

# New Analysis on Strategies of Implementing Enterprises' Globalization with E-business

PENG Feng-lin

*Business School, Jiangnan University, Wuhan, China*

*e-mail fl\_peng@yahoo.com.cn*

**Abstract:** E-business brings enterprises lots of unparalleled advantages comparing with the traditional operation. Besides of primary functions such as publicizing brands, displaying and selling products, looking for the potential customers, and managing the existed customer relationships, today's e-business has much deeper influence on enterprises. In the foreseeable future, driven by view of profit-maximizing, lots of enterprises will find that e-business can help them revolutionarily implement globalization strategic arrangement in the aspects of resource, markets, logistics, human resource, and so on. This paper analyzes the strategies of how to implement globalization with e-business. Through the analysis, reasons of adopting e-business to realize globalization and feasible paths of implementation are provided.

**Keywords:** e-business; globalization; resource-allocating; market; logistics; human resource management

## 1 Introduction

Convenience, high-efficiency, cost-saving, fewer area limits, are the advantages of e-business<sup>[1]</sup>. They are unparalleled comparing with the traditional operation. Therefore, most of business entities in the world prefer to adopt it. In first stage of the development of e-business, enterprises mainly use it for publicizing brands, displaying and selling products, looking for the potential customers, and managing the existed customer relationships, and so on.

However, nowadays, driven by a view of profit-maximizing and risk-reducing, lots of enterprises are in pursuit of enlarging productive scale and scope, and they all have realized that developing globally is the best choice. Therefore, making effective globalization strategies is the urgent affair that the enterprises have to face. In this situation, e-business can be a great tool to help them break through those bottle-necks of traditional globalization strategies, such as the difficulty of grasping long-distance market information and the problems of managing worldwide resources. With the conditions created by e-business, enterprises can get more profits by implementing globalization strategies.

## 2 Resource-allocating globalization strategies

Traditional enterprises implement globalization either through producing merchandise in native country and selling abroad, or establishing manufacturing bases in

other countries directly. But e-business makes the enterprises break their old structures, and rearrange the resource in the whole world. The strategies with e-business are:

(1) Optimize international productive work-dividing, establish a "global flexible mechanism"

Differing from the traditional ones, those multinational enterprises with e-business can fully grasp the advantages of design, production and raw material in certain countries, and make best of them to arrange each manufacturing task in suitable country. That is to say, through the network, enterprises can make plans based on the whole globe, so as to optimize the work-dividing and co-operating in the scope of the whole world. As a result, the cost can be lowered largely while the productive efficiency can be higher. Furthermore, e-business can help the enterprises form a "global flexible mechanism", which means that after accepting orders through internet, enterprises can gather all the relevant productive resources globally, and organize design and manufacture through the network, making operating patterns of the enterprises more flexible.

(2) Optimize global capital allocation

With the help of e-business, a headquarter of an enterprise can get the information of all departments and all places much quicker than before, and the enterprise can grasp all the situation of capital-using in the shortest time, the enterprise increase the capital investment in higher-efficiency capital-using departments or places in

time, simultaneously cut down or take back investment from lower-efficiency departments or places. Additionally, e-business provides the advanced and flexible information network to the enterprises. The enterprises can combine it with various financing methods, try their best to finance internationally with low cost, and then allocate the capital to the departments and places in need.

### 3 Market globalization strategies

Because the enlargement of market supplies the possibility for enterprises to fully realize the scope and scale economy, developing market in the whole globe becomes the direction of enterprises' effort. However, traditional market exploitation methods are facing plenty of difficulty and limits. The appearance of e-business has broken the area limits of traditional markets, created conditions in technology for enterprises to inaugurate new markets and accelerate the seeking for new business chances. So the enterprises can attract customers in the whole world through the network space created by e-business. And this will impel the enterprises to establish a uniform global market with the connection of Internet. By the means of e-business technology, enterprises can set up the localized networks that are of local features for the markets in different areas, so as to do the marketing and customers' relationship management.

The globalized market is the combination of virtual and factual material; virtual online merchandise display, online trading, and the information connection between the manufacturers and final users through Internet, making the enterprises have the ability to contact with any customers in any place of the world; the factual merchandise transportation makes the transaction done truly. Also, the construction of the door-to-door post-transaction service is very important, for it's the guarantee of maintaining the enterprises' own credit and building a long-term relationship with clients. Besides, the unified management of the global market can help the enterprises find the purchasers of the products, so as to reduce the cost of inventory.

### 4 Logistics globalization strategies

Because enterprises implement globalization development strategy, enterprises' logistics, accompanying the

process of manufacture globalization and market globalization, will present a trend of globalization in its development. Today under the circumstances of integration of the world economy, the market becomes mature gradually, and the competition among the enterprises becomes more fiercely. Simply exploit new markets to increase the profits will become more and more difficult. This makes the enterprises turn the emphasis of enhancing the profits to so-called "the third headspring"<sup>[2]</sup>, —logistics<sup>[3]</sup>.

(1) Decrease the manpower and the procedure of transportation, increase efficiency, and reduce the cost

Traditional multinational enterprises mainly used to transport internationally merchandise with local logistics. That is, from local manufacture places to local markets, accompanying some international transportation. This result that the intercommunion of the information in all places is not smooth, markets are cut into pieces, and the horizontal connection among them is not enough. But in those enterprises, which applied e-business technology, the information can transfer accurately and timely. So with the help of information technology, arranging transportation can satisfy the requirement of logistic information system management, therefore guarantee the fully sharing information among every point in the net and the headquarter, as well as between the point and another point. Thus the enterprise is able to strengthen a unified programming and unified arranging in the view of the whole group, so as to realize the goal of increasing the whole efficiency and decreasing the whole cost.

(2) Improve the service quality of logistics, and insure the expansion of enterprises' production and transaction scope

Why can't the traditional enterprises realized globalization development as much as possible? One of the important reasons is the logistics service can not keep up with the speed of enterprise' economy development, so that it blocks the expansion of economy scope, and then blocks the increase of enterprise' profits. The appearance of e-business and the accompanying occurred series of logistics revolution, can make the enterprises have the ability to implement the global logistics strategy, and break through the limit of developing speed.

Enterprises construct the production and marketing network in the worldwide angle. E-business makes the

demand and supply information be communicated timely, and realize the accurate connection among logistics procedure. With it both the purchases of raw material, machine parts, etc., and the sales of products can satisfy the requirement of the whole world network of operation.

Enterprises integrate the logistic chain and transportation chain, and provide the service for economy scope expansion. The enterprise, which applies itself into the global development, usually has bigger ambition than its own capability of resource. So it must use the logistic program management controlled by e-business to integrate the whole world logistic resource and transportation resource, so as to realize that the logistics becomes an organic integration in the whole world, and provide the service for the manufacture and sale in all areas. In this situation, the networks of suppliers who have long-term co-operation relationships with the enterprise, the networks of logistic suppliers who provide value added services (including machining, examine, installation, and other services), the networks of suppliers who provide the third-part transportation, storage, delivery, etc. can be integrated through the e-business network to provide the service for the enterprise' globalization development.

## 5 Human resource management globalization strategies

In the new tidal wave of enterprises' globalization brought by e-business, what have changed are not only the manufacture pattern and service pattern, but also the personnel organization system, in another word, human resource management <sup>[4,5]</sup>. Under the condition of e-business, the human resource management globalization involves two aspects:

### (1) Arrange global human resource

Human resource is called "the first resource". The competition among the enterprises, in some sense, is actually a competition of persons. In order to implement globalization strategy arrangement, firstly, the enterprise should apply global standard and the requirement of being suitable for international competition to evaluate the human resource management, and make it effective and scientific. The management with network can make the enterprise implement the unified decision-making, unified management and unified appraisal of global human re-

source, so as to satisfy the need of globalization development. Secondly, through e-business the enterprise can gather the worldwide talents. In the process of implementing global productive, marketing and logistic strategy, all of the jobs in every section and every area need suitable persons to accomplish. Especially in the present situation of increasingly fierce competition among enterprises, the international enterprises prefer to choose the localized business pattern, and occupy the local markets. This make them try to employ the local excellent persons to serve for local markets or the products. As a result, the human resource arrangement should "chasing customers", which means finding needed persons all over the world. Without the help of e-business, this would be a job which waste time and waste labor. But Internet makes this job simple, quick and direct. Thirdly, the enterprise's employees should be able to form a team at any time when the task takes place. This determines the human resource of the enterprise is able to fit the changeable and various environments. The application of e-business can make the same job suitable for more sorts of tasks and more complex situation. Therefore the enterprise' human resource in the whole world can be highly-efficient used, and the cost can be reduced greatly. At the same time, the possibility that the enterprise can seek the best operation chances in the whole globe will be increased greatly.

### (2) Optimize global personnel organization structure

Traditional multinational enterprises prefer a "pyramid management" in organizational structure to reach the need of global management. That is, pay attention to the vertical divisions, emphasize the management by commands, too many administrative levels, and so on. The disadvantages are the obvious bureaucracy, overstaffed and low-efficiency. With the application of e-business technology, enterprises can lessen the levels, reduce the employees, transfer the power to the lower levels and get closer to the customers. That makes the organization change to a more flexible and suitable, "flatter" network structure. And the enterprise' international competition can be greatly increased.

## 6 Conclusion

The strategies of how to implement globalization with e-business are analyzed in this paper. Through the

analysis, reasons of adopting e-business to realize globalization and feasible paths of implementation are provided. Although there are still some problems that can not be resolved in the implementation in a short time, but with the development of science and technology and the gradual forming of global economy integration, we believe that they will not be obstructions in the road of enterprises' development anymore. The application of e-business is just like the wings to the enterprises. It will impel them to look around the globe, make revolutions and creations, and stride forward on the road in the direction of globalization strategy development.

## Reference

- [1] S Ling. E-business-The Opportunities and Challenges in 21 Century[M]. Beijing: Industrial Press, 2000, P1-38.
- [2] D Wei. Modern Logistics: The Third Profit Resource[J]. Railway Materials Management, 2003, 21(3).
- [3] G. Ghiani, G Laporte, and R Musmanno, Introduction to Logistics Systems Planning and Control[M]. Hoboken: John Wiley & Sons, Inc., 2004.
- [4] W K Zinsser. The Future of Human Resource Management: 64 Thought Leaders Explore the Critical HR Issues of Today and Tomorrow[M]. Hoboken: John Wiley & Sons, Inc., 2005.
- [5] A M Hu, and Q Y Zhou. On the Development and Management of Talent Resources on the Economic Globalization Condition[J]. Journal of Qinghai Normal University (Philosophy and Social Science Edition), 2004(2), P9-13.