

# Apple inc markets in north korea marketing entry



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## **Introduction**

Apple Inc. is one of the biggest American multinational company dealing in consumer electronic devices such as iPhone and iPod, computer software as well as commercial computer servers the best known being Macintosh computers. The company has created a very exceptional reputation about its consumer electronic market, more specifically in America. If the company wants to enter North Korea, it will have to use one of the many entry methods available. The paper discusses three of these market entry strategies (direct exporting, foreign manufacturing and licensing) are what this paper aims to discuss.

## **Country overview**

North Korea as a country provides an attractive business opportunities for companies dealing in computer software, computer games, and digital electronic devices (Numakura, 2010, par, 1). The country is going through information technology advancement, because of past isolation and political environment the country still lacks behind when it comes to information technology. However, the country has been opening up its market slowly and has selecting particular areas for private investors. Indeed, Apple Inc. will have an advantage, since the competition, within the industry is not tough as in other markets like America.

## **Direct exporting**

### **Macro environment to consider**

Before entering Korea Apple Inc must first examine the macroeconomic forces of that country, and find out how these forces affect the performance

of organizations. The most critical macroeconomic aspects include, the performance of economy, exchange rates, interest rate paid and more important the inflation rate. For instance if the economy is performing poorly, then products from the organization may end up not meeting their sales targets as consumers will not be in a position to spend (Hill and Gareth, 2009, p. 64).

When Apple Inc decides to use direct export entry strategy, it has to directly participate in marketing and selling of its products in North Korea, this is because the company will be involved in the export work. This will therefore call for formation of an export department within the company that will have to carryout duties like: market contract, market research, export documentations, distribution and pricing of the products.

To carry out a direct exporting approach, the company will as well be required to have its representatives in North Korea. The company can achieve this through several ways, as listed below:

International sales representatives: Apple Inc can send these representatives to North Korea so as create business contacts as well as to directly negotiate business deals for the company.

Local representatives: The Company as well can select local representatives also known as agents. These representatives will promote the company's products as well as look for potential clients and carry out negotiations on behalf of the company.

Independent local distributors: The Company can also use these distributors when directly exporting its products to North Korea market. In this case, the independent distributors will purchase products from the company and resale them on their domestic market, this can be exclusively or non-exclusively. Having creating an alliance with a foreign partner could be hindered by cultural differences among two companies (Child, and Faulkner, 2001, p. 54)

This method of market entry carries the following disadvantages to the company, it will have to use more resources in terms of human resources and capital and at the same time it has higher risks. However, it has a number of advantages, these are: Increased volume of sales; better marketing information; better control of its operations in the foreign market; increased understanding and expertise in international business.

## **Foreign manufacturing**

The direct exporting strategy is only used when the company is producing its products from its domestic location and exporting the products to the foreign markets. However, under some situations the company may realize that it is difficult or unprofitable to supply its products to the foreign markets through domestic production; this could arise for instance when:

Transportation expenses involved are very costly for bulky products.

Governments of the foreign market prefer local products and may restrict the entry of the company's products.

Custom levies or quotas on the products are higher and makes the products not to compete well with others (particularly produced locally).

Any of the above factors could force Apple Inc to build a manufacturing plant in North Korea so as to produce and sell its products there. However, as noted by Michael Porter, the competitiveness of a country heavily relies on innovative capabilities of its industries. Industries get competitive advantage through pressure and competition they face from the leading companies in the world. The cultural aspect of a country its guiding values and the economic systems also offer competitive advantage, thus Apple will only gain competitive advantage in North Korea, if it can master the above aspects and exploit them for its competitiveness (Porter, 1988, p. 155).

The benefits that come with foreign manufacturing is that, it can be cheaper to produce products from the local market, the company can enjoy government subsidies, the company can also develop strong relations with local companies and distributors. However, the negative aspects are: the company may use a lot of resources to settle, the cultural aspect of the local people may hinder the company's operation, in case the company wants to exit from the market, it is very costly. As noted by Rugman (2005, p. 80) companies should have a global presence instead of a global strategy. Global presence helps companies increase their sales.

## **Licensing**

Licensing can be defined as a strategy of foreign marketing whereby a company operating in a certain country agrees to allow a company in a different country to apply its manufacturing methods, processes, brand

name, copy rights, technology and any other know-how offered by the company (licensor). This kind of arrangement is increasingly being used by many smaller companies (Hitt, Ireland & Hoskisson, 2009, p. 225). Licensing involves minimal risks since the parent company does not invest a lot in the business. It is difference with contract manufacturing is that it's normally lasts longer periods and gives the local partner greater duties. Licensing has great similarities with franchising; only that in franchising, the parent company seems to directly participate in the formulation and control of the business.

## **Conclusion**

As it has been discussed, there are various foreign market entry approaches that Apple Inc can use when entering North Korea. Each approach carries a certain level of risks as well as obligation from Apple Inc. Generally, entering a foreign market is a process that can only be achieved through various stages. Normally a company starts with indirect exporting to assess its product's performance on the foreign market, if the performance is good, the company then gets into more commitment which can be through foreign manufacturing of its products. Assembling and licensing are among other methods Apple Inc can utilize as ways of foreign manufacturing. The best method will be based on the benefits the entry method offers, and the extent at which Apple Inc wants to have its presence in North Korea.

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## **Introduction**

Human resource development as explained by Kotler (1996) entails a structure for assisting workers develop their individual skills as well as organizational competencies and knowledge. Human resource development comprises such aspects as training, retention, career development, coaching, planning, performance management, among other aspects. The main focus of these aspects is creating an excellent workforce, which can drive the organization to attain its goals and objectives. This short paper examines some aspects of human resource development.

## **The role of human resource development**

Generally, the objective of human resource management ought to be maximizing the organization's investment in terms of human capital, while reducing the financial risk. This can be achieved through aligning human resource to the needs of the organization. This alignment should also consider the current and future business goals and requirements of the organization, so that the survival as well as success of the organization is assured. To ensure that these objectives are attained, the role of human resource development is implementing its human capital effectively and pragmatically, putting in mind legal and ethical aspects.

Different strategies and policies may be formulated by human resource managers, below are some of the aspects that human resource deals with.

### **Recruitment and staffing**

As explained by Kotler (1996) recruitment of employees is a very critical process in any organization. This involves administration, employee performance as well as staffing. Recruitment and staffing assist the organization in ensuring that it gets the right employees with desired qualification. Recruitment as well ensures that the organization has the right number of workers, and at the correct places. The human resource managers in this regard are as well involved in making sure that those recruited into their organizations are performing to the stipulated standards. When recruitment is carried out correctly, it brings in best employees who can add more value to the organization. However, the human resource managers, have to offer good employment terms so that they can retain



these good employees and continue using their skills and knowledge to gain competitive advantage.

## **Training and development**

In spite of high qualification and experience of employees, they all require extra training to improve their skills. As observed by Nadler (1984) no employee can be 100% competent. Therefore, there is need for human resource managers to develop a training program. The training should be seen as a systematic way of improving the knowledge and attitude that are required by the employees in order to effectively perform their duties.

On the other hand, development as pointed out by Nadler (1984) is the growth of employees in regard to their capabilities, awareness and understanding. Training and development are used in an organization to, create a workforce that can undertake highly demanding tasks, improve effectiveness of the employees, inform employees on new products or information and as normal training to newly recruited employees.

## **Compensation and motivation**

Employees should be compensated well for their work for them to be encouraged to improve on their performance. After establishing the performance of an employee, it is important the manager reward the employee according to his/her performance. This results in high production and efficiency. The compensation system needs to include basic pay, bonuses and equities.

Motivation is another important aspect; each worker needs to be motivated in order to give his/her best. Those workers who are highly motivated will be <https://assignbuster.com/apple-inc-markets-in-north-korea-marketing-entry/>

ready to stay and continue working for the organization in a more productive way. However as noted by Nadler (1984), to achieve this, the human resource manager needs to satisfy the employees both financially and psychologically. Nadler (1984) further explains that while other employees are motivated by high pays, some are not and the manager should balance these aspects. At the same time, the organization should have good employment terms that are seen as fair and just by the employees so that they remain motivated.

## **Conclusion**

From the above discussion, we conclude that human resource development is a framework for assisting employees develop their individual skills as well organizational competencies and knowledge. Human resource development is vital in creating human resource that is competent and with capabilities to drive the organization to required level. There are a number of aspects involved in human resource development; this includes recruitment, training and compensation. Issues that affect employees have a direct effect on the performance of the organization. Thus as Kotler (1996) observes, effective human resource development strategies are important in ensuring the general success of the organization.

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## **Introduction**

Change in a work place is normally initiated by an organization in order to improve its service delivery. Change in management requires a thorough planning and responsive implementation. Most of all, as noted by Palmer and Akin (2006) consultation needs to be done involving the people who are going to be affected by the planned changes. If change is forced to the people usually it brings problems. Change has to be realistic, attainable and measurable, these factors are important especially when considering personal change in management. It has been observed that people change their ways because of being given facts that change their way of thinking rather than the truth in the content. This short paper therefore examines how to manage change in an organization.

Human being are habitual creatures who will resist change even if it is good, a person do not like changing the way he has been operating, this resistance is shown both in personal life and at place of work. Thus, a person will require to view and review facts about an issue to make him change (Timothy, 1996). For example if a company needs to shift to E-commerce from traditional ways of trading, a few questions will need to be asked. The analysis will include, how successful is the change compared to the current ways of doing the activity, and what are the trend taking place. Also comparison has to be made in relation to other plays. If the analysis shows that the project if implemented will be successful then it is bound to get acknowledgement from the workers than if when the analysis shows that it may fail. Despite the fact that the, truth of the matter may be different.

For the work force to embrace change, they will be more comfortable with figure showing how work will be made easier and the reduction in efforts that will occur. The change that will have to occur in improving customer service and quality has to be analyzed and compared. It is also important to show, the impact it will have on the work force pertaining their status, job description and employment duties. The barriers of success also have to be examined, even if the proposed change is good technical and financial to the top management, yet, it brings complication to the people at work it will be rejected.

People need to feel that they are part of a process, thus past observations imply that, in bringing a change people involved must be consulted and their suggestions sought (Palmer and Akin, 2006). In initiating the change ensure that it agrees with them, and that they understand the need of having the change, the employees also need to chose how they will manage the change and they should be involved in planning and also implementing the change. It is also important to use face to face way of communication in handling a sensitive issue.

Nevertheless, it is not always true that a person need to have an analysis before shifting their think, some changes are very simple and a person can simply embraces the change by seeing the truth (Richard, 2000). For instance, a situation whereby a person has to change from one software version to another upgraded version. In the same line some changes occur because a product as become absolute due to change in technology. These are obvious changes that do not require analysis but truth of the matter. People also like experimenting with new devices and idea. Through out <https://assignbuster.com/apple-inc-markets-in-north-korea-marketing-entry/>

history, human beings have made a lot of innovations because of experiments, it is against this backdrop that they will be willing to try new changes even though they may be complicated and unpredictable.

Another weak point of this view is that it limits change to be quantitative in all aspects some changes requires attitudes and can not be measured but can only be felt, for example attitude change will require the will of a person than the figure on the table. If a worker is upset by the policies or ethical conduct of his company, and has a negative attitude towards the organization, the change that will be required has to come from his conscience and entails beliefs and conscience than examining figures (Timothy, 1996).

## **Conclusion**

For change to be effective the parties concerned have to be consulted and feel as part of the change rather than not being consulted as they will feel as being forced to the change. Resistance in change is normally caused by conditioning or historically feelings. Change should be gradually and should be supported by if possible facts figure and statistics to back the change. As Dyer (1984) notes, it is true that people are more willing to change if they are fed with prove of figures and analysis as something new brings anxiety and human beings fear change thus they need to be convinced by the analysis. Though, this is not true to every situation as some changes require change of mind which seeks conviction in truth than figures on paper

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## **Introduction**

All organizations, whether big or small, private or public need to operate smoothly and attain their set objectives and goals. To achieve this, organizations formulate and implement their own management models. However, as Bateman and Snell (2007) notes, there are four basic functions each management of an organization must perform, these are; planning, organizing, directing and controlling. This short essay is going to examine these four functions of management in relation to Pfizer pharmaceutical company, the most successful in the pharmaceutical industry.

## **Planning**

Planning is the very first function of any organization's management.

Planning entails sound thinking through organization goals and deciding as to what is required to be achieved in order to attain the objectives of the

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organization. Managers have to apply this process in planning for the future of the organization, just like a blueprint to predict possible problems and on possible solutions to avoid these problems and create a competitive edge.

Pfizer has got a global vision to provide better health and remain global leader. All employees at Pfizer are dedicated to excellence. The constant use planning is vital as Pfizer has branches around the world. Thus effective planning has allowed Pfizer to remain as a leader in the pharmaceutical industry.

## **Organizing**

To achieve the objectives set in the planning stage, the organization needs to structure its work. Organization entails appointing specific people for particular duties or assignments that they can perform best. As Bateman and Snell (2007) states, a manager should know his/her subordinates and their abilities so as to organize them well. This is accomplished through staffing, training of workers, recruiting and forming effective work teams (Allen, 1998).

Pfizer has a strong organization system that it is also flexible; it is ready for change and innovations in search for innovative and better products. The management at Pfizer offers the required leadership for employees to attain individual success that results in organizational success. Managers at Pfizer keep effective and efficient communication between the various departments to avoid creating any disagreement, Pfizer is a global pharmaceutical leading company because of its strong and effective organization (Pfizer, 2010).

## **Directing/leading**

The success of an organization is determined mainly by the kind of leadership displayed. Accordingly, leadership involves the power of an individual to persuade and inspire others towards attaining the objectives and goals of the organization (Bateman and Snell, 2004). Thus, managers have to possess powers to influence or motivate their workers and lead them in the performing the duties assigned to them in the planning process.

Managers at Pfizer motivates workers to achieve the objectives and goals of the organization and out-do their rivals. As leaders, they daily interact with workers freely and offer directions personally and within teams, various departments as well as divisions. Empowering employees to have the powers to deal with issues is practiced by Pfizer management as they realize it is a vital aspect of leading (Pfizer, 2010).

## **Controlling**

Controlling process is the process that ensures that organization's plans are implemented in a correct manner. Allen (1998) explains that, controlling is the final connection in the functional sequence of management process and it completes the management circle. Controlling permits for easiness of assigning duties to work teams, and since managers might be held responsible for the performance of their subordinates, it would be sensible of them to provide quick feedback of employees' achievements and performance.

At Pfizer, the company hold departmental meeting on daily basis. These meetings are then used to evaluate the daily program, establish any possible



problems and to find out how to solve the problems immediately and effectively. The company also uses control process to set performance standards of employees, communicate these standards, apply them and evaluate how they are carried out. Managers at Pfizer carry out continuous assessment and appraisals on employees' performance in order to reward or take corrective measures. Pfizer has been able to maintain high standards of its products range because of effective control measures in the organization (Pfizer, 2010).

## **Conclusion**

In the words of Bateman and Snell (2004) the four functions of management, namely, planning, organizing directing and controlling are vital for any organization that needs to succeed in its business activities. However, in any organization, the individual contribution from each employee plays an important role in achieving the objectives and goals of the organization. Even though there is always room for further improvements, Pfizer Pharmaceuticals Company is a world leader in the industry because of correct management functions it has put in place for continuing success.

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## **Introduction**

“ To forbid or even seriously restrict the use of so holy and gracious a herb would cause widespread suffering and annoyance” (Campell, 1894). What Campell spoke many years ago against prohibition of marijuana still holds until now, he feared that this restriction will not hinder those who truly want to use marijuana from using it. Indeed, illegalizing marijuana has only increased crime rate and resulted in thousands ending up in prison for merely possessing marijuana or smoking it. As noted by Gettman (2006, p, 3) in spite of concerted efforts to get rid of domestic marijuana, “ it’s production has increased ten fold over the last 25 years from 1, 000 metric tons in 1981 to 10, 000 metric tons in 2006.” Since, illegalizing marijuana has not worked and will probably never work; it is time to re-think this law. The debate of whether to legalize marijuana or not has been going on for years, and no side seems to be wining.

This paper supports the present debate by arguing that marijuana should be legalized because it has medicinal use, economic benefits and reduces criminality. The paper concludes that, benefits of legalizing marijuana are much more than illegalizing and thus marijuana should be legalized.

## **Medicinal use**

Marijuana is known to have some kind of medicinal benefits for some diseases like cancer, vomiting, nausea and relaxation of muscles. In deed some people have been known to smoke marijuana to make feel relaxed just like a sedative will do. Thus it can assist in treatment of such diseases.

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The medicinal use of marijuana is derived from various chemicals it has in its buds, leaves and resins. As earlier 2000 BC, marijuana is thought to have been used for its medicinal uses in China (Mikuriya, 1973). Indeed, evidence of its medicinal use can be established in many other cultures all over the world. As Mikuriya, (1973) further explains, studies carried out by William Shaughnessy in 19th century established that marijuana could effectively treat a number of maladies. This was inline with the very first through study on marijuana medicinal properties did in 1860 by Ohio State Medical Society (Mikuriya, 1973).

Studies also indicate that those patients going through chemotherapy will greatly be assisted if they use marijuana during the course of their treatment Marijuana Legalization Organization (2002). Indeed some states including California have formulated initiative to try and legalize marijuana specifically for medicinal use. According to Marijuana Legalization Organization (2002). Marijuana is also said to increase appetite and reduce nausea among those suffering from AIDS.

In addition, legalizing marijuana will remove the confusion that surrounds the hemp plant and permit people to use hemp for medicinal purposes.

## **Economic benefits**

Legalizing marijuana is a clear way of increasing the revenues collected and boosting the economy. In the days when alcohol was banned, people still ended up getting alcohol and buying it though illegally. However, the government repealed the law and legalized alcohol but increasing taxes on

it. The revenue that the government collects on alcohol today is in billions, the same can be on marijuana.

In a study carried out by Stephen Easton for Fraser Institute, and reported by Nadelmann (2004) that tried to calculate the amount of tax revenue that American government could get through legalizing marijuana. Nadelmann (2004) tells us that, the study established that, averagely the cost of 0.5 grams of marijuana was being sold at \$8.60 on the black market, whereas its cost of production was merely \$1.70, in a legal market such high profit of \$6.80 can not be sustained for long. Accordingly Nadelmann (2004) notes that, business people realizing the huge profits that are in the marijuana market would probably begin growing their own marijuana, which will increase the supply of marijuana allover, street prices will fall to much lower prices. However, this does not happen because marijuana is illegal and the fear of ending up in prison deters a lot of business minded people. This has ensued that the supply remains very low. Thus, the high profit of \$6.80 per gram entices the underground operators, sadly, this high profit has created many criminal a lot of who belong to organized crime group, and are very wealthy and damn dangerous.

Accordingly Stephen Easton and others asserts that supposing marijuana was made legal, these high profits created by high risks involved could be transferred from these underground criminal to the government. Supposing the government substitutes the high profits with a tax enforced on marijuana cigars, this means that the government is the one that will benefit from the tax collection and not the criminals. Nadelmann (2004) explains that, if for instance, the government taxed \$6 per each 0.5 gram of marijuana cigars; it

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could end up collecting over 3 billion on American sales and a lot more on exports made to other countries. The government in turn will also on billions that it uses on law enforcement of marijuana. These huge amounts can be used elsewhere like in healthcare where a lot of money is required.

## **Reduces criminality**

Marijuana does not appear worse than alcohol or cigarettes, of which are all legalized. Then, there is no reason to continue prohibiting marijuana. Making it illicit only increases criminal activities associated with it. Huge numbers arrested of merely smoking marijuana will be spared.

The American Civil Liberties Union (ACLU) is one organization that has formally advocated for legalization of marijuana from 1969 (Glasser, 1998). Over the last ten years, records indicate that more than 10 million people got arrested in America over marijuana related offenses, a huge number of them for only being found in possession of marijuana and using it. In 1996, 641, 600 arrests of marijuana offenses were made in America, 85% of those arrested were in possession (Glasser, 1998), this was the highest number of arrests made in many years. Today, it seems that Americans are ever willing for a law that legalizes marijuana than they were before. Indeed, a huge majority has been supporting the use of marijuana for medicinal purposes since 1995 (Glasser, 1998). The reason Americans are supporting the legalization of marijuana is making those using it happy, and to reduce the stress that comes with illegality of marijuana. More so, this is meant to reduce the rate of gang violence. It is worth noting that about 87% of money that gangs use to buy weapons, vehicles and hard drugs is thought to come

from marijuana sales. Legalizing it would greatly reduce the money gangs get and thus reduce their activities (Glasser, 1998).

At the same time they would be a reduction in suicide cases, reduction in stress and depression, and reduced pressure for those using marijuana. There is clear success in those cities that have legalized marijuana. For instance in Amsterdam where marijuana is legalized, the rate of crime in that city is among the lowest in the world, this goes to attest that you can legalize marijuana and have an orderly and safe environment. It also proves that people are the one who control drugs but, not drugs controlling people.

### **Opposing view: marijuana leads to other hard drugs**

Despite the fact that so many people want the