

Example of case study on midterm exam

[Business, Company](#)



\n[[toc title="Table of Contents"](#)]\n

\n \t

1. [Question 3](#) \n \t

2. [Question 4](#) \n \t

3. [References](#) \n

\n[/toc]\n \n

Question 3

Instead of selecting country-markets on the basis of stand-alone attractiveness, managers need to consider how participation in a particular country will contribute to globalization benefits and the global competitive position of the business. Being a serious global player means much more than simply having a certain percent of your revenues from outside the USA and being involved in a certain number of countries. Being present in ten countries that include the United States, Japan, and Germany is far more important, in most industries, than is being present in thirty countries that exclude these three but include many small, less advanced countries. To have a global level of market participation requires significant global market share, a reasonable balance between the business's geographic spread and the market's spread, and presence in globally strategic country-markets. The first step towards determining global strategic markets is creation of a core strategy. This step involves several other elements. The firms has to select the type of product and (or) service that it intends to offer in the foreign market. The company will be required to select the type of customers that will be served by the selected products. Market segmentation is also

important as it helps the company establish different consumer purchase trends and develop approaches to satisfying their needs. Moreover, a firm has to consider the functional strategy for all of its value adding activities. Secondly global strategic markets are actually located in gateway countries and regional hubs. This basically means the countries that are strategically positioned and serves as entry points to a regional market. For instance, a firm can decide to venture into an African market. One of the gateway countries to look out for is Kenya. After establishing its presence within the country, the firm might begin taking charge of the East African market. Another example in Asia is Singapore. It serves as a gateway country to the South East Asian countries. If a firm bases its operations in one of the gateway countries, then it can expand and take control of a larger regional market adjacent to the gateway country.

International joint ventures are considered a special case because they help companies to form alliances. A foreign company can gain access to the resources of its partners and thus increase its competitive advantage. The foreign company does not only have access to its partner's resources, but also access to a new market, capital, and technologies. The ventures are regarded as the feasible vehicle for technological and knowledge transfer from the foreign company to the local company. Therefore, local companies may take advantage of international joint ventures to improve on their operations, activities, and resources.

The major benefits and advantages of international joint venture concern improvement of capacity for both the local and the foreign company. The biggest challenge is management of the joint venture. Most of the failures of

international joint venture come about as a result of the partners not being able to manage the initiative together. Other challenges include poor financial management, and cultural issues. The management of companies has to consider the issue of culture when setting up international joint venture.

When one company decides to partner with another in an IJV, two different cultures are generally trying to mix up. If the two cultures integrate well, then the joint venture will proceed without much of a problem. However, if there is lack of understanding between the two cultures, the individual parties in the partnership may not hold. Compromises have to be reached. This means that the management of each company has to agree to discard specific culture that would harm the partnership, modify others culture, and adopt other organizational culture.

Part-time employees encounter varying level of work commitment and job satisfaction in relation to their perception of work context aspects, for instance, training, promotion, scheduling of work, organizational practices and interpersonal relationships. They asserted that satisfaction with employment security have less effect on work commitment than satisfaction with quality of life. In the perspective of nurturing commitment and innovation among hotel workers, the most significant thing is the clarity of employment contract, rather than whether or not the contract offers a level of permanency or job security to the workers. He also found out that, in a number of situations, where the job contract is as specific as possible regarding job requirements, part-timers performed better than full-timers whose psychological contract entailed disseminate expectation, for instance,

corporate citizenship.

Organizational commitment is both beneficial to employers and employees. For individual employees, work commitment signifies a positive relationship with the organization and attaches more meaning to life; whereas, for employers, committed workers have the likelihood of enhancing organizational performance; reduce turnover and cases of absenteeism. Organizational commitment has also been associated with efficiency, productivity, creativity and innovativeness among employees. Allen and Meyer are among the authors who linked work commitment and staff turnover. According to the two authors, workers who are highly committed are less likely to quit the organization. They relate turnover intention to effective commitment and to a slighter degree, normative commitment.

Question 4

Global market opportunity refers to circumstances that offer prospects for collaborating, sourcing, investing, and exporting in foreign markets. The opportunities for business in a foreign market will therefore include: making joint ventures with foreign partners, procurement of raw materials at a lower cost, establishment of facilities such as factories for the sake of production, and marketing of goods and services.

In this question, Levi Strauss, the largest manufacturer of trousers, seeks to assess the global markets for opportunities and challenges as an ongoing process. Being a sophisticated international firm, Levi Strauss needs to identify and exploit the global opportunities available within the global market. Different countries and regions in the world have different taste of fashion and cloths. As a result, the company needs to develop products that

are adapting to the taste within a specific country or region.

In order to conduct the global market opportunity assessment, the company needs to take into consideration certain important steps. The assessment is a process, which begins with conducting an internal assessment of the company. This means that Levi Strauss will have to assess its readiness to initiate international activities. Strategic tools of business analysis can be used to assess the company's preparedness for international operation.

However, they need to be done in the context of international business.

Therefore, the firm will consider its internal strengths and weaknesses. Some of the issues that will have to be considered in the assessment include the finances and any other tangible resources required for the venture, manpower in terms of competencies and skills needed for international business activities, and the motivation and commitment of the company's senior management.

When assessing organizational readiness, the company will have to establish the goals and objective behind the move to venture into the global market.

In this regard, the company might look at things such as increasing profits or sales and following a target customer group that locate to different countries. The goals of the company will be reviewed to establish whether they are consistent with the international activities of the company.

The second step for the company is to analyze the suitability of the jeans and every other service of the company within the foreign market. The reason behind this is that it provides an assessment for the suitability of the jeans in foreign markets. For instance, in Islamic countries, women are generally forbidden from wearing tight jeans. The company there has to

analyze the suitability of its products in Islamic nations specifically targeting women. It has to adapt to this case by making women jeans that are not very tight. At the same time, the market in Japan requires that the company adapt to a situation relating to their body size. The locals have a smaller body size necessitating the company to make small and tight fitting jean trousers.

Therefore, the company has to determine the factors that may hinder the jean trousers from being sold in the potential target market. The criteria that company may be required to follow involves assessing the foreign market characteristics with regards to consumption of jean trousers or any other product that company intends to sell in the foreign market. The next concern will be assessing the mandated regulations of the government concerning the product or service. Lastly, the company will have to assess its products about the characteristics of products of its local competitors within the foreign market.

The third important step is to screen countries to establish a target market. This step seeks to have a manageable number of countries that warrant investigation for their potential target market. The firm has to establish a suitable and manageable number of countries that look promising to venture into. Some of the issues of concern in this step include the size of the market and its growth rate. It is recommended that the company venture into a foreign market that shows potentials of growth. Prahalad (2010) argues that the markets in developing countries show a lot of potential for growth. The book further goes ahead to encourage private companies to eradicate poverty through profits. The potentials that exist in such markets are

numerous. The cost of labor in developing countries is very cheap. Levi Strauss, can not only venture into the foreign markets of developing countries but also establish its production in these markets. In doing so, the company would be doing what Prahalad (2010) refers to eradicating poverty through profits.

The next issue to consider when screening for countries is the market intensity. This involves the growth rate and size of the middle class society within the country. The middle class generally have a culture of being the biggest consumer of products. Companies would target middle class for consumption of products especially in the fashion and apparel industry. Next, the company will also have to consider the country's appropriate infrastructure for doing business. Lastly, the company will have to consider the political risks and the degree of economic freedom within the selected countries. Political and economic stability is an important consideration because companies can find themselves incurring losses because of political tension in a country. The tension has potential to affect the economy of country by shooting inflation index to extremely high levels and scaring away both foreign and local investors.

The entry strategy of the company will determine the focus of the screening process. For instance, if the Levi Strauss seeks to source from foreign suppliers, it will have to identify the location of the suppliers. Conditions for importation have to be favorable for the company if it chooses a specific country. If the company intends to make foreign direct investment within a particular country, then the most important considerations include the long-term growth of the particular foreign market, low political risks, and the

substantial returns.

Sometimes cultural similarities do matter when it comes to screening for potential foreign market. Cultural similarities favor the management because they would remain in their comfort zones. Being based in the US, the company may have to look for markets in countries with cultural similarities as the US. Such countries may include Canada, UK, Australia, and New Zealand. This however, can be the first target foreign market. Depending on demand, the company may be forced to venture into other countries with cultural differences with the US.

There are major trends in consumption of Jean trousers and Denim products that can affect Levi Strauss' international business activities. The firm can take advantage of any positive trends to maximize on its profits. For instance, skinny and tight jeans have become a common trend with young fashionable people. This trend is global and especially in culture defining cities of the world. The company may also want to take advantage of opportunities such as using celebrities to promote their products. Celebrities have a markedly influence over their fans.

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