

Critical Analysis of Foreign Direct Investment in The United States: A Case Study of Tesco

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1.0 Introduction

Foreign direct investment (FDI) involves a multinational corporation's direct venture in a foreign country to capitalize on the opportunities presented (Radošević & Yoruk, 2000). Notably, the United States is characterized by substantial market and economic capacities that favor investment from multinational and domestic corporations. Organizations seeking to venture into the market must conduct effective evaluations to establish the prevailing dynamics likely to affect operational prospects. Success in every market has been predisposed to maximizing consumer satisfaction by providing goods and services of the highest quality. Many organizations are characterized by having various FDI policies which favor their operations. Notably, Tesco is often associated with the operational prospects that favor profit maximization in every market (Teli, 2014). According to Teli (2014), Tesco Corporation has established operations globally. Establishing the attributes that favor success in the United States market necessitates conducting a study regarding the operational prospects adopted. The process requires evaluating the organizational culture and investment protocols the host country adopted to maximize productivity metrics.

2.0 Research Aims and Objectives

2.1 Aims

The study will investigate the FDI protocols followed by Tesco in the United States, which determine the company's success. Needful to note, the economic development of the United States and favorable political environment create a huge market for profit generation. In that regard, the study will consider the impact of the adopted operational prospects and venturing into the United States market. Notably, the stipulated frameworks and policies are based on

studies conducted by the organization to ascertain the appropriate responses to the prevailing market dynamics. Additionally, addressing the specific consumerism demands exhibited by the populations in the United States affects the desirability of different products and services offered.

2.2 Objectives

2.2.1 General Objectives

This study is being conducted to critically analyses FDI in the United States. The study considers the prevailing market dynamics that favor the operational prospects adopted by Tesco.

2.2.2 Specific Objectives

- i. To establish the direct impacts of FDI and Tesco in the US
- ii. To establish how the United States market setting affects applicable operational prospects of FDI companies, with reference to Tesco.
- iii. To establish the impact of consumerism behavior limit influencing desirability of different products and services in the US.

3.0 Literature Review

Studies have been conducted to establish the impact of FDI on the profit maximization of multinational corporations. The process requires an adequate evaluation of the prevailing dynamics to adequately ascertain the appropriate operational frameworks based on feasibility studies (Radošević & Yoruk, 2000). The process necessitates an assessment of the consumerism characteristics exhibited by the population of a given country. Moreover, the appropriate market entry strategy is significantly affected by a given country's political and economic capacities. Countries characterized by substantial economic development and favourable political stability create conducive business environments for multinational corporations to thrive. The process is often systematic to ensure that unprecedented risks that may alter the success of a venture are

mitigated (Wood et al., 2016). Imperatively, unfavourable market dynamics create the risks of incurring substantial losses, which negatively affect the associated profit margins and reduce operational capacities in a given fiscal year for a multinational company.

Notwithstanding, countries have often ensured that they are characterized by a reliable environment that favours investment from multinational corporations. The benefits of FDI are diverse for the host country due to the creation of many job opportunities (Wood et al., 2016). The entry of multinational corporations increases revenue earned from foreign currencies. Therefore, the host country experiences significant economic development in a given region. Furthermore, the gross domestic product also increases for a given fiscal year of the duration of operation of a given multinational corporation (Wood et al., 2016). The delivery of high-quality products and services to consumers also improves the competitive environment created by other players. The consumers thus enjoy having access to high-quality products and services at favourable costs due to the relationships between supply and demand.

Nevertheless, various factors influence the favourability of FDI by private organizations. Studies indicate that the operational prospects exhibited by Tesco consider market dominance as a critical aspect of its successful ventures (Ren, 2021). The stipulated organizational culture and operational frameworks are centred on profit maximization. In such a case, consumer satisfaction is a primary priority (Ren, 2021). In retrospect, the management of Tesco creates new business annually in new geographic regions with the objective of maximizing global market dominance. Operating outside the United Kingdom necessitates the assessment of the market characteristics in the area (Teli, 2014). In retrospect, exhaustive market research by organizational teams influences the choice of the most appropriate market entry strategy. The organization considers the consumerism characteristics exhibited in the foreign country before venturing (Ren, 2021).

The appropriateness of a market entry strategy is mainly influenced by the organization's consumerism characteristics and technical capacities.

4.0 Methodology

The primary research method for this study is qualitative literature review. Essentially, literature review will be done from sources that provide credible and verifiable information regarding the research topic in question. Multiple sources will be compared to ascertain the reliability and authenticity of the sources. To increase credibility of secondary sources, literature review will mainly be based on peer-reviewed materials and reports from recognized websites. This includes Tesco's annual reports and World Bank's FDI Index and data. Also, the study will draw relevant information from secondary sources to establish the relationship between different parameters in the research topic. This includes the relationship between various barriers of entry into US market and FDI. Further, the study will conduct a PESTLE analysis to understand the external environment dynamics that influence FDI in the US. Additionally, the research will conduct a feasibility study on the ease of entry of multinational companies into the US market and the dynamics that influence the same.

The adopted research design will be characterized by being descriptive. Adequately understanding the relationship between the evaluated parameters necessitates an exhaustive evaluation of interdependence (Megicks, 2007). To adequately understand the prevailing market dynamics presented by the United States market or setting and how it influences Tesco, the study considers establishing the relationships between the parameters. Understanding the points of view shared in the research requires positivism and interpretivism perspectives.

The data collected from secondary sources such as annual reports and indexes will be sorted and analysed using relevant and appropriate methods before presenting the study's

findings. Besides, the issued recommendations will be based on reliable information presented from the data analysis process. To increase reliability, prospects for the study will avoid aspects of bias. Bias negatively influences the provided recommendations and findings of the study. Ethical considerations will also be heeded in the critical analysis of information from secondary sources. Successful studies are significantly associated with reliable consolidation of information using ethical practices (McGinn 2018).

5.0 Conclusion

The study's success will be based on consolidation of credible information and data from secondary sources to establish the prevailing market dynamics. Multinational corporations often employ appropriate strategies that predispose success in a given market setting. Establishing critical aspects of operations that Tesco uses to succeed and overcome market hurdles in the United States necessitates conducting an exhaustive study. Notably, collecting accurate and reliable data and information will aid in assessing the actual relationships that exist between different parameters. Besides, the critical analysis of information will heed the significance of accuracy to present a reliable and credible study.

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