

# Example of hyundai - response case study

[Business](#), [Company](#)



One can consider the theory of comparative advantage. In accordance with this theory, Hyundai is justified in its decision to spread its production facilities across multiple countries. In each the country that the company operates, it has a comparative advantage in terms of both price and quality. This is the reason that Hyundai cars become top selling cars not only in the US, but also in India, Europe and other countries.

The concept of mutual benefit and reduction in unemployment also comes into the picture in case of international trade. For instance, when Hyundai entered India it stood to benefit from the enormous market potential of that country. In turn, India benefited due to the inflow of investment from the auto major as well as reduction in unemployment due to the increase in manufacturing jobs. In addition, due to the location of the country, Hyundai could also export cars manufactured in India to other countries; so basically they could assemble cars at lower prices and sell them at higher prices to countries in Africa and the Middle East.

Lastly, due to this strategy, Hyundai enjoys a distinct competitive advantage globally. In the case of Hyundai, the company gained its competitive advantage by identifying its natural advantages as well as by carrying out investments that developed these advantages at a global level. At a national and local level, it enjoyed a competitive advantage by localizing production, increased product differentiation and identifying customer preferences at a local level.

In this manner, the company was benefited by the theories of international trade since the company correctly utilized these theories in a practical way.