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WRITTEN REPORT ON ABC INC.

Executive Summary

Global business expansion by a company targets to appeal and attract new customers by introducing new products or their existing line of products. ABC Inc intended to expand their business in Europe and America through their own authentic website. The study found the merits and demerits of the situation, the issues that can cause bad management and the sustainability factor of the product in context. The report additionally addressed the suggestions the Board of Directors can incorporate to set aside the problems and issues ABC Inc as a company might face in their business expansion.

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Introduction

ABC Inc. is a brand that manufactures active wear and athleisure primarily to attract individuals falling in the age group of 16-30 years. They intend to expand and grow their business internationally catering to customers using their own authentic website. This report aims to consider ABC Inc's business growth and study the merits and demerits of such expansion. This study also takes into account the business strategies that are required for the sustainable operation of the company internationally. The issues relating to incorporating human resources on a global scale for the company to operate. Furthermore, the report will also be inclusive of recommendations to the Board of Directors to consider factors for the company's growth in Europe and America.

Potential Benefits and Disadvantages of expanding internationally

ABC Inc operates through their own authentic website that garners them the safety the company needs their buyers to feel. The company operates their business from a small plant in South East UK and intends to expand it in Europe and America. ABC's expansion leads to encountering a series of advantages and disadvantages which needs to be considered for their successful operation (linkedin.com, 2023). The advantages include appealing to new customers, reaching a profitable market, securing brand name, establishing income from foreign resources and amplifying the existing brand image. The expansion equally causes some disadvantages such as international rules and regulations, establishing a potential brand name, correlates with existing time zones, accessing market risks, keeping up with foreign politics and accumulating the research of the existing retail market.

ABC Inc's target market to expand is Europe and America, thus making it imperative to focus on the advantages the company can gain from both the markets. Based on the research by Salmon and Tordjman (2020), the advent of internet and brands gaining access to a global market is key to opening market distribution of goods and services and channels of income to flourish. ABC Inc must incorporate skills and talent that are oriented to Europe to maximise their growth. The European market is mostly digital, which will aid their website to see actual sales. European customers generally buy products that are sustainable; hence it is important for ABC Inc to incorporate materials and resources used to build their products to be sourced locally and sustainably (mckinsey.com, 2023). The materials sourced locally also put less pressure on the costing for ABC Inc. This gives the company grounds to utilise the funds in

sectors like marketing. The rate of sustainable shoppers is over 83% in Europe which gives any brand a competitive advantage over brands that are not sustainable (savoo.co.uk, 2023).

Better marketing allows the company to gain an advantage pan Europe wise, especially in Central Eastern European countries. For example, the first mover advantage is highly accessible since areas with low service cost can be scanned from accessing government websites (globaltrademag.com, 2023). The European market is unsaturated in nature making it accessible for entrepreneurs. ABC Inc's intrusion of operations in the European market therefore is elemental to set their business for an increased growth in the retail market. The retail sector in Europe witnesses a rapid downfall just like steep and unpredictable profit margins. The retail sector has seen a decline by \$94.5 billion in losses which is a demerit for a new company to branch out their sector in Europe (cdn.nrf.com, 2023). These considerable pitfalls or demerits in Europe are the pressure of compliance, necessary inclusion of a Professional Employer Organisation or PEO, combating time zone issues, employee management.

Europe has a wider variety of employee rights and laws that are zone specific which can make it more complicated for ABC Inc. to incorporate in its global operations. This is an issue since Scandinavian countries and Central Eastern European countries have separate laws outside the European Union policies which will require ABC Inc. to work together with a lot of coordination. European countries saw a decline in sales for companies that used over 46% of energy and they were monitored by PEO's (Peters *et al.*, 2021). The inclusion of PEO is almost mandatory in all European countries since it is a necessary clause in all European countries. PEO's safeguard employee interests and supervise the energy consumption rate of the company.

The massive increase of profit has given the online retail companies grounds to invest in the American retail market. The American retail market on the other hand has seen a sharp rise in the purchasing rate in the retail market from under \$3 trillion in 2010 to \$8.9 trillion in 2022 (statista.com, 2023). The general advantages in America include a wider audience, bigger profits, and technological advancements. Statistical data has attested that the rate of profitability is higher in America than any other country. The data also shows that the US government's investment in the retail sector has allowed an 8.6% increase in retail sales in 2023 (ceicdata.com, 2023). This data is imperative for ABC Inc. to consider expansion in the US market.

The disadvantages in the American sector primarily focus on the government's interference in trade policies of a company. The government assesses a company's internal policies to

oversee and supervise its growth rate in the country. This has breached a company's policy and alerted its purchasers and stakeholders to invest less in the company's products. This rate has lowered public investment by 6.95% (oecd.org, 2023). This decline in investment rate can be a disadvantageous position in the American retail market for ABC Inc.

Considerations of developing a global business strategy

The concept of global business strategy refers to the concept of including strategic plans to develop and influence business growth for a company. ABC Inc. has aimed at its expansion in the European and American market using their own website to attract new customers to invest or purchase their products. Global strategies are multidomestic and transnational in nature, giving them access to operate in more than one area or country. Multidomestic and Transnational strategies are incorporated in the report to highlight ways a company can develop their business growth. For example, KFC as a brand operates by localising their responsibilities and products which helps them to compete with other relevant local or global brands (bartleby.com, 2023). Using these strategies a company has the ability to localise responsibilities and therefore localise products and services based on that geographical area.

Transnational strategy requires a company to adopt and include policies that are strategic across international borders (Booiman 2022). Transnational strategy requires an organisation or company to have a high rate of global acceptance and intention. For example H&M has used transnational strategy to reach a global market where their products are highly acceptable and the company's net sales in 2022 reached an estimation of \$22.25 billion (statista.com, 2023). This strategy gives the company focus and an economic edge to operate in a highly competitive market.

The factors that any company including ABC Inc. has to incorporate while developing a business strategy are the availability of the market to invest, the goal the company has to run operations in the market, the financial implications involved, changes in the international policies to make a trade and the legality of running the business globally. These considerations and ways adopted to cope with them determine the company's suitability in the global market. The strategies taken by ABC Inc. therefore, must consider the aforementioned considerations.

Issues relating to International Human Resources

Brands or companies that branch out to operate on a global scale require massive accumulation of funds, resources and workforce. This global workforce is the area that requires human resource management. In the context of ABC Inc. 80 people work in the company, out of which 25 people manage professional roles. The human resource management in any company includes the procedure of appointing, explaining and training people to work as employees of a company. The management also considers the decisions made by the company for the collective workforce including the benefits, the monetary remuneration and ensuring the physical and mental sanctity of the employees (Sharma and Bhalkika 2022). The Human Resource Management or HRM is a body in a company that not only caters to the profiling of employees but also enlists the laws and policies that need to be followed.

The issue therefore encompasses the failure to coordinate the policies of human resource on a global scale. ABC Inc. might face issues to address the human resource problems of workers in accordance with their own policies while equally addressing the legal situations of both Europe and America. The human resource issues in companies have to deal with coping internal communication problems, managing the diversified talent, reasoning with the conflicts of interests, establishing the moral, ethical and responsible code of conduct, and setting up a healthy working environment and culture.

The parameters of human resource management in Europe and America are almost the same. Both the human resource management models cater to emphasising a strategy through which the organisation can grow. These models include balancing the diversified interests of the employees to manage the company, developing their interests through appraisals to structure the company's growth (dergipark.org, 2023). Growth in the employee's benefits usually helps the company to grow and establish an organisational culture. ABC Inc in context therefore might have to address the models to expand their business in both Europe and America.

Working sustainably when operating internationally

Sustainable working of a company refers to the company's ability and intent to function in a way that is not going to affect the planet. The sustainability element in a company is often located to incorporating ways and methods that harm the planet less. This includes using materials that are recyclable, sourced locally and produces less carbon footprint. The Global

Sustainability study included a primary factor such as the customer's intent to invest in a sustainable product (businesswire.com, 2023). The customers being an agent of change also are less hesitant to pay more for a product that is sustainable or made using materials that cause less pollution. The study attested that almost 55% of customers or purchasers view their actions as an agent of change; therefore they intend to buy products that are environmentally friendly and are recyclable in nature (deloitte.com, 2023). The standard shift in buying sustainable products happened with the modern generation's concern for the environment, which also saw a shift in the last decade.

Recommendations

The report addressed various problems related to making a global strategy, incorporating human resource management that benefit the company globally, and mostly to meet organisational objectives. Based on the research by Shan (2019), it is found that organisational performance is related to the company's internal governance and human rights policies in effect. The first recommendation to the Board of Directors includes improving the communication of the management with its employees in both Europe and America. The second recommendation includes implementing legal policies that secure the rights of employees in both Europe and America. The third recommendation includes securing the products in new markets that meet the demands of the customers. This will help to attract newer investments for new products made by ABC Inc. These recommendations will help the Board of Directors to identify with the relevant issues of the market and cope with them.

Conclusion

The report dealt with the context of ABC Inc's business expansion in Europe and America. It focused on the advantages and disadvantages of growing the business in Europe and America, the considerations involved while making marketing strategies. The study included implications and issues the market in Europe and America contains and the way to overcome them. The report took into consideration whether sustainable sourcing of product and growth can be achieved by ABC Inc. Therefore, it can be concluded that the Board of Directors need to address the existing managerial issues in both Europe and America to aid ABC Inc's business expansion.

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