

Nokia case study

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Business Interests vs German Pressures L/O/G/O www. themegallery. com
What are the trends in mobile handset industry? Nokia is the largest mobile handset manufacturer in the world with a 40% market share. Industry enjoyed healthy margins however since 2001, industry is marked by declining prices and weak margins making companies look at low-cost production options. Outsourced manufacturing of handsets Demands in the developed markets like US & Europe has saturated Significant growth has been noticed in the Middle East, Southeast Asia, Africa, China, India and South Korea.

Demands of low cost phone in the emerging market has increased Average selling prices fell by 35%, which is directly impacting the revenue What is Nokia's strategy and how had globalization changed its way of operation? High cost manufacturing to low cost manufacturing regions Dominant position in emerging markets such as Brazil, Russia, India and China. High growth of in Middle East, South East Asia, Africa, China and consecration on low cost countries Moving to the locations where Govt. s more supportive in granting huge subsidies Impact of globalization : Shifting of manufacturing facilities Operations are taking place at selective places (where both the suppliers and the partners are present to give impetus to overall productivity) Was the German backlash against Nokia justified? No country would prefer a MNC like Nokia to close its plant and hence affecting 2300 odd workers and their families.) Job less count to grow up , b) the overall economic development of the region to get affected In this particular scenario it was obvious for German backlash as the operating plant is a profit making unit and not a sick unit. It was justified more because the Nokia

authority had failed to explain clearly the reason for the closure of the plant to the employees Nokia's refusal to enter at any kind of discussion with the German authorities to find a mid way to continue the operations. How can nation make themselves more competitive?

Cheap labor cost(26\$in case of Germany compared to 4. 2\$ in china)

Supportive govt. with subsidies to establish a business. Lower corporate taxes Less bureaucracy. What, if any, were the flaws in Nokia's approach to announcing and handling its plant closure? The flaws are : No clear explanation for the closure. Thousands of people were left jobless. Refusal to think of an alternative to continue the plant. What can be company do now for damage control? Compensate employees Discuss the situation Shift employees to Romania.

Try to understand thecultureof Germany and be sympathetic to their cultural practices and perceptions. Can return back some portion of subsidies.

Conclusion Apart from the concept of Globalization, big corporation should consider corporate socialresponsibility, not as Nokia did to shut down the plant which leads towards unemployment just for the high profit even than Bochum plant was make huge profit margin of Euro 90, 000 per production worker out of Euro 7. 2 Billions Global profit. Thank You! Harsahl Buranpuri
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