

Global financial management

Business



Global Financial Management A Gaijin is a referring to a foreigner. In this context, the Gaijin is Carlos Ghosn who revived Nissan Company at a time when it was crumbling. The costs of production had relatively grown and Nissan's foreign market was lagging behind them. Carlos Ghosn managed to save Nissan since he had experienced the same issues with former companies of Michelin and Renault respectively. He merged Nissan's foreign production with other foreign firms. This helped to reduce the risks associated with the fluctuations of currencies. Understanding that different nations have different practices and foreign policies, Ghosn encouraged the building of new production plants across different countries to cut on the costs.

Foreign currencies often caused price fluctuations for Nissan Company; production of its equipment and motor vehicles in yen made it vulnerable to fluctuation problem. This is because not all of its foreign customers made their purchases at the same exchange value. Carlos studied the problem and established that the starting of new assembling plants in the foreign countries would save the company from unnecessary costs (Heidrich, 2007). Further, he set a program that would weigh the commodity costs over to the foreign currencies such that Nissan would not entirely bid. It defined its investment into short-term and long-term ones, thus, coming up with definite objectives activities of core interest.

To reduce the entire production cost of its vehicles, CEO encouraged to source spares from suppliers; this reduced the costs of employees and further shifted the risks to the suppliers accordingly. However, the practice did not affect much on the commodity cost reduction. Therefore, Nissan set an approach to technological advancements; eventually, this would help to <https://assignbuster.com/global-financial-management-essay-samples/>

minimize usage of expensive raw materials. The exercise has proved to bring useful increment in profits over the past financial periods. Nissan directly employs a cost shifting policy whereby all costs are periodically set such that whenever there are no changes in the selling price, there are no changes in the purchasing price. The concept that risks exposed Nissan to conflicts of exchange elevates the meaning that it employs measures to maintain interests and put lesser concerns on profitability.

Nissan Company merges relatively comfortably with the entire business community. The effective, harmonious environment it poses to its employees facilitates it; company affiliates, for example, Mercedes Benz and Renault, set it above par (Heidrich, 2007). Its liaisons with various credit facilities have enabled market growth, as the customers are able to buy what they could not directly acquire. The creditors have further enabled Nissan to acquire new markets and assembling plants leading to increased profits.

Nissan is advancing to levels that will enable the production of environmentally friendly vehicles, free of pollution. This will steer the growth of bigger market shares through positive customer acceptance.

By maintaining the above approaches, Nissan employs Napolo's criterion to build its corporate image as revealed in its company-employee relations that create a contusive environment for a harmonious co-existence (<http://www.nissanusa.com/about/>). Carlos Ghosn ensures that all employees understand the long-term objectives and employ practices to achieve them. The company studies all risks carefully and objectively strategizes on the execution process that will result in the desired changes. The automobile industry is changing due to the innovations made by other key market players, for example, Toyota and Mitsubishi, which have produced low priced <https://assignbuster.com/global-financial-management-essay-samples/>

sporty cars; thus, Nissan must study all dynamics in the environment in order to succeed. Nissan closely reviews its strategies to ensure that all its business runs smoothly and ranks it ahead in the competitive market. From a certain point of view, the note is that Nissan employs seven instruments to measure and counter risks. Since Nissan offers premiums to draw capital from interested parties, it is an underestimation to say that Nissan practices zero-cost strategies.

The proper strategic approach to foreign currency has seen Nissan through with the help of Carlos Ghosn. Bearing that the industry comprises of giant companies, the approach has enabled the company to survive. The initiatives from Carlos Ghosn have enhanced and steered success up to the current state of the company.

References

Heidrich, C. S. (2007). Foreign Currency Translation according to IAS 21 and IAS 39 in Consolidated Financial Statements considering intragroup Foreign Currency Hedging Strategies. München: GRIN Verlag GmbH.

<http://www.nissanusa.com/about/>