

Open manufacturing plant in mexico

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Open Manufacturing Plant in Mexico Open manufacturing plant in Mexico An Economic and Political Assessment of Mexico Mexico is a Latin American country. The Economic environment entails various updates. Enforcement of competition policy face challenges in spite of new legislation. The oil sector faces increase trade deficit in the first quarter due to lower oil prices and production. There is weak approval of government by businesses due to corruption and crime. However, in the political environment, the senate approves the political anti-corruption system, the president approves ratings at record lows, and the chamber of Deputies approves the anti-corruption system. Therefore, the Packenham Model enhances the efficient and effective evaluation of the economic and political environment of Mexico for utmost economic reform.

The Packenham Model explains four hypotheses that enable Mexico to make successful economic reforms. The first hypothesis is the Structure of Situation for the Elected President (Political Credentials of President). A President having negative credentials or bad motives will hinder implementation of successful economic reforms. The Mexican president, Enrique Pena Nieto of the Partido Revolucionario Institucional is a legitimate president with positive credentials. He focuses on the implementation of the ambitious structural reforms and reactivating economic growth after poor start thus enhancing initiation of a successful economic reform. The second hypothesis is the Political Party System (Fragmented vs. Consolidated). The political party system of Mexico is fragmented since it has more than one party. The ruling party faces high resistance from the opposition during implementation of reforms especially in the energy sector. The third hypothesis is the Presidential Leadership (Leadership Skill). President Pena <https://assignbuster.com/open-manufacturing-plant-in-mexico/>

Nieto is politically skillful hence; he is able to convince the congress into making useful reforms. Finally, Consensus in Civil Society- the Mexicans are often in favor of market reforms and there is low resistance. Therefore, there is utmost implementation of market reforms with ease. It is evident that the economic and political environment of Mexico is conducive for utmost implementation of market reforms as justified by the Packenham Model above.

The relevance of bargaining to K-FIT Company

Bargaining power refers market forces that determine the prices of the commodities. Bargaining involves negotiation of prices between the buyers and the sellers of goods and services. The firm should set the prices that are suitable for the consumer and is friendly to the producer through the bargaining power. If the company imposes the charge to the buyers, that is the company plays a role of price giver, and the customer resumes the position of price taker, the sales volume may be disproportionate. Justified that bargaining is a critical factor in market penetration and, therefore, relevant to every company. K-FIT should take the direction of negotiating to the market.

The bargaining power is a strategy in which the company would get the opportunity to access the potential purchasers and suppliers. The interaction would enable the company to improve the quality of the product thus catalyzes the sales volume thereby increases firm revenue. The bargaining is a tool of dealing with competition in the market. The company must study the competitors' price levels and engage the buyers to set the favorable price level for both the customers and the company (Porters, 2008).

The company should use the marketing intelligence while bargaining to <https://assignbuster.com/open-manufacturing-plant-in-mexico/>

penetrate the market. The information would enable the parties to negotiation to set terms that are critical to the introduction of new commodities in the market. However, the bargaining is not the only determinant of prices; K-FIT should consider other pricing factors like demand and supply forces in the market. The company should be vigilant to avoid manipulation by the influential buyer and suppliers in negotiating the prices.

References

Porter, M. E. (2008). The five competitive forces that shape strategy. *Harvard Business Review*, 86(1), 25-40.