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Академія економічних наук Молдови

## THE IMPACT OF GLOBALISATION ON STRATEGIC DECISION-MAKING IN PAINT MANUFACTURING COMPANIES

### ВПЛИВ ГЛОБАЛІЗАЦІЇ НА СТРАТЕГІЧНЕ ПРИЙНЯТТЯ РІШЕНЬ У КОМПАНІЯХ З ВИРОБНИЦТВА ФАРБ

In recent decades, the phenomenon of globalisation has become increasingly pronounced and irreversible, bringing opportunities and challenges for different businesses. Globalisation, defined as the process of integrating economies, cultures and societies across the globe, directly and indirectly influences the way companies conduct their operations and manage their resources. Thus, globalisation has revolutionised the dynamics of business decision-making, particularly within the paint manufacturing sector, although specific and technically not an exception. Paint companies, with a tradition rooted in many national economies, are today facing increased competition in global markets. This competition comes not only from local companies, but also from new players who benefit from competitive advantages offered by innovative technologies, access to low-cost raw materials or business models adapted to the needs of consumers in different geographical areas. As a result of its globalisation, paint companies are expanding their capital and innovations in competition with local companies, which are forced to adapt their management decisions to resist this external flow or to strengthen their positions to expand into new markets. This article examines the profound impact of globalization on strategic decision-making processes within such firms. Through a comprehensive analysis of market trends, regulatory frameworks, and technological advancements, this study elucidates how globalization influences the strategic choices made by paint manufacturers. Moreover, it explores the challenges and opportunities arising from increased global interconnectedness, including market expansion, competitive pressures, and the need for sustainability initiatives. Also, it examines whether and to what extent these frameworks contribute to increasing long-term competitiveness, optimising operations and ensuring sustainable developments. By delving into these complexities, this research contributes to a deeper understanding of how globalization shapes strategic decision-making within the paint manufacturing industry and offers insights for companies navigating this rapidly evolving landscape.

**Key words:** globalization, strategic decisions, sustainability, paint companies, quality, internationalization of markets.

В останні десятиліття явище глобалізації стало дедалі виразнішим і незворотнім, приносячи можливості та виклики для різних бізнесів. Глобалізація, визначена як процес інтеграції економік, культур і суспільств у всьому світі, прямо та опосередковано впливає на те, як компанії здійснюють свою діяльність та управляють своїми ресурсами. Таким чином, глобалізація революціонізувала динаміку прийняття бізнес-рішень, зокрема в секторі виробництва фарб, хоча це не є винятком за своєю специфікою та технічними характеристиками. Компанії з виробництва фарб, з традиціями, що кореняться в багатьох національних економіках, сьогодні стикаються з посиленою конкуренцією на глобальних ринках. Ця конкуренція походить не тільки від місцевих компаній, а й від нових гравців, які отримують переваги завдяки інноваційним технологіям, доступу до дешевої сировини або бізнес-моделям, адаптованим до потреб споживачів у різних географічних регіонах. Внаслідок глобалізації компанії з виробництва фарб розширюють свої капітали та інновації в конкуренції з місцевими компаніями, які змушені адаптувати свої управлінські рішення, щоб протистояти цьому зовнішньому тиску або зміцнити свої позиції для розширення на нові ринки. Ця стаття розглядає глибокий вплив глобалізації на процеси прийняття стратегічних

рішень у таких компаніях. Через всебічний аналіз ринкових тенденцій, регуляторних рамок та технологічних досягнень це дослідження пояснює, як глобалізація впливає на стратегічні вибори, які роблять виробники фарб. Крім того, вона досліджує виклики та можливості, що виникають внаслідок зростання глобальної взаємозв'язку, включаючи розширення ринку, конкурентний тиск та необхідність ініціатив зі стійкості. Також розглядається, чи і якою мірою ці рамки сприяють підвищенню довгострокової конкурентоспроможності, оптимізації операцій та забезпеченню стійкого розвитку. Занурюючись у ці складнощі, це дослідження сприяє глибшому розумінню того, як глобалізація формує прийняття стратегічних рішень у виробничій індустрії фарб і пропонує уявлення для компаній, які орієнтуються в цьому швидко змінюваному ландшафті.

**Ключові слова:** глобалізація, стратегічні рішення, сталість, компанії з виробництва фарб, якість, інтернаціоналізація ринків.

**Statement of the problem.** Adapting the management strategies of paint manufacturing companies is impossible without analysing the influence of globalisation on them. One of the main consequences of the globalisation process is that the concept of 'universality' is extending to the political, social, cultural and economic spheres of society worldwide. As a result, strategic management and development processes are significantly influenced by globalisation and become essential elements of the modern economic system.

As international markets have become more internationalised, business itself can be said to acquire a global (international) nature, leading to a corresponding transformation of strategic management processes. Thus, globalisation conditions force paint companies to look at their business processes from a new perspective: in particular, they create new conditions in which companies have to carry out strategic planning at a level that allows them to foresee their activities with the possibility of becoming a large international corporation or competing effectively with similar entities.

**Analysis of recent researches and publications.** The informational resources for the article include consulting and utilizing scientific works in Romanian and English by the following authors: Victor Capcelea, Isobel Doole, Peter Lancaster, Robin Lowe, Nicolae Drăgulănescu, Mariana Drăgulănescu, Graham Hooley, Nigel Piercy, Brigitte Nicoulaund, John McCollum, and Constantine E. Passaris. So, the recent literature for understanding globalization in the business context range from the dynamics of business globalization [6] to the complexities of the globalization phenomenon [1]. Other works reviewed include customer management [2], management strategies and competitive positioning [4], applied business management [5], and service quality management [3].

**Research methodology.** Globalisation processes are primarily associated with the liberalisation of trade, the development of information technologies and the accessibility of society's communication processes through the creation of a common communication space. Globalisation

eliminates national borders, free trade encourages the unification of national markets, and the scientific-technical and information revolution make geography and time relative [6, p. 3-5].

Thus, **the article's purpose** is to investigate the aspect of globalisation known as the effects of globalisation from the perspective of their influence on the adaptation of the management strategy of paint companies. The effects of globalisation are understood as the specific consequences resulting from the globalisation process as a whole.

In the following, we will determine the significant effects of globalisation that influence the adaptation of managerial strategy.

The first of these is the application of innovation mechanisms for development. We can highlight three main elements that make up the innovative development of paint companies:

1. Internationalisation of markets, which means that countries are becoming more dependent on each other and competition remains a key factor in determining leadership, although the nature of competition is changing. Instead of relying solely on products, competition now focuses on services, information, innovation and human resources,

2. Dynamic changes in consumer demands are stimulating paint companies to constantly introduce innovations, which requires the use of modern technologies and adequate human resources.

3. The continuous development and improvement of technologies not only transforms the structure of paint production, but also stimulates the transformation of strategic management processes.

Further, we must emphasise the effect of globalisation related to the creation of a common communication space, more specifically the issue of integrating cross-cultural competences in the management of paint companies in an international context. In the common sense, cross-cultural communication is the interaction between representatives of different cultures. From the perspective of adapting management strategy, this definition requires, in our opinion, a broader understanding. Due to the increased activity of transnational companies and, as a result, the inter-

national nature of business, the following aspect is of strategic importance:

The multicultural approach in the recruitment process and the consideration of consumer requirements is an effort to take into account cultural and national diversity as well as traditional ways of doing business and to develop new products and services adapted to these markets.

Thus, the intensive globalisation of business means that patterns of strategic behaviour and management must take account of the role of international relations, where interaction with international partners and consumers in other countries becomes particularly important.

It should be noted that the issues of mineral resource production and the struggle for them, as well as the orientation of national economies towards mass material production – which is also the result of some of the effects of globalisation – remain today.

However, as a result of the 'elimination' of national borders, the unification of communication space, the development of mass transport and scientific and technological progress, the field of production has become sufficiently advantageous and has gained the necessary speed and volume to be one of the main components of the economies of many countries and of the world as a whole.

Another effect of globalisation that affects the adaptation of management strategy is that the non-material sector of production becomes dominant. Therefore, business structures need to diversify their activities, which should include non-material production. This trend is particularly relevant for paint companies, which are more oriented towards material production, but at the same time economic influences and current national and international trends dictate the conditions for the development of non-material production [1].

In the context of this trend, it becomes particularly relevant to highlight the non-material area of production, such as customer service. It is becoming an increasingly relevant specialisation in modern business, representing an extensive integrated infrastructure that contributes to the adaptation of management strategies.

**Summary of the main research material.** Multinational paint companies are a factor in the interconnectedness of the economies of the countries in which they operate or distribute. This is due to their ability to develop and use logistics between national economies and the possibility to operate in many countries, which form a single market. The existence of a large number of market players has opened up the global market, increasing its competitiveness and relevance to a global system. Multinationals have the ability to facilitate the

process of globalisation through their moves and counter-moves in different markets, which can be illustrated by the many cross-border mergers, strategic alliances and acquisitions. Multinationals are influenced by globalisation in many ways both positive and negative, largely determined by the type of services and products they deliver. Looking back, multinationals have many implications and much to gain from interconnecting economies, while some subsidiaries in different countries suffer losses. Operations in different countries require substantial foreign direct investment, which invests in the host country.

Increasing globalisation has led to earlier studies that address challenges and offer solutions, allowing multinational companies to take advantage of new market opportunities. Some of the major questions of late have attracted most academic discussion, which has amassed large volumes of literature to better understand globalisation and its interconnectedness with production, marketing and consumption. Attention has been drawn to the need for multinational companies to improve the efficiency of their operations and become more socially responsible. In addition, the geographical scope is important in terms of where multinationalism or foreign involvement of firms expands. In recent years, many studies have challenged this notion, asserting the significance of globalisation for business as ruinous for economies at the local level.

Opponents of globalisation argue that large-scale diversification of products and markets leads to higher costs and inefficient control of conglomerates, resulting in poorer performance. Some experts in the field argue that there are development gaps between the strategy, identity and practice of a host country and the performance of a home country. This can be attributed to the competing demands of local stakeholders and the parent multinational.

However, emerging multinational enterprises in developing countries with foreign conglomerates cooperating through international joint ventures have been shown to offer significant knowledge and technology transfer advantages for local companies. There are reports that this IJV technology transfer can make some native companies overly dependent on their foreign associates for assistance, limiting their efforts to innovate. In addition, it has been argued that market compatibility and institutional development in the host country have a positive effect on foreign direct investment.

In China in recent decades, an open trade-based system has stimulated foreign direct investment and made it easier for multinationals to find subsidiaries in China on several efficiency

grounds. Such multinational enterprises can significantly increase efficiency by establishing business networks with connections for regeneration and creating new production centres. Therefore, host governments have a major role to play in ensuring continuous facilitation to improve the domestic market system. Furthermore, countries should adopt policies and measures to ensure that domestic enterprises are not displaced by foreign direct investment. As the economy improves and the competitive business system develops, the most efficient multinational enterprises will be able to venture into other regions.

Developing multinational companies are expanding abroad on the basis of country-specific advantages – that is, successfully moving into European, North American and Asian Pacific markets, with the aim of exploiting the great developed world with reciprocal domestic success [2].

The spread of global capitalism is a key topic of debate in the emerging economies of Asia, Africa, the Middle East, South America and parts of Eastern Europe. This can be attributed to issues of national stereotypes, political decision-making processes, national pride and the construction of managerial identities that are entangled with global strategies [4, p. 55].

It is important to note that these issues are no longer relevant for multinationals in the developed world. Developed multinational companies both face problems associated with foreign liability, which arises due to a number of other factors, including operational risks and increased costs due to operations being conducted over long distances and changing political environments in host countries, currency exchange rates, economic fluctuations and risks.

Another problem often reported on includes tax avoidance, which arises when multinationals shift profits to low-tax jurisdictions. This vice has in turn led many countries to impose international tax legislation that is designed to prevent profit shifting.

The technical knowledge brought about by globalisation is causing the multinational enterprise to review its productivity performance, influencing its processes, technologies and overall understanding of the enterprise in question. Research and development creates an organisational knowledge pool that improves productivity performance through the use of new technological opportunities and solutions, as well as improved process efficiency, new products and services and reduced overall costs [5, p. 72-76].

However, international companies cannot always prevent other organisations from copying their intellectual property and therefore laws work well only in theory but not in practice, especially

when copyright laws are not enforced or do not exist. As a result of globalisation, competing multinational companies can gain access to patents, hire employees from rivals, reverse engineer competitors' products, buy inputs at a lower value and even collaborate with other firms. Technology is important for economic growth, but its geographical location, diffusion and generation are not yet sufficiently understood.

ISO 2600:2010 certification is designed to encourage corporations to be more socially responsible. The standard covers seven core issues, including human rights, the environment, fair operating practices, organizational governance, labour practices, community participation and development, and consumer protection. These standards have a positive impact on developing economies by lowering pollution levels, improving the wages of the workforce and giving their employees more opportunities to improve their job skills [2, p. 39].

These are among the many positive effects of globalisation, as domestic companies are also likely to adopt these standards and therefore demonstrate a top-down effect in improving corporate social responsibility performance in competition with multinational companies. Multinationals are leaders in the process of legitimising corporate social responsibility by formulating objectives and targets in subsidiaries and are the relevant actors for the spread of these certificates in international markets.

Other issues, such as climate change, play a major role in the globalisation of multinationals, where these companies incorporate reports on how they affect the overall operations of the company. As a result a number of subsidiaries of European multinationals operate in developing countries that exert less pressure on the development of climate change strategies (i.e. unlike their home countries) and exploit them in the process.

Another example is China, where the institutional environment focused on climate change is lenient and leaves it open to international corporations to develop their own strategies. These multinationals are, however, not often the best actors and are less likely to develop viable measures for a green climate. Instead, in their home countries, initiatives to improve sustainability and accountability and a strong commitment to climate change policy are the order of the day.

The impact of globalisation on multinational companies is open to debate with pros and cons from both sides. This analysis delves into the appropriate strategies and tactics to which the literature points, providing the developments needed to grow business and improve market competitiveness [7, p. 11].

**Conclusions from the study.** Globalisation over the last decade has become a central factor in shaping the strategic decisions of paint companies. This global trend has opened up new opportunities but also significant challenges for these types of organisations. Firstly, the expansion of international markets has reduced trade borders, providing access to customers and partners in different corners of the world. However, this has also intensified competition, forcing companies to be more agile and innovative to remain relevant and competitive in the global marketplace. Globalisation has also brought about a profound change in the way companies interact with technology and innovation. The rapid transfer of knowledge and technology between countries has created

constant pressure on these organisations to stay abreast of the latest developments and implement them effectively in their operations in order to be first to market.

Harmonisation of international regulations and standards has also become a major concern for paint companies. They need to adapt their processes and products in line with international requirements to remain competitive and avoid legal sanctions or penalties, globalisation has transformed the face of strategic decision-making in the paint manufacturing industry, requiring flexibility, innovation and adaptability from companies to survive and thrive in this dynamic and globally interconnected business environment.

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