*Please report on Toyota Motor Corporation as Part II

I have added last report to go on.

- Click the link above to submit your assignment.
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  Instructors, training on how to grade is within the Instructor Center.

Assignment 2: Expansion into a Foreign Market, Part II

Due Week 8 and worth 200 points

Note: Refer to Assignment 1 to complete this assignment.

Assume that the company reviewed, voted on, and accepted the study that you prepared for Assignment 1. Everyone involved is satisfied with your analysis of the country's culture, politics, laws, ethics, and economics. Now, you are being asked to look into the business aspects of a deal, and report on customers, markets, competitors, and finances of one foreign organization with which the company might choose to deal. **Note:** Avoid expressing personal opinions of the market.

Write a six to eight (6-8) page paper in which you:

1. Select the organization that the company would like to deal with, and briefly describe its business profile. **Note:** Your description should include, at a minimum, but not be limited to the organization's mission, lines of business, and main products / services.
2. Analyze the fundamental approaches that the company might take in dealing with the proposed organization (e.g., export, FDI).
3. Determine the best option for the company to use in order to minimize foreign exchange risks. Justify the response.
4. Suggest two (2) ways in which the company could leverage politics and laws in order to maximize the probability of a successful deal. Provide a rationale for the response.
5. Determine the key financial, operations, marketing, and human resources commitments that the company must make. Next, recommend one (1) strategy that the company could use in order to fulfill at least one (1) of these commitments. Justify the response.
6. Use at least two (2) quality references. **Note:** Wikipedia and other Websites and blogs do not quality as academic resources.

Your assignment must follow these formatting requirements:

- Be typed, double spaced, using Times New Roman font (size 12), with one-inch margins on all sides; citations and references must follow APA or school-specific format. Check with your professor for any additional instructions.
- Include a cover page containing the title of the assignment, the student's name, the professor's name, the course title, and the date. The cover page and the reference page are not included in the required assignment page length.

The specific course learning outcomes associated with this assignment are:

    - Analyze the challenges and advantages of foreign direct investment.
    - Appraise the strategies companies use to minimize risk in the foreign exchange markets.
    - Formulate supporting financial management, operations/production, marketing, and human resource management strategies to conduct international operations.
    - Use technology and information resources to research issues in international business environment.
- Write clearly and concisely about international business environment using proper writing mechanics.

  Click here to view the grading rubric for this assignment.

Expansion into a Foreign Market

Operation of organizations in the world is affected by many factors; while some of these factors come from within the organization others are external. In order to understand factors that affect the organization, environmental scanning is important. Environmental scanning is important as it will help in identifying opportunities that are available for the organization as well as threats that may affect operations within the organization. Also, the country's culture, politics, laws, ethics and economics affect the way businesses within companies are operated. In a country like China they have a culture where investors and customers are valued and are seen as very important people in their economy. They are seen as being able to bring more benefits for the country as well as benefiting the company. In terms of political factors, the government of China is more concern in helping the companies to get funds as well as assisting companies to sign trade agreements with other nations. Minister for trade, finance and the economy has the responsibilities to help companies in their businesses. In China also, there are many laws and ethics that have been created to guide business people in conducting their business. All the companies are compelled to follow all the laws and ethics that have been created within the country. China relies mostly on businesses as their main contributor of economy.

The company that I work with is Toyota Motor Corporation. The company is based in Japan and the company mostly deals with automobile business and also financial business. The company deals with manufacturing and sale of cars as well as sale of other car products. Toyota Motor Company carries out its operations in three segments; the first segment is the segment that deals with the designing, manufacturing and selling of cars and car products. The cars that are sold by the company include commercial and small cars. This first segment is called the automobile segment. The second sector is a segment that is involved exclusively with provision of the financial services that include dealing with finances that are received from the sales of car products. This sector also deals with the leasing of vehicles and the company's equipment. The third sector is the segment that is involved in designing, building and selling of housing and also, sale of information and communication business (Iyer, Seshadri & Vasher, 2009). After the designing and manufacturing, the company exports their products to other countries where they can be marketed. The company has car assembly industries in different countries in the world. With the increasing competition in the automobile industry, there is need for the company to look for new markets for the products in order for the company to generate more revenue and remain competitive in the market. One of the countries that I would like my company to expand its business to is China. The reason for choosing this country is because the country has the highest population and hence this population provides market for the company. China with the highest economy in the world also means that the government can help people to purchase products they want through giving them loans. Also, the numbers of people who are living in poverty are also reducing in number meaning that many people within the country has the ability to purchase car and car products.

In entering into any market, there is need to consider any constraints that may be encountered. Some of the key institutional constraints include budgetary constraints, manpower constraints as well as policy constraints. These three constraints are the key constraints in many institutions and may hinder the expansion of the business. Toyota Company just like other companies must consider institutional constraints when they are expanding their business to other countries in the world. One of the constraints that must be considered is the budgetary constraints. These include all the financial constraints that a company and the worker face in their operations. The company must have enough funds that will be allocated to different activities (Miltenburg, 2005). Toyota Company as the largest automobile company, in terms of economy, does not have much financial constraints when it comes to funds allocation. Also, in terms of manpower constraints, the company has qualified personnel who are skilled in designing, manufacturing and marketing of car products. The company's employees are good in IT and can as well use IT in marketing and selling of the products. In terms of policy constraints, there are many restrictions in the business world that regulates how companies conduct their business. These regulations ensure that the operations are carried out as expected. These constraints also ensure that companies are protected from all the risks that are associated with the business. Toyota Company has policies and rules that protect them from risks in their business operations. From analysis, it is clear that the three key institutional based constraints will support market entry into China.

VRIO analysis of the Toyota Motor Company

Toyota Motor Corporation emerging market sales have increased significantly due to its competitive advantage over other competitors in the industry. According to the VRIO analysis, the company has a completive parity over other companies. In terms of the production system, Toyota Company builds vehicles on immediate market demand rather than the expected future demand (Liker & Franz, 2011). The strategy of producing vehicles based on the current demand and not the anticipated demand of the future has been found by the company to gain a competitive advantage because it reduces the cost of production as well as eliminate waste in the production process.

Value

Toyota Company produces vehicles in time based on current demand and not the expected demand; the future demand anticipated within the company. The strategy of producing products in time based on the current demand has proven to be valuable for the company given that, it keeps the production cost as low as possible as well as eliminates any waste that may be incurred in the production process. The strategy of producing products in time increase value differentiation, increase variety and flexibility, and increase the relationship of the company with its customers.

Rarity

The just-in-time production strategy adopted by Toyota is one of the popular strategies that are used by many companies in all the industries; but the methodologies of the Toyota Company are rare. There is no company that is using the methodologies that is adopted by the Toyota Company and it was the first company to adopt just-in-time production strategy. This strategy will be important in the new market entry.

Imitability

The just-in-time-production strategy that was adopted by Toyota Company has been of great importance to the company and many companies have tried to create a similar system but no one company has been in a position to succeed in developing an efficient strategy similar to that of the Toyota Company.

Organization

Since the adoption of the just-in-time strategy by Toyota Company, the company has successfully used the strategy and has been trying to make it perfect along the way. The strategy has been successful for the Toyota Company and it has helped the company to remain as the most competitive company in the industry.

The use of just-in-time strategy by Toyota Company has been important to the company in its operations because many companies have tried to develop similar strategies but none have succeeded in doing so. By entering into the new market, the just-in-time production strategy has been of great importance to the company as products have been produced only based on the demand in the market (Liker & Franz, 2011). While entering into the China market; new market for the Toyota Company, the just-in-time production strategy will be important as the cost of production will be reduced. The revenue and profits for the company will also increase due to reduction of waste in the production process. Since there is more demand in China, just-in-time production strategy will help the company by increasing its profits, while reducing waste and the cost of production.

CULTURAL ASPECTS AND POLITICAL ASPECTS IN INTERNATIONAL BUSINESS

In the international business environment, there are some factors that affect business operations. These include cultural and political factors.

Cultural aspects

In international business, there are some cultural aspects that should be considered in the international business environment. One of the major cultural aspects includes communication. For any business to be successful internationally, it is important for business people to understand the language being used in a foreign country. A lack of common language usage in business can hinder business operations since the different parties may not be in position to communicate.

Customer need is another aspect in the international business environment. Before conducting a business in another country, it is important to understand the needs of the customers of that country. Understanding the needs of the customers will help in coming up with the best strategies for marketing and sale of the products. Understanding customer's cultural background is important as it will enable the company to understand how marketing will be conducted in order to meet the needs of the customer.

Body language is another important cultural aspect in international business. In different countries, people have different ways of sharing their ideas or information. It is important therefore for any company to understand body language of a foreign country in which one seeks to conduct the business. It is also important to understand the body language of people of the foreign country while taking into account your own body language and what is being communicated while interacting with the business people or with the customers (Jansson, 2008). Because of the different aspects of culture in the business world, it is important to conduct research in order to better understand the customers and their culture.

Political aspects

Political factors have been found to affect international business. Political factors and the activities of the government affect the business; it can either facilitate or hinder business operations that are conducted in foreign countries (Jansson, 2008). Before doing business in a foreign country, there are some political aspects that must first be considered.

One of the political aspects that must be considered in the international business environment is the formal trade barriers. Formal trade barriers are restrictions that are enacted by the government in order to restrict business operations within the country. Some countries have come up with these trade barriers in order to protect domestic industries from imports of foreign countries. Before going into international business, it is important therefore to understand if the country has put into place formal trade barriers. This will enable one to decide whether to go into the business or not.

The other political aspect that needs to be considered in the international business environment is the economic system. Different countries have different economic systems that need to be considered in the international business environment. It is important for any company to first consider the economic system of a foreign country before going into international business. The company should adjust their economic systems in order to fit that of the international environment.

Government system and policy is another important political aspect in the international business environment. Different countries have different government systems e.g. democratic, monarchies and authoritarian system of government. According to Glowik & Smyczek (2011), it is important for a company to understand the different government systems before going into international business. Understanding different government systems will help a company to make the decision whether to pursue the business or not. These different government systems also have different policies that regulate businesses. This should be understood by foreign companies in order to adjust to the new systems of government they will encounter.

Trade agreement is yet another aspect that should be understood in the international business environment. Trade agreements help companies to conduct business in other countries when they have assurance that they are secure from all the risks. Trade agreements help in providing some predictability and protection for companies conducting business in other countries. A company should understand the trade agreement between their country and the foreign country in which it seeks to do business. This will provide some assurance of protection against risks in any business operations.

In addressing cultural and political issues in the international business environment, it is important for the company to receive training on the culture and political systems of the foreign country (Glowik & Smyczek, 2011). The reason for learning the culture and political system of the other country is to help in understanding the different aspects that affect the business. It will also help to align the company's system to that of the system of the foreign country.

In carrying out its business in the foreign country, the Toyota Company might best benefit by using joint venture. The reason being is that having a joint venture with companies in China will help Toyota Company to sell more products as the partner company in China understands their culture and the different systems of their country.

With the joint venture, there are many difficulties or problems that are encountered. These difficulties affect the operations of the company and hence lower revenue and profits. The major difficulties that may be encountered include poor management, unexpected poor financial performance and cultural difference. In the event these three major joint venture difficulties arise within the company, the company should develop good communication skills. By developing good communication skills in a joint venture, it helps to foster compatible negotiations between parties to easily reach a solution to the problem.

References

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