

The Dynamics of the Global Market: A Knowledge Acquisition and Application Approach

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Abstract—Globalization has created vast economic opportunities for nations and companies around the world to access the global market. Consequently, nations and companies specifically within the manufacturing sector and service industries are doing business around a borderless globe. Nations are focusing on the global market to strengthen their economic growth and investing their resources in different infrastructural aspects to facilitate rapid economic growth. There has been a constant change within the global market, making nations and companies struggle to keep up with the global market emerging trends. This paper provides insight into the dynamics of the global market and the key elements contributing to these constant changes. It seeks to alert nations and companies to the need to re-focus in order to sustain competitive advantage in the global economic market. It sensitizes nations and companies to the need to re-focus on key elements such as knowledge acquisition and application in order to sustain competitive advantage in the global economic market. The main argument of this paper is that companies and nations in the developing world strive to keep up with the uncertain environments of the global market, but they overlook the dynamics of the global market. This paper's findings suggest that sustaining competitiveness at the business level requires knowledge acquisition and application, complementary to which is further education, technical skills, re-training and technological development. At the national level this knowledge acquisition and application balances the effective strategic leadership, attracting foreign investment and reaching global networks.

Index Terms—advanced technology, global competitiveness, global market, knowledge acquisition, strategic leadership

I. INTRODUCTION

THE global marketplace has become the main focus for sustainability in business and strengthening of economic growth. Globalization brought an era of a “boundary-less world”,

whereby companies are operating in multinational countries and taking advantage of the benefits of the global marketplace [11, p.42). It is noted that there has been a transformation within organisations in that today we have borderless organizations: to name but few, Wal-Mart, IBM and Coca-Cola. However, [3, p.52] claims that “there are only few companies from developing countries which have managed to create and sell globally under their own brand names”. Thus it is clear that entering the global market requires both companies and the nation to understand the dynamics of the global market to effectively adapt to its environment, especially considering the fact that the global market is constantly changing and unpredictable. The argument of this paper is that companies and nations in the developing world lack understanding of the dynamics of the global market. There is a failure on the part of these nations to facilitate and create enabling environments for their companies to gain and sustain competitive advantage in the global marketplace. This is attributed to the lack of knowledge acquisition and application by companies and nations in relation to the development of leadership strategy, infrastructure, transportation systems, and policies. Knowledge acquisition and application is the systematic process of collecting data and transforming it into information for decision making. It is noted that some of these elements have a direct impact on a company's attitude with regard to entering the global market. Meanwhile, other companies still have their challenges in terms of knowledge acquisition and application. This contention is supported by [11], through their notion that some companies are static in their traditional ways of doing business, whereas other companies successfully gain competitive advantage within the global market. It can be perceived that due to insufficient knowledge some companies are still facing a challenge when deciding whether or not to enter the global market. This paper provides insight into the dynamics of the global market and key elements attributing to the constant changing global environment.

II. THE AIM OF THE STUDY

It sensitizes nations and companies of their need to re-focus on key elements such as knowledge acquisition and application in order to sustain competitive advantage in the global economic market. The main argument of this paper is that companies and nations in the developing world strive to keep up with the uncertain environments of the global market but overlook the attributing factors of the dynamics of the global market. Notwithstanding, this study emphasizes the quest for understanding the dynamics of the global market environment through knowledge acquisition and application. Consequently, it shall enlighten nations and companies to be in a better position to address the dynamics of the global market.

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III. LITERATURE REVIEW

A. Introduction

It has been noted that the global market signals a new era which is unpredictable with regard to its opportunities and challenges [4]. This implies that a company or a nation that enters the global market should be prepared to establish a broader understanding of the elements or forces that influence it.

A. Global market elements

Today we see customers conducting business transactions anywhere, anytime in the world thanks to the advancement of technology. [1] observed that one of the elements in the global market is that the influence of technological change has created self-service beyond our imagination. [3, p.1] argues that “technology is an increasingly important element of globalization and of competitiveness and that the acceleration in the rate of technological change and the pre-requisites necessary to participate effectively in globalization are making it more difficult for many developing nations to compete”. In a recent study conducted by [2] in relation to the changing dynamics in the global labor market in South Africa, the evidence indicates that, among other factors, technological change impacts on the global labor market. As a result the global market is experiencing a demand for a highly skilled workforce which has

significant implications regarding the level of wages/salaries. This is not surprising since the global market companies, especially in the manufacturing sector, have seen a geographical shift and a shortfall in the higher skilled levels of the workforce, creating competitiveness in relation to skills retention and wage demands [2], [8], [9]. In addition, there have been some emerging global market trends that are swiftly taking competitiveness to another level.

B. Global network reach

The understanding of the dynamic of the global market encompasses the understanding and adoption of the global market trends. [7] argues that “understanding global market dynamics requires global network reach”; moreover, he is of the opinion that developing and sustaining competitive advantage can be attained through gaining insight into socio-economic behavior through the lens of global markets. His case study emphasizes that competitiveness and innovation depend on information accessibility; and that “social and economic sciences play a vital role in improving knowledge management and decision-making in business strategy and government policy” [7]. Fig 1 below illustrates the author’s philosophical thinking.

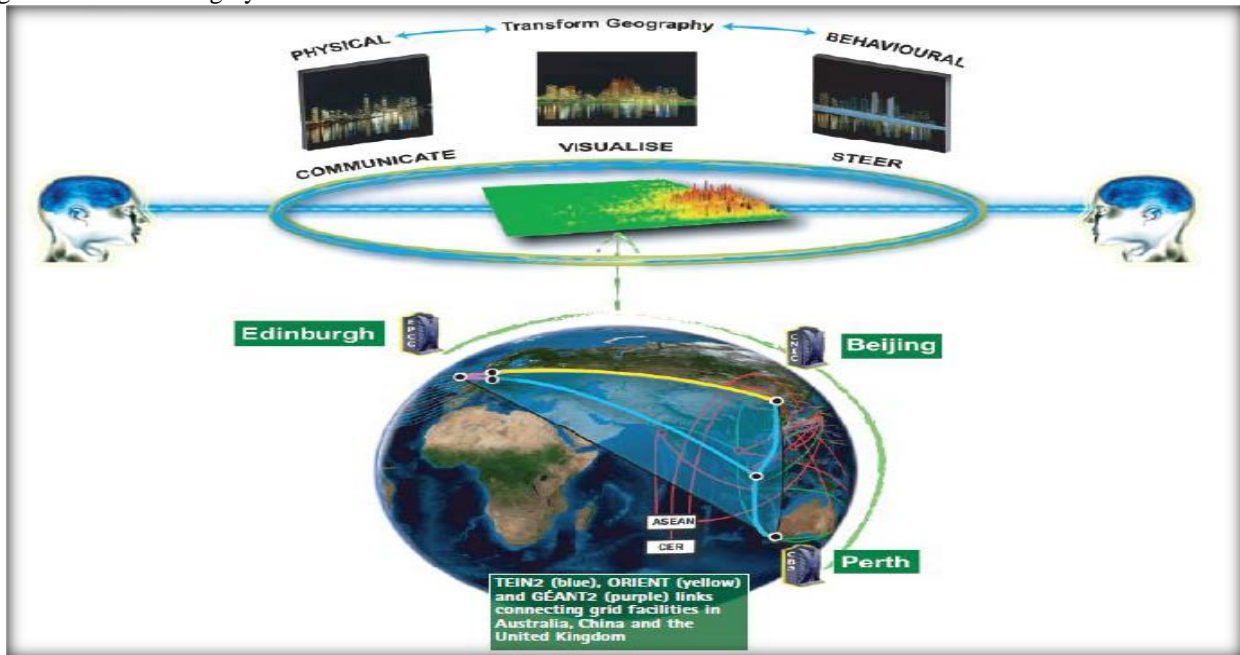


Fig 1: Global Network Reach
Source: Lloyd (2013)

[7] demonstrates the advantage of “intercontinental grid technology” which he observes creates availability of data to researchers from different continents. In addition, he postulates that “data mining and generating complex models require a computing power which is beyond the reach of many organizations”. Clearly this raises a question as to what is needed for companies and nations to respond to these dynamics among others of the global market. [3] believes that knowledge acquisition and application is the key factor. He emphasizes that “development requires education, packages of technical skills, and a whole series of institutions, networks and capabilities which enable the effective use of existing knowledge to create new knowledge” [3, p. 31]. In his study conducted in 2013, entitled *China and India: Emerging Technological Powers*, he notes that China’s strength lies in global knowledge. His finding suggests that “the main means of tapping into global knowledge

are trade, foreign direct investment, technology licensing, copying and reverse engineering, foreign education and training...”[3, p. 4]. On the other hand [5, p. XI] argues that “the problem is that not enough trained human analysts are available who are skilled at translating all of the data into knowledge”. Sadly, companies are spending millions in relation to data gathering and it ends up being abandoned [5]. Thus it is certain that these trends are imperative for survival in the turbulent global market environment. This is especially true for the analysis and interpretation of the emerging trends, which can only be discovered in data. [12] maintains that initially surviving in the global market starts with the element of understanding the global environment changes and emerging global trends so as to develop an adequate business strategy. Therefore, we are of the view that such business strategy is achievable through the application of proper scanning techniques of the environment emerging issues and trends, which are depicted by figure 2.

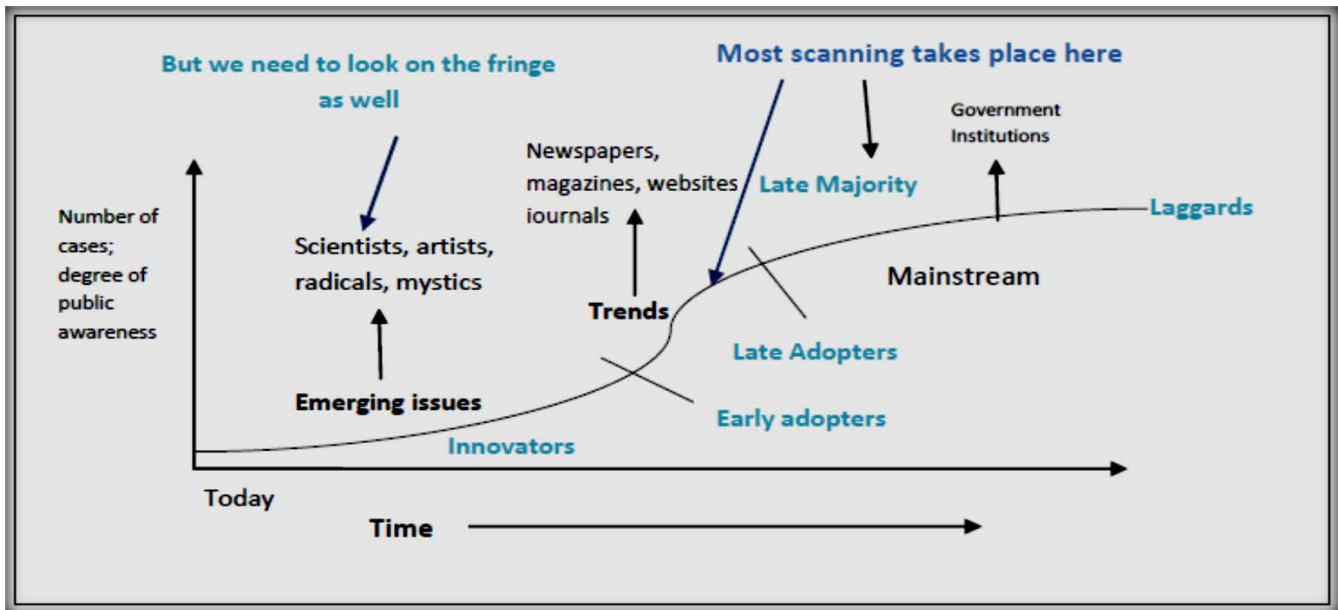


Fig 2: Life cycle of a trend

Source: Thinking Futures (2009)

Fig 2 indicates that an understanding of the global market lies in scanning the environment to identify the emerging issues and trends in order to have a broader awareness of its dynamics. Yet, collaboration between different functionalities is the key fundamental element in enhancing a company's competitiveness, and it encourages the needs of knowledge acquisition and application that is extracted from data mining. [5, p. xi] defines data mining as "the process of discovering meaningful new correlations, patterns, and trends by technologies as well as statistical and mathematical techniques." Successful manufacturing firms have a strong sense of data mining and continuous innovation which allows them to respond rapidly to customer demands and adapt easily to the constantly changing global market. This is evident in the giant companies such as FedEx and Wal-Mart [11]. This implies that companies and nations are required to collaborate to share knowledge, more importantly global knowledge, as well as education and training. The fact that some companies and nations might not have access to the global network reach or information can be detrimental for them. [5, p. XI] shares an insight that as "the practice of data mining becomes more widespread, companies that do not apply these techniques are in danger of falling behind and losing market share, because their competitors are using data mining and are thereby gaining the competitive edge". In summary, all institutions, whether academic, business, or government, cannot afford to overlook the significance of the current global market trends. The 21st century we are living in is a boundless world in which we are linked in almost all aspects of life in both developed and developing nations. The issue of social and human sustainable development, sustainable economic growth, and the shortfall in a higher-skilled workforce is impacting on all nations. Accordingly, to be responsive to these issues requires an understanding of the dynamics of the global market environment. This can be attained through acquisition and application of global knowledge of all the vital mentioned elements. Companies and nations can apply these elements through a continuous systematically approach such as Research & Development departments and Service Design techniques. Thereafter, the successfully execution of the obtained knowledge relies on an appropriate execution strategy.

C. Global market strategy

[13] claims that all companies have the same access to advanced technology tools, yet, they lack the foundation for execution of the strategy. At the national level, this means the key enablers flourish in global markets such as the global network collaboration, licensing and infrastructural (transport, ICT). In addition, policies review facilitates the accessibility of the market and exchange trading systems. Equally, these elements will exercise a direct impact on companies. [4] Calls for strategic leadership to address the changing environment of the economy and knowledge with the belief that this approach will assist with interpretation of the dynamics of the global market. In summation, the global market strategy is vital to develop a foundation to execute the knowledge gained for addressing the challenges of the constantly changing global market.

IV. FRAMEWORK FOR KNOWLEDGE ACQUISITION IN GLOBAL MARKETS

Knowledge acquisition depends on leadership strategy and the capability of a nation or company to establish the necessary techniques and institutions. Recently we have noted that many nations and companies are investing in Research and Development (R & D) and advanced technology. In addition, there has been a strong competition for talent, which has become the main driver. [5] however believes that there is a challenge in relation to data transformation, since there is lack of adequate human analytical skills. The authors' perspective is that even though advanced technology can be applied, there is still a need for human expertise to establish or deepen the understanding of the dynamics of the global market.

Equally, this will successfully address the changing dynamic of the global market. In doing so, it means a nation or company needs to scan the global market environment to identify the emerging trends and issues. This implies the application of best business practice, innovation and a high skilled workforce, which will be able to interpret the data into information. [7] indicated early that by gaining insight into social-economic

behavior through the lens of global markets, a nation or company can develop and sustain competitive advantage.

V. MATERIALS AND METHODS

The theoretical and conceptual perspective of this paper derives from worldview philosophical thinking that “humans generate and construct their own knowledge and understanding from their interactions with the world around them” [6, p.2]. [10, p.4] concurs by categorizing this view as the “constructivist inquiry of social event and process”. Congruent to this notion, the authors of this paper believe that the dynamic of the global market cannot be traced through organizational behaviour, but rather through data mining. Therefore they employed a literature review as a form of constructivist inquiry to broaden their understanding of the dynamics of the global market, knowledge acquisition and application and, consequently, to address the elements that stimulate constant change within the global market.

VI. RESULTS AND DISCUSSIONS

The unpredictable global environment shall remain a challenge for both developed and developing nations and their companies. Therefore, it is of the utmost importance that serious attention is paid, and in fact, broader insights and understanding of the key elements that are influencing the global market should be established and addressed. Based on literature, the better approach is knowledge acquisition and application which requires a global strategy. [11] Put forward that there is no company that can function successfully within an environment that it does not understand. This implies that a nation or company that wants to survive within the global market should have an in-depth understanding of the dynamics of the global market. Failure to do so might be unfavorable. This study’s finding indicates that the success of knowledge acquisition and application is complementary to a higher skilled workforce and innovation. It has been highlighted that some nations (for example China), have been successful in terms of attracting foreign investors due to labor affordability. [3] suggests that knowledge acquisition incorporates sets of elements (education, technical skills and institutions). These elements will facilitate the attaining of the understanding of the dynamic of the global and quick response of customer demand and adaptation toward the changing global environment. To be exact, this study emphasizes that nations and companies need to re-focus to the dynamics of the global market to retain market. This means, moreover, to strive for continuous improvement at the national level, to consider collaboration with other nations and to maintain a global network reach for sustainable competitive advantage.

VII. CONCLUSIONS

In this paper, we provided insight into the dynamics of the global market through knowledge acquisition and application of the key elements contributing to the constant changing global environment. There is a notion that companies and nations have been investing huge amounts on some elements such as data collection, ICT infrastructure, advanced technology, to name few. They have however not paid enough serious attention to key elements that influence the global environment such as technology, higher skilled workforce and continuous innovation. Although we subscribe to the technological change element, it is not sufficient to sustain competitive edge. It has been singled out

that successful nations in the global market such as China embraced globalization a long time ago, and as a result, they lead the global market. Thus it is vital to understand the dynamics and main drivers of the global market which have resulted in its being so unpredictable.

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