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 The Reorganization and Restructuring of Kia Motors by Hyundai Motors

**Executive Summary**  
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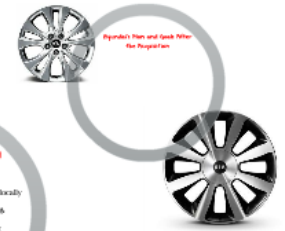
**Benefits Expected from Reorganizing Kia Motors**

- Economies of Scale
- Economies of Scope
- Construction of a global network



**Construction of a Global Network**

- Make use of Kia Motors' huge market locality and globally
- Examples: Germany, Pakistan, Taiwan & Philippines
- Access to markets Hyundai had never accessed

**Economies of Scope**

- Cause diverse cost-cut opportunities
- Use KIA's R&D capabilities and human resources
- Use KIA's new technology and product development for new models

**Economies of Scale**

- Economies in the company's production capacity to the extent that the size of the company and the volume of production are increased
- Economies in the company's production capacity to the extent that the size of the company and the volume of production are increased

**Companies**  
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**Kia Motors' background**

- Founded in 1946 in Seoul
- Number of cars sold: 1.4 million in 2014
- No. of plants: 100 in 2014
- No. of employees: 1.4 million in 2014
- No. of R&D employees: 1.4 million in 2014

**Hyundai's background**

- Founded in 1967 in Seoul
- Number of cars sold: 1.4 million in 2014
- No. of plants: 100 in 2014
- No. of employees: 1.4 million in 2014
- No. of R&D employees: 1.4 million in 2014

**Effect on the Korean Automotive Industry**

- Effect on the industry
- Effect on the industry
- Effect on the industry



Advantage of a large scale of production



Financial Analysis

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## The Acquisition and Restructuring of Kia Motors by Hyundai Motors

Abdelrahman El Bakry

Ahmed Aboeita

Amr El Sayed

Nahla El Gendy

Salma Kotby

Yomna Ali





# Executive Summary

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## The Global Reorganizational Trend

- Advancement of information technology
- Oversupply since mid **1990's**
- Globalization of supply
- Demand for safer and more environmentally friendly automobiles



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- Increase in R&D costs
  - efficiency in production
  - Strategic alliances between companies
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## Effect on the Korean Automotive Industry

- Weak demand in the industry
- Oversupply due to the introduction of new companies
- Used only **67%** of its initial capacity
- More competitive prices in the U.S. market than the Japanese automotive industry



# Companies

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# Kia Motors' Background

Founder: Chung Ju-Yung



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- Founded in 1967 in South Korea
- 7 manufacturing bases outside of Korea
- Entered the U.S. market in 1986



# Kia's SWOT Analysis before Acquisition

**Strengths**

**Weaknesses**

**Opportunities**

**Threats**

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