

# Case study of johnson and johnson commerce essay



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## Contents

- Decisions

For many Chinese people, they could purchase some foreign merchandises since 1980 ' s, because many foreign companies have set up in China at that period, and immense sum of imported merchandises were sold in Chinese market, which means the consequence of the globalisation can be seen in our day-to-day necessities. In 1982, the first Johnson & A ; Johnson runing company was opened in China, so a series of merchandises of Johnson & A ; Johnson entered Chinese market. Why Johnson & A ; Johnson would wish to come in other foreign market, particularly in developing state like China? This study will analyze whether Johnson & A ; Johnson is an international corporation or a planetary corporation through two construct, corporate construction and geographical enlargement. Although in old surveies, there is no exclusive definition of internationalisation and globalisation, this study will analyse Johnson & A ; Johnson ' s features to back up that it is a successful illustration of planetary corporations.

## Contentss

### Introduction

In today ' s competitory concern environment, there are a batch of transnational endeavors. Like Johnson & A ; Johnson, it could be found in every state. However, in some surveies, there is no clearly construct or account on whether the corporation is international or planetary. Many international corporations have been influenced by globalisation where they would turn into planetary corporations. Therefore, the purpose of this study

is to analyze whether Johnson & A ; Johnson is an international house or a planetary house, and discourse what planetary feature it possesses. In order to make a instance survey of Johnson & A ; Johnson, its corporate construction will be described and geographical enlargement will be analysed. To sum-ups when and how did Johnson & A ; Johnson go a planetary corporation? By utilizing a corporate geographics position, this study will include the analysis of whether geographical enlargement is a good manner to heighten house ' s graduated table or non and if it could alter international corporations into planetary corporations. However, globalization might be constrained someway. Globalization might besides convey corporations more challenges, which could be seen in long tally. In the universe economic system, the usage of globalization might be exaggerated.

## **Internationalization and Globalization**

There is no univocal definition of what is globalisation. Harmonizing to David DeBry ( 2001, p. 42 ) , who pointed out that ' internationalisation is like making a round-toed shoe that fits people with all types of pess. It is non every bit comfy as a absolutely fitted shoe and does n't suit snugly, but can be worn by many people ' . Whereas globalisation refers to the tendency of a more incorporate and mutualist universe economic system. Dicken, P. ( 2011 ) mentioned that the construct of globalisation became familiar bit by bit in the past 30 old ages. Globalization is the method to work out the universe ' s economic issues ( Dicken, 2011 ) . Globalization might act upon the signifier of companies, which leads to the altering from trade to Foreign Direct Investment ( Dicken P. , 2003 ) . Trade volume has increased by the

advancement of globalization ( Dicken P. , 2011 ) , for illustration, Chinese people could hardly buy foreign merchandises in China before 1980s until the authorities approved the reform of Chinese economic system attacks. Whilst the volume of import and export of China reaches a truly high sum.

Figure 1

Beginning from Dicken P. 2011 tabular array 2. 1

Figure 2

Beginning from Dicken P. 2011 tabular array 2. 2

Presents, people witness the constitution of international corporations and planetary corporations. The universe ' s largest 500 corporation are normally being classed transnational endeavors ( MNEs ) . An illustration of planetary trade names is Johnson & A ; Johnson. However, how to place the difference between international corporations and planetary corporations? First of wholly, being international corporations, the measure of subdivisions and subordinates are limited, it could be in merely one state. But planetary corporations have many subdivisions and subordinates among all over the universe.

International corporations have some investing in at least one state, they search profitable chances, whereas planetary corporations use the universe as an chance. For most planetary corporations, they need to construct a planetary trade name, a successful reput built should associate the name, merchandises and logo to many people. For case, people could barely

happen replacement for many Johnson & A ; Johnson merchandises, and the bulk people have heard this name.

Harmonizing to Giorgio et Al. ( 2002 ) , there are two grounds to why a company should alter from international to planetary company. On the one manus, a company could open its market worldwide. On the other manus, the company could take down its cost.

Dicken ( 2003 ) demonstrated that a planetary corporation would be ‘ a house that has the power to organize and command operations in a big figure of counties ( even if it does non have them ) , but whose geographically dispersed operations are functionally integrated, and non simply a diverse portfolio of activities. ‘

## **The background of Johnson & A ; Johnson**

The construct of corporate construction is ‘ the agreements whereby the house motivates, co-ordinates, appraises, and rewards the inputs and resources that belong to its alliance ‘ ( Caves, 1980: 66 ) . Many successful corporations would set up celebrated branded merchandises and develop different type of merchandises ( Caves, 1980 ) . A house ‘ s corporate construction is depended on many issues. For illustration, when one company get down up for merely 5 old ages, its corporate construction would be less complex than company which founded 50 old ages ago.

In Johnson & A ; Johnson, their board of managers is ‘ a group of people who meet a set of General Criteria for rank and are elected to the Board by our stockholders each twelvemonth. We presently have 14 Board members, 12 of whom are “ independent ” under the regulations of the New York Stock  
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Exchange. ' ( Johnson & A ; Johnson, 2012 ) . Many big corporations tend to hold the same corporate constructions. It includes about five sections, which are Marketing, Finance, Accounting, Human Resource and IT. Usually corporate construction are four types as followers ( Dicken P. , 2011 ) :

Figure 3

( Beginning from Dicken P. 2011 Figure 5. 8 )

It can be seen that planetary corporates ' construction is more complex than international corporates ' construction. For Johnson & A ; Johnson, the executive commission is the chief direction squad, which is responsible for the operations. The corporate administration is formed by accounting controls, independent hearer, audit commission of their board of managers and concern consequences.

Figure 4C: UsersREDesktopConcept2. jpeg

This figure shows the board of managers of Johnson & A ; Johnson. ( Johnson & A ; Johnson, 2012 )

### **3. 1 A scheme of Johnson & A ; Johnson**

The ground why Johnson & A ; Johnson achieves such great success is that it has strict runing manner. ( Johnson & A ; Johnson, 2012 )

#### **1. Market incursion**

Johnson & A ; Johnson has improved the portion of market by increasing the quality of merchandises, meanwhile, offering price reduction is an appropriate manner to act upon consumers ' wants and buying.

## 2. Market development

It developed new markets to supply the same merchandises for consumers who have the same requires in different states.

## 3. Merchandise development

It developed new merchandises to old consumers, which would spread out popularity.

## 4. Diversification

It provide new merchandises to new markets.

## 5. Consolidation

This measure is to retain its stable relationship with consumers.

Chandler stated that a house ' s growing is ever through three schemes as following ( Chandler, 1962 ) :

1. Expansion is to widen the bing line to the same sorts of consumers.
2. New markets and beginnings of supplies are really of import factors.
3. Developing a broad scope of new merchandises for different types of consumers

As one of the largest and most comprehensive wellness attention corporation in the universe, Johnson & A ; Johnson has experienced critical growing in recent old ages. Johnson & A ; Johnson was founded by Robert Wood Johnson with two brothers in New Jersey in 1886. With the enlargement and development of its concern demands from the 1920 of the twentieth century, Johnson & A ; Johnson has set up a batch of subdivisions and acquired many companies among Europe, Asia, Australia and Africa. By today Johnson & A ; Johnson has established and acquired more than 250 subdivisions and companies in over 57 states, and has approximately 129, 000 employees. Johnson & A ; Johnson is Ranked 42nd in luck 500 list in 2012. ( Johnson & A ; Johnson, 2012 ) . In 1924, the first abroad operating company was set up in the United Kingdom, which indicated Johnson & A ; Johnson has started its foreign company period. In 1944, Johnson & A ; Johnson joined the New York Stock Exchange. ( Johnson & A ; Johnson, 2012 ) . Grosss of J & A ; J has increased from merely \$ 7 billion in 1987 to more than \$ 65 billion in 2012. Net incomes increased at an even faster rate, from \$ 329. 5 million in 1987 to \$ 9672 million in 2012. ( FORTUNE 500, 2012 )

### **3. 2 Corporate Structure of Johnson & A ; Johnson**

For every MNE, as cardinal driver of globalisation, has its alone corporate construction on a broad assortment of market, which influence the corporation ' s direction in market place. The chief sector is the figure and size distribution of Sellerss and purchasers, tallness of barriers to come in and issue ( Caves, 1980 ) . Why Johnson & A ; Johnson can be called a planetary corporation is that it has complicated construction.



It depends on the development and invention, because Johnson & A ;

Johnson has three concern divisions:

### **3. 2. 1.. Consumer merchandises**

Baby Care

Skin and Hair Care

Wound Care and Topicals

Oral Health Care

Women ' s Health

Nonprescription Medicines

Nutritionals

Vision Care

Online shop

The consumer merchandises concatenation retail mercantile establishments are widespread all over the universe, these merchandises are sold to general populace and both to jobbers and straight to persons, while Pharmaceutical merchandises and Medical device & A ; Nosologies are depend on acquisition of other companies.

### **3. 2. 2. Pharmaceutical merchandises**

Janssen R & A ; D LLC

Janssen Pharmaceuticals Inc.

Janssen Healthcare Innovation

Janssen Nosologies

Veridex, LLC

These merchandises offer medical specialties that treat widespread diseases.

### **3. 2. 3. Medical device & A ; Nosologies**

Advanced Sterilization Merchandises

Animas Corporation

Cordis Corporation

DePuy Synthes Companies of Johnson & A ; Johnson

Ethicon, A Inc.

Ethicon Endo-Surgery, Inc.

Johnson & A ; Johnson Vision Care, Inc.

LifeScan, Inc.

Ortho-Clinical Diagnostics, Inc.

These merchandises might be used in professional Fieldss, such as doctors, nurses, infirmaries, and diagnostic research labs.

It has gained the competitive advantage through cognition of acknowledgment and integrating in the universe, and achieved execution and operation. With the development of Johnson & A ; Johnson, it has shaped a really complicated company. There are about more than 200 different type of merchandises are formed in three sections. To what extent the success of Johnson & A ; Johnson could accomplish is depends on the relationship between three sections and other concern sections. In the past 10 old ages, Johnson & A ; Johnson has purchased more than 60 little houses.

It focus on pull offing the cognition. Normally, corporation has the undermentioned ways to turn: internal enlargement, exporting, licensing, franchising, amalgamations and acquisitions, and geographic enlargement. ( Bruce R. Barringer, Daniel W. Greening, 1998 ) .

These schemes support corporations to come in new markets, every bit good as develop corporations ' resources through different states or parts. Previous surveies have revealed that geographic enlargement is a new operation in a different country. ( Hsien-Jui Chung, Chun-Chung Chen, Tsun-jui Hsieh, 2007 ) . It might organize international supply ironss, which houses would buy constituents, natural stuffs and services.

It was important to derive growing and enhance public presentation when Johnson & A ; Johnson has set up the first foreign house in 1924. Geographic enlargement would convey a batch of advantages ( Farok J. Contractor, Sumit K. Kundu and Chin-Chun Hsu, 2003 )

Global market frequently give more range for economic systems of

graduated table, which in this instance survey, has changed Johnson & A ;  
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Johnson into a planetary house. As Dicken ( 2011 ) mentioned that planetary economic system are connected with geographical and organisational construction. He ( 2011, p. 96 ) pointed out ' closely related to the issues of geographical graduated table and organisational venue is the importance of territoriality in webs ' .

## **Findings**

To sum up, from what is discussed above, Johnson & A ; Johnson is a planetary corporation. As a consequence of some literature, there would be two measurings to find whether the corporation is globalised or non, which is from organisational and geographical graduated table. First, Johnson & A ; Johnson has complicated corporate construction, it has executive commission to pull off and run Johnson & A ; Johnson. Compared with its geographical graduated table, Johnson & A ; Johnson has more than 250 subdivisions and subordinates all over the universe. Then corporations earn net incomes from the globalization economic system, which is why many international company would wish to spread out their subordinates and subdivisions to other different states or parts.

## **Discussion**

Globalisation plays an of import function, it changes the universe economic system. First, it increases the trade from one state to another. Apart from that, globalization makes economic system comfortable because it raised foreign direct investing while there might be some restrictions. When a company is already a planetary company, what should be their following stairss or schemes? Is globalization the finish for one company? In

conformity to some literatures, globalisation is ' end of geographics ' <https://assignbuster.com/case-study-of-johnson-and-johnson-commerce-essay/>

( O'BRIEN, 1992 ) . Increasingly companies have gained more net incomes from globalisation, in other words, the advancement of globalisation gets advantages for endeavors.

## **Decisions**

So far, for many people, it is difficult to explicate what are international corporations and planetary corporations, because internationalisation and globalisation can non be easy distinguished, but really there are different. Consequently, they can be differentiated by the geographic graduated table and corporation construction. Globalized companies frequently owns similar constructions. It is easier to understand from some literatures. In this study, a instance survey of Johnson & A ; Johnson has determined that it is a planetary corporation by analyzing its corporate construction, different merchandise lines and company schemes. In competitory concern circumstance, globalization is an inevitable tendency, non merely for companies, but for the macro-economy. Globalisation makes the whole universe expression like borderless, it might hike international concern.