

BUSINESS STRATEGY IN FACING THE GLOBAL ECONOMY

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Abstract

Today's global economy is increasingly connected and competitive. This requires businesses to be able to adapt to the changes that occur in order to survive and compete. One way that businesses can do this is by implementing the right strategy. The purpose of this study is to examine business strategies that can be applied by businesses in facing the global economy. This research uses qualitative research methods. The data collection technique in this research is done by literature study. The data collected was analyzed in three steps including data reduction, data presentation and conclusion drawing. The results showed that the increasingly competitive global economy requires businesses to be able to adapt to the changes that occur. One way that businesses can do this is by implementing the right strategy, there are several business strategies that can be applied in facing the global economy, namely differentiation strategies, low cost strategies, focus strategies, and collaboration strategies. The selection of the right strategy must be adjusted to the conditions and characteristics of each business

Keywords: Business Strategy, Economy, Global

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INTRODUCTION

Globalization in the economic field is a comprehensive and open economic and trade activity. In other words, all countries in the world become one and integrated markets, without knowing territorial or territorial boundaries (Safri, 2018). Today's global economy is experiencing an intensifying level of interconnectedness and competition. This connectedness is due to changes in technology, communication, transportation, as well as the development of financial and trading institutions.

The phenomenon of globalization has brought a significant impact on the world economy, allowing the exchange of goods, services and investments between countries more freely and quickly. Through information and communication technology, information and business opportunities can be accessed and acted upon by business people from various countries. This triggers increasingly fierce competition as each company seeks to expand their market to a wider region, not only locally but also internationally.

This opportunity certainly provides benefits for companies that are able to manage and utilize globalization for their business growth. But, on the other hand, this also poses

a big challenge for companies that have to adapt to increasingly fierce global competition. One way that businesses can do is to implement the right strategy. Business strategy is an action taken by a company by considering various decisions to achieve its business targets and goals. In simple terms, business strategy refers to the steps and processes implemented by a company to support its business operations and achieve profits (Yunus, 2016).

Previous research by (Pujiono et al., 2018) found that strategies that can be developed to increase the competitiveness of halal MSMEs in Central Java are increasing halal MSME certification, improving the qualifications of halal MSME human resources, using modern and appropriate technology to meet halal MSME product standards, strengthening linkages with industry (downstream), diversifying halal MSME products, Increasing the role of religious and educational institutions for literacy halal MSME products to the Muslim community, increasing the role of fintech for financing and certifying halal MSME products and their marketing, building synergies with related institutions for halal MSME product innovation, increasing the branding of halal MSME products through technology and information media, strengthening jurisprudence studies to produce halal MSME products.

Another study by (Rusnaini & Andini, 2014) shows that Madura batik has strengths in the form of unique products so that it has the opportunity to be marketed to a wider region even to the global level even though the weakness is the lack of promotion levels. In this study the right strategy for Madura batik is to use an aggressive strategy (attack), namely by utilizing the strengths possessed to fill high opportunities.

Similar research by (Zain & Kassim, 2012) suggests that the availability of opportunities arising from globalization seems to be more important to family companies compared to the threats they may face as a result of globalization. In addition, the availability of cooperation networks is an opportunity for FB to develop their business abroad which in turn influences them to find sources of funds to develop their business. Finally, the availability of sources of funds not only affects the readiness of companies to face the forces of globalization but also influences them to formulate new strategies to deal with those forces. The purpose of this study is to examine business strategies that can be applied by businesses in facing the global economy.

RESEARCH METHODS

This study used qualitative research methods. According to (Sugiyono, 2018) qualitative research methods are research methods based on philosophy used to research in scientific conditions (experiments) where researchers as instruments, data collection techniques and qualitative analysis emphasize meaning. Data collection techniques in this study were carried out with literature studies. The literature study method is a series of activities related to the method of collecting library data, reading and recording, and managing research materials (Zed, 2008). The type of data in this study is secondary data obtained from Google Scholar and other trusted sites. The study was conducted for 7 days from October 28 - November 3, 2023. The collected data is analyzed in three steps including data reduction, data presentation and conclusions.

RESULT AND DISCUSSION

In the current era of globalization, competition that occurs between countries or often referred to as global competition, has become very intense. This global competition represents a form of competition that involves the whole world without territorial

boundaries (Sedyastuti, 2018). This era also marked the presence of comprehensive competition for business actors and marketing managers. Over time, global business competition has intensified itself with the emergence of various types of business competition. One way that businesses can do is to implement the right strategy.

A business strategy is a plan, action, or method used by a company to build and strengthen its position in the competition of products or services in a particular market (Haque-Fawzi et al., 2022). To be able to achieve this, there are 3 (three) stages that need to be carried out by the company, namely (Oktarina et al., 2022):

1. Decide where the company will have a good chance of winning the competition.
2. Improve the characteristics of the product or service to make the buyer's appeal strong.
3. Neutralizes every move of the opponent

Business strategy can be associated with actions or activities to develop skills or abilities that will be needed in terms of achieving competitive advantage. Through business strategy, a company can determine its course by identifying aspects of the market, competitors, customers, and other factors. The direction of the journey that will be carried out by the company depends largely on the business strategy. Here is a general overview of the function and significance of a business strategy:

1. Achievement of Business Goals

Business strategy helps companies set long-term and short-term goals. By setting the right strategy, companies can direct efforts and resources toward achieving those goals.

2. Increased Competitiveness

Companies can position themselves in the market in a way that differentiates themselves from competitors. With an effective strategy, this includes developing unique products, competitive prices, or exceptional services, which can increase the company's competitiveness.

3. Efficient Resource Allocation

Business strategy helps in the allocation of company resources such as time, money, and labor. It helps companies to maximize the use of existing resources to maximize profits.

4. Provides Action Guide

Business strategy provides a framework for all levels of company management. It provides guidance in decision making, action, and resource allocation.

5. Adaptation to Environmental Change

Business is in an ever-changing environment. A good business strategy allows companies to adapt to changing markets, technologies, regulations, and industry trends.

6. Learning and Innovation

In pursuit of business goals, business strategy encourages companies to continuously learn and innovate. It is important to stay relevant and ahead in the midst of ever-evolving competition.

7. Performance Measurement

Business strategy creates a foundation for companies to assess their performance. It helps in evaluating the extent to which the company has achieved the set goals.

Before and after the global economic era, there were significant differences in the approach to business strategy applied by companies. In the pre-globalization era, business strategies tended to be limited to local or regional markets. Access to international

markets is limited, and companies must rely on local networks and resources to operate. Competition between companies tends to be localized and less intensive due to limited information and access. Limitations in technology and connectivity also limit the possibility of business expansion. However, with the development of the global economic era, companies have gained wider access to global markets. Competition is no longer limited to local areas, but rather becomes more global. Information technology has enabled companies to conduct their business around the world, enabling the creation of broader, more open, and more innovative business strategies in response to broader global challenges and opportunities. To overcome these changes, the right strategy is needed, including:

1. A differentiation strategy is an approach taken by a company to create and offer a product or service that is considered unique in the market. This strategy aims to provide added value to consumers so that the company's products are considered better or different from the products offered by competitors (Lenti et al., 2020). For example, Apple uses innovative design and high quality to differentiate its products from competitors, so consumers are more interested in the added value they offer.

2. Low Cost Strategy

Companies implement this strategy by reducing production costs in order to offer products or services at lower prices than competitors (Elias, 2018). For example, a supermarket brand that offers products at lower prices due to high cost efficiency in its supply chain.

3. Focus Strategy

This strategy focuses on a specific market segment or a specific region. For example, a sportswear company that focuses on the elite athletic market and does not try to reach the general market. Focus strategies help companies differentiate themselves in specific markets (Rosyida et al., 2020).

4. Collaboration Strategy

In a global economy, cooperation and partnerships with other companies can be a powerful strategy. Companies collaborate with other parties, such as suppliers or industry partners, to create added value. Examples in this strategy are partnerships between technology companies to produce innovative products or partnerships between pharmaceutical companies and research institutions for new drug development (Marjukah et al., 2021).

The selection of the right strategy for a business should be adjusted to the conditions, environment, and characteristics of the business itself. In the face of a diverse market, the chosen strategy should take into account the following factors:

1. Market Conditions

Market analysis that includes size, trends, competition, and consumer behavior should be the basis for determining business strategies.

2. Competitive Advantage

The strategy should be based on the unique strengths that the business has compared to competitors. This could be product innovation, low cost, superior quality, or superior customer service.

3. Business Objectives

The strategy should be in line with long-term business goals. If the focus is expansion, the strategy used may be different from the business aimed at maintaining the current position.

4. Resource Availability

The strategy must be in accordance with the available resources, whether in terms of finance, human resources, or technology.

5. Challenges and Opportunities

Identify challenges facing the business, such as policy changes, unstable market conditions, or intense competition. On the other hand, also identify opportunities that might be taken advantage of.

6. Specialization and Focus

The strategy should support a defined business focus. A business that focuses on a specific market segment will require a different strategy than a business that seeks to cover a broad market.

Choosing the right strategy will help businesses to be more effective in achieving goals and taking advantage of existing opportunities in the market. Such decisions should be based on a thorough analysis of the business conditions as well as the environment in which the business operates.

CONCLUSION

In an increasingly competitive global economy, businesses are required to keep up and adapt to the changes that occur. One approach that can be used by companies is the implementation of strategies that suit their needs and environment. Some common business strategies that can be applied in the face of a global economy are differentiation strategies, low cost strategies, focus strategies, and collaboration strategies. Each strategy has a different approach and will provide appropriate benefits depending on the conditions and characteristics of each business. The selection of the right strategy is essential to enable companies to adapt to changing global market conditions and maintain their competitiveness amid increasingly fierce competition.

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