

Analysis of Overseas Business Strategy Management of Construction Enterprises Based on Scenario Analysis

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Abstract: With the deepening of economic globalization, the world economic structure has undergone tremendous changes, and the competition among enterprises has become more and more fierce. More and more enterprises are beginning to realize that it is difficult to adapt to the complicated environment in market competition by their own strength. Economic globalization and China's entry into WTO have promoted the construction enterprises to enter the international market. International competition aims at the quick response ability of enterprises to complex and changeable environment, scientific management and high quality and high efficiency of project operation. Managers use information to make decisions. The amount and reliability of information affect the effect of decisions, which is an important tool for enterprises to gain competitive advantage. The research object of this paper focuses on the overseas competition strategy of Chinese construction enterprises, and discusses the competition strategy with industry competitors based on scenario analysis. Through the current situation of overseas competition of construction enterprises in the market environment, this paper discusses the importance of adopting the competition strategy. Finally, it mainly describes the implementation of the competition strategy.

1. Introduction

Construction industry is one of the pillar industries in China and plays a very important role in the whole economic structure and industrial structure [1]. With the increasing scale of overseas contracted projects of China's construction enterprises, coupled with the changeable international situation, the difficulties and challenges they are facing are also increasing. This can easily lead to potential hidden dangers and risks of overseas operation. Who can quickly find market opportunities, timely make business decisions and adjust resource allocation, who can win competitive advantage. This makes information technology play an important role in enterprise decision-making and management [2]. With the increasing scale of overseas contracted projects of China's construction enterprises, coupled with the changeable international situation, the difficulties and challenges they are facing are also increasing. This can easily lead to potential hidden dangers and risks of overseas operation [3]. Overseas business strategy is the product of competitive strategy of enterprises under the background of economic globalization. Managers use information to make decisions. The size and reliability of information affect the effect of decision-making. It is

an important tool for enterprises to obtain competitive advantage. At the same time, the use of information technology can easily realize the communication within the enterprise, supply chain members and customers, and improve the efficiency of logistics management, marketing, project operation and financial management [4]. Overseas business strategy is the product of competitive strategy of enterprises under the background of economic globalization.

At present, construction enterprises have certain advantages in cost, but there is a big gap compared with foreign construction enterprises in economic strength, scale, technical ability and management ability. With the rapid development of economic globalization and science and technology, the competition among enterprises is becoming increasingly fierce. More and more domestic construction enterprises realize that it is difficult to adapt to the complex and changeable competitive environment alone [5]. Construction enterprises should pay attention to strategic management in overseas operation. Facing many competitions, they must adopt appropriate competitive strategies to maintain and ensure their market leading position. There is no unified standard for the number of countries in which multinational corporations invest overseas. Generally speaking, multinational corporations can be regarded as multinational corporations across two independent tariff areas [6]. There is no unified standard for the number of shares of foreign subsidiaries and branches owned by the parent company, but even if the multinational company owns only a small amount of shares, it does not mean that the multinational company will lose control [7]. In the new economic era, the implementation of the “going global” strategy is not only conducive for Chinese construction enterprises to absorb foreign advanced project management experience and technical achievements, but also an inevitable choice to deal with the global competition in the project contracting market. Enterprises can strengthen their competitiveness by forming their own alliances, so as to adapt to the development of economic globalization.

2. Characteristics of Overseas Operation Cost Management of Construction Enterprises

Strategy exists in the competitive environment. To compete, we must have advantages. Advantages come from long-term efforts and accumulation. Long-term efforts depend on advanced thinking and arrangement, which requires strategic management. Enterprises should adopt the cost leadership strategy to compete in overseas operating cost management. The focus of cost control should be on the cost items that account for a large proportion of the whole product cost, or the cost items that deviate greatly from the standard cost. In the planned economy era, everything is arranged by the superior, and there is no competition among enterprises, so there is no strategy at all. Now is the socialist market economy, the competition mechanism has been established, and the strategy is very important for enterprises [8]. Enterprises adopting advanced special equipment can greatly improve labor productivity, but it requires enterprises to have sufficient funds and support from overseas markets. Only when the overseas market share is large enough to form economies of scale can the unit cost of enterprises be finally reduced. Market share is of great significance to every enterprise. Market leaders can consolidate their dominant position by further increasing the market share. Increasing the market share can not only greatly increase product sales, but also have a higher return on investment.

3. Difficulties in Operating Overseas Construction Companies

Competition is a kind of competition between two or more different subjects. For a certain purpose, they consciously compete and compete for resorts. In essence, competition is only a means and method to help the competing subjects achieve the ultimate goal of survival and development. Any competition is always subject to a certain purpose. In practice, specific construction business activities are effectively controlled by overseas construction companies themselves. No matter what

kind of equity ratio and long-term strategy the enterprises are in, as long as overseas construction enterprises are in a competitive environment, they must face competition and have advantages [9]. Usually, the construction enterprises that will span two independent customs zones can be called overseas construction enterprises. Overseas construction enterprises have a special position, which can organize and coordinate the construction business activities of individual resources from different countries and regions during the actual operation of construction enterprises.

In the development process of overseas construction enterprises, the first prerequisite for overseas operation and management is that enterprises must know in time and take measures to solve the difficulties that they may encounter in all aspects, prevent or avoid the risks existing in business activities, improve the various operations and management of enterprises, and enhance the core competitiveness in the fiercely competitive overseas market. The initial form of competition is product competition. With the development of market economy, the market demand tends to be diversified, and the competition in the market no longer focuses on the product itself, but raises the form of competition to the strategic level. Overseas construction enterprises also need to improve the technological content and management level of enterprises as effectively as possible in the actual operation process, to ensure that they can have stronger competitiveness, to occupy a larger market by strengthening themselves, and to improve the market position of enterprises.

4. Overseas Business Strategy of Construction Enterprises

4.1 Focus on Cultivating the Core Competitiveness of Enterprises

Overseas construction enterprises generally have considerable strength and experience in China. They have been in the domestic market for many years and have their own successful business management experience. Before and after going out, domestic construction enterprises must keep up with the national strategy, conduct in-depth and full research on the market of the host country, make good use of strengths and avoid weaknesses, and formulate development strategies that are in line with the national market and the characteristics of the enterprises themselves. In the current operation of overseas construction enterprises, overseas construction-related projects have gradually become one of the important contents of enterprise development. In the development of overseas construction projects, a slight carelessness will cause great financial risks. Enterprises should set up corresponding departments of public relations and legal affairs, or hire professional agencies and corporate legal advisers to shoulder the responsibility of preventing political and legal risks. For the financial risk analysis of overseas operation of construction enterprises, the design idea is shown in Figure 1.

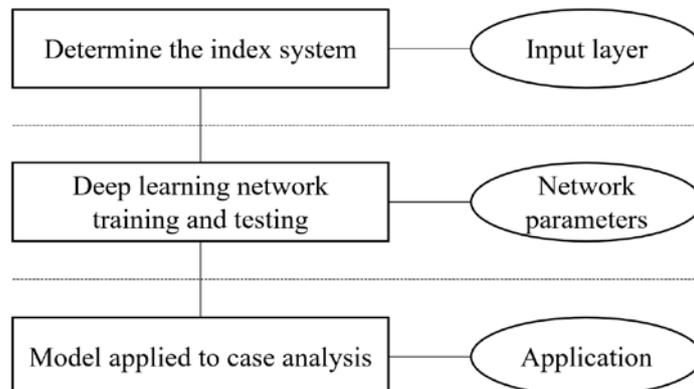


Fig.1 Model Design Ideas

In the project development of overseas construction enterprises, the most common financial risks mainly include foreign exchange control and capital flow restrictions. Foreign exchange control refers to the restrictive measures imposed by a certain government on foreign exchange entry and exit in order to balance international payments and maintain the exchange rate of its own currency. In order to effectively deal with the financial risks of overseas construction enterprises, relevant staff should first improve the internal control system of enterprises as much as possible, ensure the sound financial system implemented by enterprises themselves as much as possible, and actively identify and evaluate the future financial risks of overseas construction enterprises.

4.2 Clarify the Competitive Strategy of the Enterprise

Overseas construction enterprises often fail to give full play to the role of market mechanism due to foreign exchange control, which further leads to the phenomenon of price distortion and low resource allocation efficiency in their own development process. For construction enterprises, the overseas market demand potential is often not fully explored due to various reasons. Finding and tapping new users is an important way to expand market demand. The richer the entrepreneurs' practical experience, the better informed the market information, the more likely they are to make a correct judgment on investment opportunities, thus making greater decisions. The purpose of centralization strategy is to meet the needs of a specific industry market segment or serve a specific target well by using its core competitiveness, and to achieve low cost or differentiation within a narrow market target range. At the beginning of overseas construction projects, it is necessary to properly communicate with local governments and avoid uncontrollable risks through cooperation [10]. In actual business operation, friendly cooperation with local government and related institutions is an effective way to avoid uncontrollable risks. At the beginning of overseas construction projects, it is necessary to properly communicate with local governments and avoid uncontrollable risks through cooperation. In the process of overseas cooperation, relevant staff should strengthen management, implement localization of employees and other methods to prevent risks, and effectively coordinate a series of problems that enterprises may encounter during operation.

5. Conclusions

Under the background of economic globalization, the competition strategy has certain advantages, which can bring more economic benefits and gain more benefits in the market competition. In actual business operation, friendly cooperation with local government and related institutions is an effective way to avoid uncontrollable risks. The construction enterprises go overseas later than other industries, so they must constantly explore the appropriate cross-cultural management path according to their own industry characteristics through modest learning. In many cases, enterprises are unwilling to choose a cooperative attitude, so it is necessary to pass certain cooperation agreements and how to distribute benefits. Through communication and coordination, cooperation conflicts can be solved, so as to create longer-term benefits for enterprises and achieve sustainable development of enterprises. We should implement strategic information management strategy, use information technology to create enterprise knowledge base and organizational self-learning ability, better tap the competitive advantage and business strategy of enterprises, and promote the innovation of organizational management mode, which can effectively improve the efficiency of resource allocation and the overall economic benefits of enterprises.

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