

Práctica 6.- · Describe the reasons to Globalize in Sony, Nestle, Gillette and Siemens.

There are several reasons for Sony, Gillette, Nestle and Siemens to globalize, which will be explained in the following. The mentioned companies are all acting on an international market. For instance, Sony purchases components from suppliers in Thailand, Malaysia, and around the world. In case of the Nestle 98% of its sales are placed outside the home country, which leads to the fact, that 95% of the assets of Nestle are outside the home country and 97% of the employees are foreign-workforces. Gillette sales 62% of its products outside the home country and has 53% of its assets outside the home country. And also Siemens sales 51% of its products outside the home country.

One reason to globalize is to reduce costs, such as labor, taxes, tariffs, and so on. In foreign locations with lower wage rates, direct and indirect costs can be lowered. Another reason to globalize is the intention to improve the supply chain, which means to locate the facilities closer to unique resources. Also the providing of goods and services can be improved, for instance, on-time deliveries, cultural variables or an improved customer service. Another important aspect is to understand the market. Interacting with foreign customers and suppliers can lead to new opportunities. Globalization means also learn to improve operations, by remaining open to the free flow of ideas

A globalized company can also attract and retain global talent, because of it offers better employment opportunities. It has a better growth opportunities and insulation against unemployment. Unneeded personnel can be relocated to more prosperous locations and those companies offer also an incentives for people who like to travel.

Different cultures have a different behavior, rules of ethics and attitudes towards products and its functionality, which a globalized company has to know about and deal with it, to offer a customized and accepted product to the different groups of costumers. Therefore it is recommendable to be located at the local market to get immediately informed about culture/ behavior changes in the target group.