Free challenges in global expansion: ppq parts essay sample

This report highlights some important concerns that may arise out of the company's global expansion. The study is with respect to PPQ Part's expansion spree in Germany and Japan.

Issues Faced by Host Foreign Nation as a Result of Expansion

Though global expansion may be lucrative for any business in terms of brand recognition and profitability, it may bring a lot of challenges for the host country including :

•Environmental impact affecting local wildlife

•Economic instability i. e. changes in demand, supply patterns, trade barriers, limitations to exports and imports etc.

•Setback to local business and changes in business contour

•Stress on Economic resources because of the addition of new people

•Impact on local culture and social settings

Clearly, the abovementioned list only highlights some of the major challenges; there can be much more issues for the host country. As PPQ parts has decided to expand in Germany and Japan; these countries need to make adjustments accordingly. However, the level of impact on host country depends on the operations of the organizations that it undertakes in the host country. For example, if it opts to provide employment to only nationals from the home country, it may cause severe dissatisfaction among the local populace. Likewise, issues may also crop up on land acquisition, resource utilization, and the 'value' it creates for that country.

Some major factors of opposing foreign investments are that they make

money by using the resources from the home country, affects the employment and local business negatively and finally go back draining out the money from the local economy. Host countries need to consider all these factors before opening up their markets and adjust accordingly.

Cultural Barriers and Diversity Issues

An organization growing in new markets may face lots of cultural issues; diversity concern being the major one. The firm needs to market its products to a group of more diverse customers that may lead to cost constraints, at times. Understanding their interests, tastes and preferences may be the other disturbing aspect for the company. Also, there is always the risk of producing products that may go against cultural sentiments of a particular segment.

Language may be the another major barrier, and if the organization houses employees from both nations, home as well as host country, it may face grave challenges in effective communication and liaison. Research has also said that MNCs and global organization must resort to cultural-specific trainings so as to understand the cultural sensitivities pertaining to new and diverse countries. As the culture of Japan is inward-looking, it may pose a significant barrier for PPQ Parts.

Given the multiple cultural aspects and viewpoints, it becomes difficult for companies to make company-wide policy decisions thereby slowing down the decision making. At the same time, issues get cropped up with respect to the work-place culture. The over abundance of diversity makes it difficult for

the company to have a unified workplace standards that the whole workforce is ready to adhere.

Importance of Diversity in International Arena

Diversity has become a central point of discussion for Global organizations because there lies strategic advantages behind the veil of some obvious problems. Also, it is the natural consequence of expansion and globalization that is quite challenging to be ignored. The organizations need to be a 'part' of a new location, and for that, it is important to embrace and respect the cultural differences.

Developing and applying diversity principles effectively can give a significant boost to organization's reputation, market position, revenue and of course, the reliability. As a result of different viewpoints and diverse thoughts, novel and constructive ideas are more likely to emerge giving the organization an opportunity to exploit the best ones.

Researchers have even said that diversity or 'inclusion' are not only moral imperatives, they can bring out the competitive advantage for the business. As the world is talking about 'inclusion' and inclusive growth, businesses can not afford to ignore diversity and multiculturalism if they want to stand out tall in the industry. If companies are not able to respect cultural differences and diversity, they are likely to:

•Lose the confidence of stakeholders
•Lose the credibility

•Lose market shares

•Lose the potential market

Political and Economic Issues that may occur during Global Expansion

When a company plans to develop, it is always at the risk of uncertain Political and Economic regulations. The Political laws of the host country may go contrary to the policies charted out by the management. For example, a company planning to expand in a new nation may have decided to retain the management from the home country. However, the political law of the host nation may dictate to include people from the local population also in the management. This may cause stress for managers and disturbance in operations.

Apart from the regulatory aspect, the political condition of the host country as a whole affects the business. The nature of the Government, level of corruption prevailing in the country, red-tapism, level of transparency and political instability may pose grave challenges for the expanding organization. The best way to deal with political pressures is keeping a constant watch and adhere to all regulatory framework. Managers need to research on political situations beforehand to avoid future embarrassment.

In addition to Political risks, Economic pressures may also plague the organization. Changing exchange rates, trade barriers, restrictions to exports and exports, demand-supply equations are some of the major economic factors that may severely affect the performance of the organization.

Salary conversions and cost conversions may be main barriers, for that, managers need to carve out appropriate conversions to ensure suppliers and employees get paid efficiently. Another major barrier may be the pricing of the products. At times, the organizations may incur more costs but may not increase the prices considering the income level of local people. The solution

is to look for cost-effective ways rather than increasing the price, which may lead to demand cuts and losses for the organization.

Implications of each of these items for PPQ Parts expansion plan to Germany and Japan

PPQ Parts should carry out extensive research to have a detailed idea of market conditions of these two nations. SWOT analysis and PESTEL framework, honestly carried out, may prove effective in indicating the challenges and opportunities of the expansion plan.

At the same time, the company needs to consider social, cultural and environmental standards of host countries while carrying out its operations. For smooth operations, it needs to contribute positively to the local environment. For that, managers need to devise effective expansion strategies consider all political, social, economic and other factors.

Last but, not the least, managers need extensive research on making the organization as diverse and inclusive as possible. It cannot afford to differentiate on narrow lines of nation, class, ethnicity and race. However, managers need to design the organization structure of such a level that imparts a unified working environment despite accommodating diverse mindsets and viewpoints.

Conclusion

The report has highlighted the challenges that a host nation and organization may face because of expansion plans. PPQ parts, taking a cue from these points, can effectively chart out ways to make the expansion successful and bring out the long term growth and development for the business.

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