

Manufacturing In Saudi Arabia from an American Perspective

Content

The CAGE distance framework model and analysis technique of foreign markets ensure the global visibility of market operations. The distance is, however, affected by the continuous changes in the market system and strategy analysis. This closeness of various countries within the international trade is further measured along 4 dimensions, the C (cultural distance), A (administrative/political distance), G (geographical distance) ,and E (economic distance)

Distance further offers a country an opportunity to capture globally the various levels of differences and similarities between different countries that arise from difference in the trading markets and competitors, appreciation of foreign liability and the market discount size among others.

Q. Give examples of differences between the US and Saudi Arabia on that dimension

The oil market in the Asia Pacific in respect to Saudi Arabia ensures different norms and language. The people in this region, especially women, lack the freedom to dress and relate. The framework C (cultural distance) which includes, race, religion, social norms, and tradition significantly affect the customs of the country as it has remained static. This limits the growth and development of its economic structure due to its inability to build and cultural connect with various ethnic and social networks. However, this dimension in America differs from that of Saudi Arabia due to its flexibility, and lasting economic interactions has enhanced its international commercial trade, as well as strengthens its cultural interactions with various trading communities.

The framework A (administrative distance) which includes currency, trade agreements, as well as the country's political situation has vast led to the country's delayed development and growth. The country's business strategy has failed making the oil market break its long-term tradition of policy investments to the promotion of industrialization. This has facilitated political hostility within the country due to its closed economy that has weakened its business economic institutions. America, however, differs from Saudi Arabia on this dimension due to its establishment of stable and quality political structures that allows for a non-tariff barrier to its economic trading environment.

The CAGE framework G (geographical distance) which includes land borders, environmental and physical conditions of the country. This has facilitated the distribution of the countries products and services. People in this region are further unable to assess and understand the oil markets liabilities and foreign competitors due to its vast climatic changes and time zone differences thereby leading to decreased economic infrastructural investments within and across the world. America, however, differs from Saudi Arabia on this dimension due to its market feasibility ability to assess and understand the various oil markets liability and its different market competitors through strong transport and communication links.

The framework E (economic distance) which includes market profits, labor, and economic infrastructure has ensured that a Saudi Arabia oil and energy market enjoys cheap labor due to its central location between Asia and Europe. This has delayed the domestic and foreign investor's attraction since the country's currency, and trading agreements are dictated by America. The people in the region, however, suffer from low unemployment opportunities due to low infrastructural investments. America further differs from Saudi Arabia on this dimension due to its ability to enjoy healthy profit margins as a result of its high market response ability. This enhances its market strategies that would help increase its economic standardization as well as its high per capita income. This further leads to a rise in its economic labor costs, hence encouraging the growth and development of the country's economy.

Q. Advantages and disadvantages of setting up shop in Saudi Arabia from an American perspective

The establishment of a shop in Saudi Arabia according to the American perspective poses a lot of risks to investors due to its low market profit returns as a result of the country's investments in policies as opposed to economic infrastructures. This significantly regulates and limits the freedom of relations and association of businesses and individuals in the country thereby making it hard for investors to operate freely. In addition to that the inability of the country to promote small companies such as transport, communication as well as the information technology has limited the country's ability to create job opportunities for its growing population and make attractive the local business enterprises in the region.

Similarly, the country's inability to industrial working clusters has led to increased trading bureaucracy in the country's business activities. This according to the American perspective limits the establishment of the shop in Saudi Arabia. This has further limited the development and attraction of foreign talents.

However, Saudi Arabia's central location between Europe and Asia increases its chances of a profitable economy due to improved transportation and communication infrastructure due to its geographical attributes that lowers transport and communication cost (Riyadh & Jeddah, 2015). This as a result will lead to the growth and

development of the country's economy as this will ensure the attraction of both foreign and domestic investments as well as increased in foreign talent provision. Similarly the development of plastics and petrochemicals has provided foreign and domestic investors ample opportunity establishment a shop in the region. The provision of bauxite ore and cheap electricity as it offers them a chance to export their products within the region.

Qs. Advantage and/or disadvantage of American companies locating their manufacturing in Saudi Arabia

The establishment of an American manufacturing company in Saudi Arabia will help increase and develop the country's global capital market through the manipulation of oil prices as this will attract foreign investors. In addition to that, the location of an American company in this region will ensure the restructuring of the country's business management laws and policies by offering a more flexible and precise trade legislation through the involvement of industrial development program that will ensure the promotion and development of small business enterprises, communication and transport technologies. This will enhance the country's market diversification as well as encourage both foreign and domestic investments.

The establishment of an American manufacturing company in Saudi Arabia will also foster the currency exchange rate movement with the country due to its quality political structure and stability (Hill, 2013). This will help support and encourage as well as provide market security for the country's growth and development of infrastructure. The currency exchange rate movement will further help the country maintain a strategic economic flexibility thereby increasing its exportability while reducing its import ability. American manufacturing company locations in Saudi Arabia will faster the increase in oil and energy production as well as ensure its market stability that will help protect it from Communists leading to a rise in its profit margin as well as its competitive market edge.

An American company will also ensure and increase in Saudi Arabia's increased economic activities by enhancing its domestic growth within the import and export sector through providing the smooth flow of its corporate investments within the global market. This will help increase the country's aggressive stimulus, leading to an increased in domestic and foreign investment in oil and energy