1. Explain the main differences in the different foreign entry modes, and discuss the importance of aligning the firm´s entry mode decision with the characteristics of the geographical market it is entering/operating in.

There are different foreign entry modes that help how businesses should enter their desired markets. Each mode varies in the aspects of level of control, risk, investment, and adaptability to conditions of the market. Businesses mainly choose their entry mode depending on their strategic objectives, resources, market characteristics and risk tolerance.

Exporting. This mode of entry involves selling products or services produced in a different country and is sold to another. It has a lower degree of control on indirect exporting as it relies on intermediaries. It experiences moderate risk since doing business across countries face fluctuating exchange rates, trade barriers and political instability. Generally, exporting requires lower upfront investment and provides flexibility in terms of market entry since companies can adjust their export volumes and targets depending on the demand, competition, and regulations.

- **History and Exporting Beginnings**: Founded by **Henry Ford** in **1903**, Ford Motor Company initially produced affordable cars for the American market. The game-changer was the **Model T** introduced in **1908**, which revolutionized transportation by making cars accessible to the masses. Ford strategically began **exporting Model T cars** to Europe, recognizing global demand. (https://corporate.ford.com/articles/history/the-model-t.html)
- **Success and Impact**: The Model T's simplicity, durability, and affordability captured the imagination of consumers worldwide. The Model T gained traction in Europe, symbolizing modernity and freedom. Ford then established assembly plants abroad to meet growing demand. By **1920**, Ford was the world's largest automobile manufacturer. (https://www.history.com/topics/inventions/model-t)
- **Challenges and Adaptations**: While exporting was successful, Ford faced challenges related to local preferences, regulations, and cultural differences. The company adapted by tailoring its products to European tastes and needs.
- **Legacy and Continued Global Presence**: Ford's early exporting efforts laid the foundation for its global success. Today, Ford remains a major player in the automotive industry, with assembly plants and sales networks spanning continents.

Mcdonald's indirect piggybacking:

Strategic Alliances. "…interfirm cooperative arrangements aimed at pursuing mutual strategic objectives" (Das & Teng, 2002). The level of control differs depending on the terms of the alliance agreement. While the shared investment reduces financial burden on each partner, conflicts, and challenges to align each strategic objectives while adapting to changing market conditions and attaining the same goal potentially puts the alliance at moderate risk.

1. **Indirect Piggybacking with Wal-Mart**: Around **2002**, McDonald's quietly began opening restaurants inside new **Wal-Mart stores** across the United States. This move

capitalized on Wal-Mart's rapid expansion, allowing McDonald's to reach a broader customer base. The convenience of having a McDonald's outlet within Wal-Mart attracted shoppers, and the alliance helped both companies benefit from each other's customer flow.

2. **Success and Impact**: Around **2002**, McDonald's quietly established restaurants within new **Wal-Mart stores** across the United States. This symbiotic relationship allowed McDonald's to tap into Wal-Mart's extensive customer base, benefiting from increased visibility and foot traffic. The convenience of having a McDonald's outlet within Wal-Mart attracted shoppers, and the alliance helped both companies benefit from each other's customer flow.
3. **Challenges and Adaptations**: In recent years, there has been a significant shift in how consumers shop and eat. The rise of e-commerce and delivery services means fewer people spend time browsing in-store. This decline in foot traffic at Walmart stores affected sales at in-store McDonald's locations, the **COVID-19 pandemic** accelerated these trends further, as many consumers avoided in-store shopping and dining altogether while also increasing demand on drive thrus. By this, McDonald's began a business strategy shift that resulted in **McDonald's-Walmart partnership** to end, as they move away from "lower-volume locations" to focus on higher-traffic standalone restaurants and drive-thrus. (The End of an Era: What's Replacing McDonald's in Walmart? - Marketing Scoop)
4. **Legacy and Continued Presence**: Today, McDonald's legacy endures globally. Its successful piggybacking strategy with Wal-Mart demonstrates the power of strategic alliances in business growth.

NOTE! Research content for each example: Business name, history (if applicable), entry mode, how it became successful/how it failed

A passenger of United Airlines left a bad review on their coffee. While this caught Starbucks' attention to an opportunity of widening their audience reach, United Airlines was also scouting for means to improve their customer service and differentiate their brand against other competitors. The strategic alliance between Starbucks and United Airlines became official when United agreed to divert half of Starbucks' advertising budget to mark down the cost of their coffee on flights. In return, United would feature Starbucks' in all their ads.

License Agreement. ***In this entry mode, a licensor from a home country offers limited rights and resources to the licensee in the host country.*** The licensor mainly has the control on the intellectual property but only holds small influence on distribution of the product. Because of its low-risk in entering foreign markets, there is potential of losing control over its brand reputation and quality. Despite the low investment required, the need to abide by the agreement's rules makes it challenging to be flexible and adjust to market needs.

License Agreements: Virgin & Brightline Trains

Franchising. ***A system in which semi-independent business owners (franchisees) pay fees and royalties to a parent company (franchiser) in return for the right to become identified with its trademark, to sell its products or services, and often to use its business format and system.*** **In** terms of control, the franchisor has the main control over the company while the franchisee is granted the autonomy in the daily operations. The reputation will be put at risk if the franchisee would fail to uphold the quality standards established. Franchisees must invest from set up until operating the business. While the franchisees have the flexibility to manage the business, the franchisor controls the standards. In terms of adaptability, franchisees can adapt to the changing markets but should be in accordance to the franchisor's set guidelines.

NOTE! Research content for each example: Business name, history, entry mode, how it became successful/how it failed

80% of Mcdonald's international expansion was through Franchising. This model allowed Mcdonald's to rapidly enter new markets by optimizing on local franchisees contributing their market-specific expertise.

Joint Ventures. This is a business arrangement in which two or more parties agree to pool their resources for the purpose of accomplishing a specific task (Investopedia, n.d.). It involves a shared control all throughout between partners. While it also has shared financial investments, it poses higher risks to conflicts and challenges due to varying objectives of partners. This mode offers high flexibility on resources and expertise since partners can leverage on each other's assets. With this, adaptability to market conditions are made easy due to collaboration in actions to respond in changing market dynamics.

- In February 1984, GM and Toyota established a 50-50 joint venture called New United Motor Manufacturing, Inc. (NUMMI) to produce vehicles in Fremont, California. The joint venture was intended to allow GM to learn Toyota's lean manufacturing techniques, while Toyota gained a local production base in the U.S. market. NUMMI produced models like the Pontiac Vibe, Toyota Corolla, and Toyota Tacoma until GM withdrew from the partnership in 2009.
- Some experts raised concerns that the horizontal nature of the GM-Toyota joint ventures could have anti-competitive effects by reducing competition between the two automakers.[4]
- However, the ventures were approved by regulators, who likely saw the benefits of the technology and knowledge sharing outweighing the potential competitive risks.[3][4]

In summary, GM and Toyota formed several strategic joint ventures over the years, most notably NUMMI in the U.S. and the Australia-based partnership, to leverage each other's strengths and better serve their respective markets, despite some initial antitrust concerns.

Acquisitions. This method involves in acquiring a business that is already operating in the target market. Acquiring a business grants full control over the company's operations and resources. *It is more cost-effective than building operations from scratch*. However, despite the flexibility on managing strategic alignment, operations and adaptability to market changes, financial and operational risks solely rest on the owner.

Google v Android.

- In 2005, Google acquired the startup company Android Inc. for $50 million.[1][2][3]
- At the time, Android was a small mobile operating system startup founded a couple years earlier in 2003.[2]
- The acquisition allowed Google to enter the mobile operating system market and begin developing what would become the Android platform.
- Android has since become the dominant mobile operating system, powering over 70% of the world's smartphones as of 2022.
- The $50 million acquisition of Android is considered one of Google's best and most strategic acquisitions to date.[2][3]
- It allowed Google to enter the mobile market and build a dominant platform that has been crucial to the company's growth and expansion beyond just web search.

Subsidiaries. Also known as greenfield ventures, a wholly owned subsidiaries is the process whereby an organisation enters a foreign market with 100% ownership of the foreign entity (Yiu & Makino, 2002). This mode has the highest degree of control due to it being a parent company fully in-charge of the company's decisions. It requires high initial upfront investment along with high risks. But due to its independence, it offers high flexibility and adaptability since it can implement its own changes without seeking approval from external partners.

Toyota in Mexico.

- In 2015, Toyota announced it would be building a new $1 billion production facility in the Mexican state of Guanajuato.[2]
- The new factory was intended to produce the Corolla mid-size sedan and help Toyota improve its competitiveness in the North American market.[2]
- This greenfield investment allowed Toyota to establish a new manufacturing presence in Mexico from the ground up.

Importance of aligning them.

2. Discuss the general considerations you would have in terms of managing teams of workers across different countries.

In managing teams of workers across different countries, there are factors that need to be considered in order to effectively execute business goals despite the varying distances, time and working environment. Whether the global organizational model of the business is transnational, multidomestic and international, factors such as cultural differences, communication strategies and organizational structures should be considered to formulate better strategies for global value creation.

For instance, Apple Inc. is a firm operating in more than 100 countries having their own business norms, values, and culture. This necessitates educating employees about the cultural differences revolving around each country's local customs, work etiquette, and corporate management systems to execute their business goals seamlessly. Because Apple practices cross-cultural training and preparation before deploying their employees globally, **their greatest strength is credited to its diversity and inclusion.** Language barriers can hinder effective communication and collaboration across global teams (Saki, 2023). Apple employed specialized communication strategies through language and communication training to address these barriers. While communication is executed seamlessly in the digital era, Apple must ensure that all details of the information are accurately translated into the local languages.

Following a transnational organizational model, Apple's established global standards are locally adapted. Maintaining their centralized product development and branding strategy while localizing their marketing and distribution efforts entails balancing the processes and systems of global marketing campaigns while tailoring it to local preferences and regulations. To ensure value is created despite managing teams across different countries, Apple should adopt global operations strategies tailored in accordance to consumer preferences in local markets. While Apple established regional headquarters and manufacturing resources strategically located across continents like Asia, Europe, and the USA, access to talents, supply chains and markets can influence operations therefore Apple should invest in tools for collaboration to promote open communication and effective information sharing.

Cultural challenges are manageable if managers and team members choose the right strategy and avoid imposing single-culture-based approaches on multicultural situations. (Brett et. el., 2006). By confronting cultural nuances, establishing a well-proportioned global organizational model, maximizing strategies to create value, and enhancing global operations, Apple can effectively and competently manage its diverse talent and operations across multiple countries.

3. Explain the importance of Environmental, Social and Governance (ESG) issues for global firms and discuss ways in which firms can implement ESG principles in their global business strategies.

In recent years, investors have become more aware of the importance of ESG criteria in their investment decisions. As a result, many businesses have begun to integrate ESG into their operations and business strategies (Apiday, 2024). It is important to analyze these issues and address them because it allows global firms to focus on its different departments and implement more ethical and sustainable practices.

Environmental factors. These tackle how a firm impacts the natural world. It focuses on activities that can help combat climate change involving carbon emissions, use of resources, and waste management. It is important to recognize which environmental risks negatively impact business operations to avoid its consequences in the long run. By employing sustainable approaches, global firms can reduce their ecological impacts and achieve a net-zero tomorrow.

Social factors. These pertain to how a global firm influences the society. It considers the welfare of those that are essential to the firm such as the employees, customers, stakeholders, and the communities. Upholding social responsibility will enable the firm to create positive relationships resulting to meaningful contributions to the society's overall welfare. Firms should carefully measure the social issues that will affect their brand reputation and performance.

Governance factors. These refer to the corporate leadership and structure within the firm making sure that there is strong governance established practicing accountability and transparency in decision-making that will benefit all stakeholders. It is core to the business because it sets the foundation to support the environmental and social goals of the business and ensuring alignment with the business values and principles as well.

In the case of Volkswagen, what was targeted to be a cleaner car turned out to be one of the environment's worst nightmares. The dieselgate scandal **(explain).** This fraudulent activity led them to their company's reputational damage all revolving around ESG concerns. The global firm that faced a multi-million scandal in 2015 is now going the extra mile to implement ESG principles in their business strategies.

Example: Volkswagen

ESG: Incorporating EV cars