operations.
- *Functional integrated structures* represent those integrated organizations, which operate a whole function in a centralized way, no matter their components' mission.

Decentralized structures

Decentralization achieves, for an organization, specific units characterized by limited autonomy, by specific missions subordinated both to the integrated system's objectives and to its own, too.

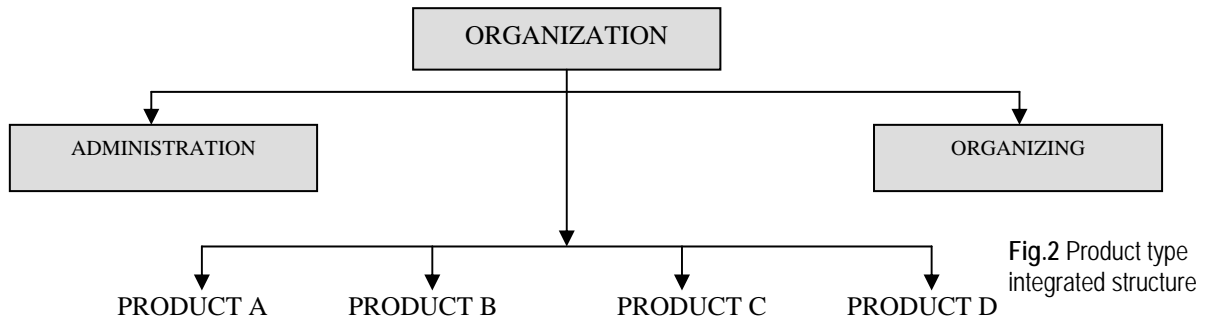
The principle, that governs decentralization process, is component units' initiative and tactical decision decentralization, limited by the integrated system strategic objectives fulfils.

The management functions are used as follows:

- at integrated organization's level are set structural units' mission, strategic objectives and the necessary resources (budget included);
- at structural units' level, are set their structure and specific objectives, especially those linked to their own activity effectiveness.

Some models are as follows:

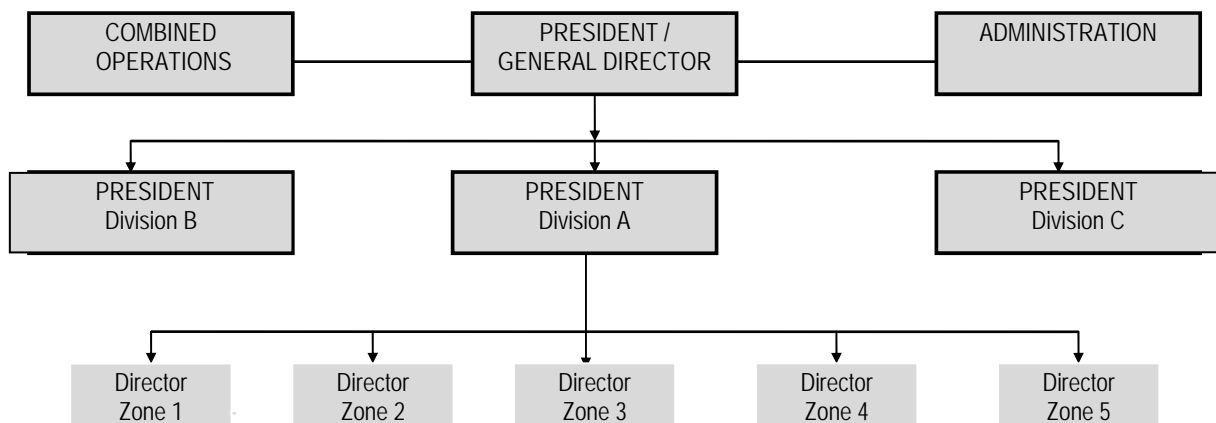
➤ *Product integrated structures (fig.2)*



The structure poses, in different geographic areas, manufacturing and sale units focusing their activity on a product, or on a family of products, in the purpose to produce synergy and to operate in an effective way.

➤ *Regional integrated structures*

Regional integrated structures (fig.3) support operations developed on regional markets characterised in demanding specific products and services.



There are some specific characteristics associated to regional integrated structures:

- The structure assures for integrated organizations optimized sale competitiveness, due mainly to regional marketing performances, rather than low cost operations.
- The centralized decisions, made on regional markets, minimize scale efficiency of the sale.
- Each regional unit has its own means to fulfil its mission.
- The whole coordination process between regional units is very costly, and planning process is discouraged.

➤ *Client orientated globalize structures*

The model (fig.4) is used on markets with many common characteristics for specific type clients asking specific management tools.

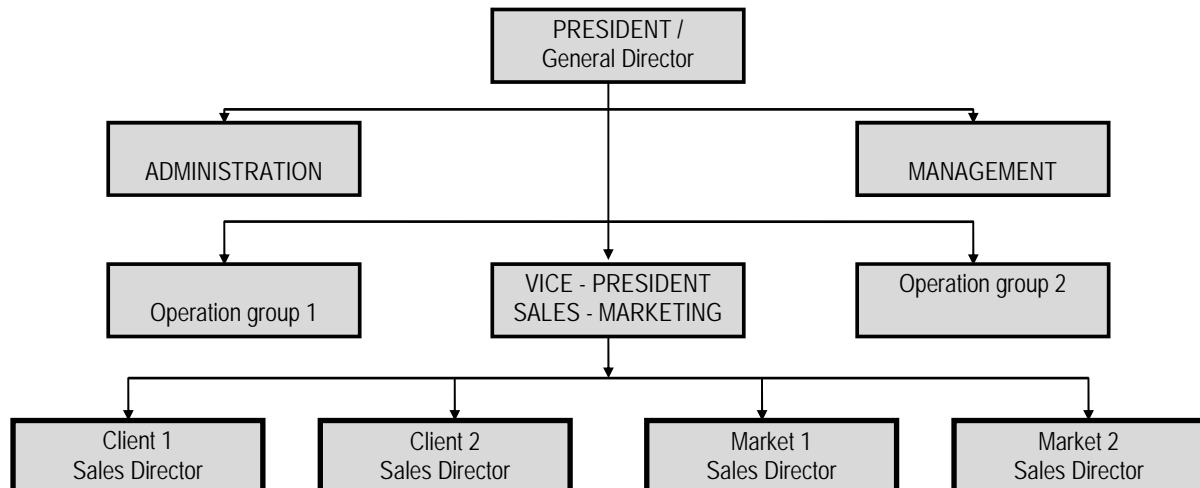


Fig. 4 Globalize structure client orientated

➤ *Matrix structures*

The model represents the most complex decentralized organization, a new organizational chart is added upon an existed one. The structure is flexible and permits structural units' functional autonomy.

CONCLUSION

Globalization represents a very complex process, determining specific strategies with advantages and disadvantages too. They do not represent unchangeable models. The process of globalization has some specific characteristics:

1. A globalize structure integrates independent and complex structures associated in their mission, following the same objectives and tasks.
2. The optimum objective of an integrated structure is not, in all cases, the same with components' objective optimum.
3. Globalize systems structure is determined by their strategic management, based on making specific decisions in accordance with environment characteristics.
4. The models used to real organizations, represent a mix between centralize and decentralize principles, the application on their structural functions of the integrated system and its units, is subordinated to satisfy, both the environment's requirements and its own strategic objectives.
5. An organization makes decision to internationalize operations if it is able to change by itself its structure. It has to take into consideration that it moves from a local, well known domestic market, to a wide, unknown, foreign market, placed in dynamic environments and has to use specific management systems and the adequate strategy to have success in its activity.

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- [1] I. Mateescu, Contributii la evaluarea asistata de calculator a capabilitatii tehnico-economice a sistemelor de productie, Teza de doctorat, UPB, 2002.
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