

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Trade and Accounting



Bachelor Thesis

Proposal strategy for company Gobi Corporation

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CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

BACHELOR THESIS ASSIGNMENT

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EconomicsandManagement

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Thesis title

Proposal strategy for company Gobi Corporation

Objectives of thesis

The main objective is to propose a suitable strategy to strengthen the competitiveness which is based on external and internal environment analysis of Gobi cashmere corporation. Based on SWOT analysis's individual factors will be defined and one of them will be importantly evaluated and selected for the company.

Methodology

This thesis divided into two parts.

In theoretical part will be focused on strategic management in business. The information gathered from professional literature, and online sources.

In practical part will be concentrated on suitable strategy proposal for Gobi cashmere corporation in order to extend their business area. Includes introduction of Gobi cashmere corporation, for external and internal analysis will be used PESTE, Porter's Five Forces and SWOT analysis.

**The proposed extent of
the thesis**

35–40pages

Keywords

SWOT, strategy, firm

Recommended information sources

Hill, T., & Westbrook, R. (1997). SWOT analysis: it's time for a product recall Long range planning, 30(1), 46-52.

Pickton, D. W., & Wright, S. (1998). What's swot in strategic analysis?. Strategic change, 7(2), 101-109.

Valemm, E. K. (2001). SWOT analysis from a resource-based view. Journal of marketing theory and practice. 9(2). 54-69.

Expected date of thesis def

2020/21 WS – FEM (February 2021)

The Bachelor Thesis

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Electronic approval: 13. 10. 2020

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Declaration

I declare that I have worked on my bachelor thesis titled "Proposal of strategy for company Gobi Corporation" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break copyrights of any other person.

In Prague on date of submission

Acknowledgement

I would like to thank my supervisor Ing. Čabelková Inna, Ph.D. and all other persons, for their advice and support during my work on this thesis.

Abstract

This bachelor thesis focuses on the strategic analysis of the Corporation Gobi Cashmere and the main objective is to propose a suitable strategy to strengthen the competitiveness in the business field. The thesis is divided into two parts, which consists of a theoretical and practical part.

In the theoretical part of the thesis are described the basic terminology and selected tools of strategic analysis obtained from literature reviews; moreover, these methods are used in the practical part of the thesis.

The practical part includes an introduction of the company and the External factors obtained on the basis of PESTE analysis; also, the Porter's Five Forces model and the Internal factors are obtained on the basis of 5 keys resource analysis such as company's internal resources, which are marketing, human resources, production/ technology, finance, and accounting and general organizational management and competitor's analyses by a questionnaire survey for customer and employees. In conclusion of the thesis are summarized the strengths, weaknesses, opportunities, and threats obtained from SWOT analysis and the assessment of factors influencing competitor's analysis will be carried out by a questionnaire survey; subsequently, based on the results of this complete analysis will be provided the appropriate proposal of the strategy.

Keywords: Strategic analysis, PESTE analysis, Porter's Five Forces analysis, the five key factors, SWOT analysis.

Abstrakt

Tato bakalářská práce se zaměřuje na strategickou analýzu společnosti Gobi Cashmere a jejím hlavním cílem je navrhnout vhodnou strategii pro posílení konkurenceschopnosti na trhu. Práce je rozdělena na dvě základní části, a to teoretickou část a praktickou část.

V části teoretické jsou popsána základní terminologie a vybrané nástroje strategické analýzy získané z literárních rešerší, které tyto metody dále využívaly v praktické části práce.

Praktická část zahrnuje představení společnosti a externí faktory získané na základě analýzy PESTE, dále také Porterův model pěti sil a interní faktory získané na základě 5 klíčových analýz zdrojů, mimo jiné interní zdroje společnosti, mezi které patří marketing, lidské zdroje, výroba / technologie, finance a účetnictví a obecné organizační řízení. Pro naplnění cílů práce jsou využity vlastní průzkum ve formě dotazníkového šetření. V závěru práce jsou shrnuty silné a slabé stránky, příležitosti a ohrožení získané SWOT analýzou. Následně je na základě výsledků této kompletní analýzy poskytnut vhodný návrh strategie

Klíčová slova: Strategická analýza, PESTE analýza, Porterova analýza pěti hybných sil, pět klíčové faktory, SWOT analýza.

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1. Introduction

These days, due to the current business environment, it is difficult for companies to stay in the market for a long time and be successful. Increasing globalization, increasingly intense competition or rapid technological advances have a significant impact on the market environment. For customers, this means the choice of an extensive selection of goods offered by individual companies. Therefore, companies try to hold existing customers and get new ones. They try to distinguish themselves from others and obtain a competitive advantage. Nowadays it brings many new opportunities, but also threats.

Gobi Cashmere is a Mongolian cashmere brand since 1981. The Gobi supplies 100% cashmere, camel wool, and yak down products. Gobi is a big and experienced cashmere brand, holding 66% of the domestic market

This bachelor thesis aims to perform a strategic analysis of the corporation Gobi Cashmere. The basis is a proposal of recommendations for further development of the company. The study is divided into two parts. The first part of thesis is theoretical, which will be focused on describing the theory of selected strategic analysis. In the second part, the practical part, will be applied these methods directly to the corporation Gobi Cashmere. I will be focused on micro-environment, macro-environment, internal factors, and SWOT analysis.

In the end of my thesis, I will present proposals and recommendations for the further development of the corporation Gobi Cashmere. Based on the results of a strategic analysis, I will suggest a new proposal for the company.

My bachelor's thesis topic is chosen because it is necessary to appropriately follow the strategic analysis for every company whether it is small, medium, or large. Thanks to proper strategic analysis, the company obtains essential information to contribute to a successful and long-term operation in a highly competitive market. In this study will be performed strategic analysis of the corporation Gobi Cashmere, which is one the biggest traditional manufacturers in Mongolia.

2 Objectives and Methodology

Objectives

The main aims of my bachelor theses are to create a suitable strategy, which will be processed on the basis of the analysis of the external and internal environment of the company Gobi Cashmere corporation. For its implementation, other partial goals are needed, such as focusing on proposing a most suitable solution for reducing the company`s costs and extending their store in other Mongolian cities. Based on environmental analysis, the individual factors for SWOT analysis will be defined and the ones that will be most important for the company will be evaluated and selected. From the SWOT analysis conclusion, the recommended strategies will be formulated, the adoption of which should have positive consequences for the company.

Methodology

At first, this bachelor thesis will be processed in a literary review form of a search with an emphasis on the performance of the external and the internal environment, which will be used in the practical part.

In the primary research, an interview with Gobi Cashmere`s manager and questioning for employees are used as forms of qualitative research for sources of new knowledge, which helps to obtain data that is important primarily for understanding the company`s internal environment. Secondary data collection is research aimed at obtaining, analysing, and evaluating information that already exists and has been collected for some other purpose. The balance sheets and profit and loss statements from 2017 to 2019, which were provided to me by Gobi Cashmere corporation, are the part of the appendix.

In the introduction of the practical part, the company Gobi Cashmere will be introduced, after which the analysis of the external environment, then macro-environment and micro-environment. For the macro-environment, PESTE analysis will be used, which contains political factor, economic factor, social factor, technological factor, and ecological factor. For micro-environment Porter`s Five Forces is used.

The internal analysis performed, in which the 5 resource factors was used, describes the influences on the internal environment. External and internal analysis of the current environment will be applied using PESTE, SWOT analysis and questionnaire survey for customer and employees of Gobi.

Based on all analysis, the recommendation of strategy will be proposed for the company.

3. Literature Review

Strategy and Strategic management

According to author Jeremy Kourdi 2009 “the strategy is the plans, choices and decisions used to manage a company to larger profitability and success”. (KOURDI, 2009, p. 3)

Strategy provides the power for financial success as a wrong strategy may lead to a company closing. One important thing is for the strategy to be vividly and effectively communicated with a role in implementing it to shareholders and other stakeholders. (KOURDI, 2009, p. 3)

According to author G.V. Satya Sekhar the strategic assignment consists of a long-term vision of what an organization searches to do and what kind of an organization it expects to become. The development of an organization ultimately rests on the efficiency of the decision-makers. (SEKHAR, 2009)

Strategic management

From author G.V. Satya Sekhar 2009, “strategic management is the collection of managerial decisions and actions that determine the long-run performance of the business. It includes environmental observation, strategic planning, formulation implementation, evaluation, and control.” (SEKHAR, 2009)

Strategic management is always focused on the expected aim of certain company. The future is all the time undetermined. (SEKHAR, 2009)

Strategic formulation

By author G.V. Satya Sekhar, the strategy formulation is “the process of deciding on objectives, on the changes in objectives, on the resources used to accomplish objectives, and on the policies that are to direct the acquisition, use, and disposal of resources”. (SEKHAR, 2009)

Strategy formulation require decision-making by corporate management that:

- goals, aims, and purpose of of the organization can be defined
- qualify of long-term and short-term plans to reach aim and targets

Strategic management process

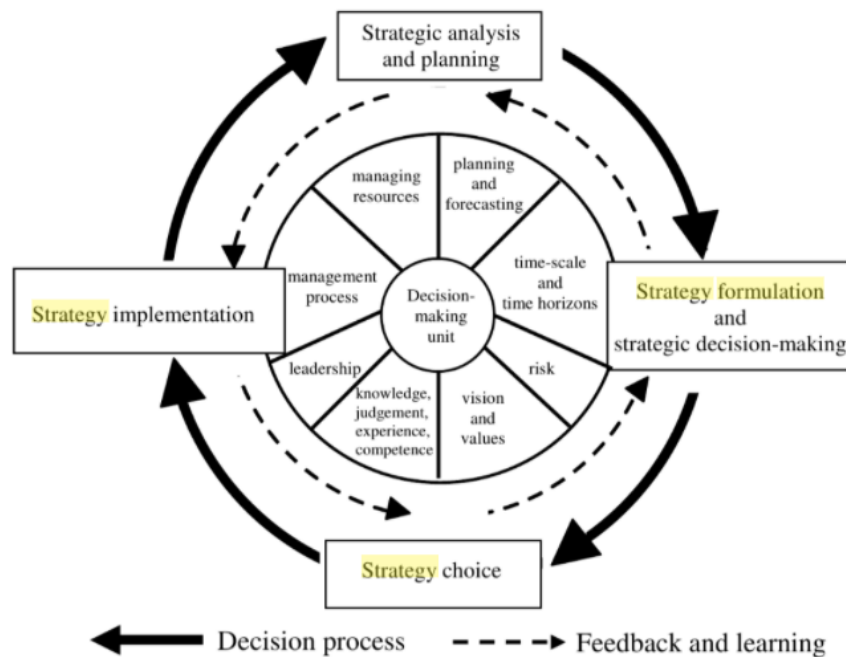


Figure 1 Strategic management process

Source: (Satya Sekhar, 2009)

Strategic implementation

Strategic implementation is the decision that the organisation, which is created on formulated strategies, should be implemented correctly. These decisions principally include administrative policies about resources, structure, and performance measurement. The basis of strategy implementation may be said to lie in selecting an organizational processes, and leadership model appropriate for succeeding in the chosen strategy. (SEKHAR, 2009)

3.1 External environmental

“In order for a company to be successful, it must know its surroundings well and respond effectively to its constant changes.” (SEDLÁČKOVÁ & BUCHTA, 2006, p. 13) This environment is growing dynamically and is specific to different companies in different industries. Through its operations, it significantly affects the market position and profitability of every company.

The external environment includes all the influences on the organization from its surroundings. These include, in particular, customers, competitors, suppliers, and human resources. To a greater or lesser extent, the activities of the organization are also influenced by technological, economic, political, legislative, cultural, social, and international influences. (DONNELLY, 1997)

3.1.1 Macro-environment

PESTE Factors:

Political factor

The political factor describes the legitimate and regulatory parameters within which firms must operate. “The political constraints are placed on firms through fair trade decisions, antitrust laws, tax programs, minimum wage legislation, pollution and pricing policies, administrative jawboning, and many other actions to protect employees, consumers, the general public, and the environment”. (BYARS, 1984, p. 54)

Economical factor

Economic factors are considered when an organization operates globally and includes tariffs, payment for international transactions, government control over profits, and taxation. Tariffs are government-imposed taxes charged on goods and imported into a country. Also, economic factors related to the foreign exchange rate, the rate of Gross Domestic Product (GDP), and foreign investment. (BYARS, 1984, p. 55)

Social factor

The social factor associates to the values, attitudes, and demographic characteristics of an organization's customers and employees. One recent, significant social change has been in the composition of the workforce. Another social factor change relates to the way people view work. Today, people are not as willing to work hard at monotonous jobs. People also want more in life than work. To most families, the balancing of work and relaxation is essential. These values are likely to have a widespread impact on work schedules, how to work is organized, management practices, and payment systems. (BYARS, 1984, p. 57).

Technical factor

According to author Pearce John A technical factors are “to avoid obsolescence and promote innovation require a firm to be aware of technological changes that might influence its industry”. Creative technological adaptations can suggest new products or improvements in existing products or manufacturing and marketing techniques.

A technological breakthrough can have a sudden dramatic effect on a firm's environment. It may spawn complicated new markets and products or significantly shorten the anticipated life of a manufacturing facility. Thus, all firms and most notably those in rough growth industries must strive for an understanding of both the existing technological advances and the probable future advances that can affect their products and services. This queso-science of attempting to foresee advancements and estimate their impact on an organization's operations is known as technological forecasting.

Technological forecasting can help protect and improve the profitability of firms in growing industries. It alerts strategic managers to both impending challenges and promising opportunities. (PEARCEM JOHN A, 2009, p. 98),

Ecological factor

ecological factors mainly affect the production technologies of companies, the location of production units, cause bans on specific productions, etc. It can be said that mainly due to ecological factors, there has been decades of significant pressure to rationalize energy consumption and the use of natural resources ((HANZELKOVÁ, 2017).

Dědina and Odcházal (2007) rank among the main factors:

- Ecological interest groups
- Regulation of emissions, pollution
- Disaster prevention
- Noise

3.1.2 Micro-environment

Microenvironment analysis proposes to determine what forces and factors make the industry more or less attractive. We are based on the essential characteristics and constructions of the industry.

It is also essential to identify forces that could significantly influence developments and changes in the division. (KOL, 2006)

From author Dedouchová “the micro-environment represents the business environment in which the company operates. It consists of companies that are frequently competitors and whose products can be replaced”. We also include other entities in the microenvironment - e.g., suppliers, customers. (DEDOUCHOVA, 2001, p. 17)

Porter’s five forces

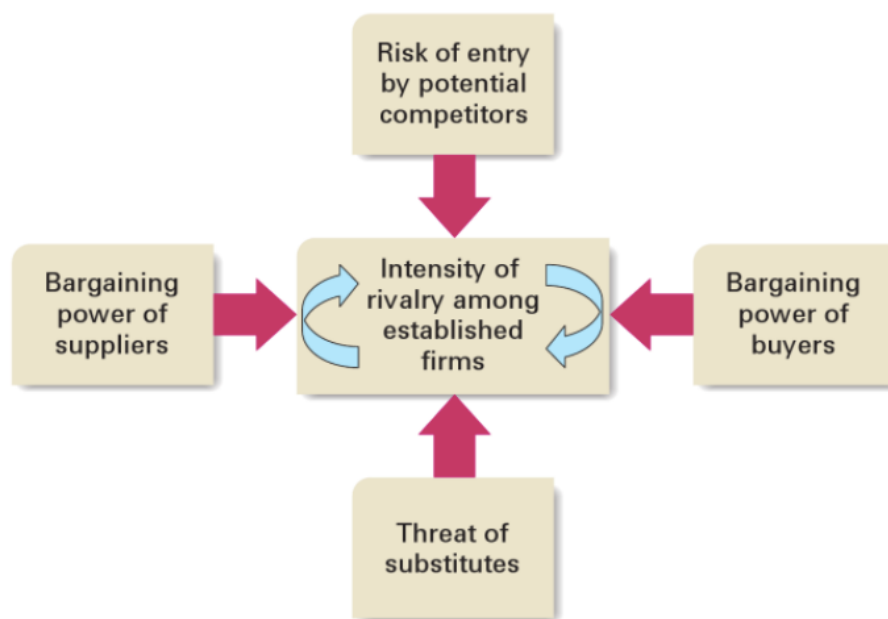


Figure 2: Porter's five forces.

Source: (Johnson, Scholes, Whittington, 2009)

Power of buyer's

The power of buyers in a competitive environment depends on their capability to arrange; also, it can force companies to decrease their prices, require more outstanding quality or additional services, or even take advantage of the competition between the different performers. In doing this, consumers directly influence the profitability of the market as they impact the costs of the product. Also customers have more powers if :

- There are only a few customers or they purchase large volumes.
- Products obtainable on the market are regulated and differ very little from competing products.

- The transfer cost from one supplier to another is low.
- They can directly combine the supplier's activities into their production chain. (MAKKI & CHRISTINE, 2015)

Power of suppliers

Suppliers can impact the profitability of a company by requiring their conditions in the same way as the customers. The power of suppliers is significant when:

- They are mainly focused or in a monopoly situation.
- They have many customers from different industries.
- The transfer cost is high.
- They offer differentiated products, and there are no alternate products for what they offer. (MAKKI & CHRISTINE, 2015)

Potential competitors

Author Charlies Hill and Gareth Jones explain that, “potential competitors are not currently competing in the industry but can do so if they choose. New digital technologies have allowed cable companies to offer telephone service over the same cables that transmit television shows”. Established companies already operating in an industry often venture to discourage potential competitors from entering the industry because the more companies that enter, the more difficult it becomes for established companies to protect their market share and generate profits. A high risk of entry by potential competitors represents a threat to the profitability of established companies. But if the risk of new entry is low, built companies can take advantage of this opportunity to increase prices and make greater returns. (Hill and Jones, 2010)

Threat of substitutes

Substitutes are products or services that provide a similar benefit to an industry's products or services but by a variety of processes. Substitutes can decrease requirements for a particular class of products as customers switch to alternatives even to the extent that this class of product or services becomes obsolete. The simple risk of substitute puts a cap on the prices that can be charged in an industry.

The price ratio is critical to substitution threats. A substitute is still a sufficient threat, even if more expensive, so long as it offers a performance advantage that customers value.

Extra-industry effects are the core of the substitution concept. Substitutes come from outside the incumbents' industry and should not be confused with competitor's threats from within the industry. The substitution concept's value is to force managers to look outside their industry to consider more distant threats and constraints. The more threats of substitution there are, the less attractive the industry is likely to be. (GERRY Johnson, 2009, pp. 32-33)

3.2 Internal environmental analysis

The internal analysis provides an explain of outstanding practice for successful business decision-making and organizational survival.

Managers are supposed to be capable of the significant collection of information about corporate resources and competencies, as well as classifying its weaknesses. In that state, they can take advantage of such information and proactively react to the current market situation and future changes. Furthermore, they can use opportunities while avoiding threats at the same time.

The best way to evaluate the company's strengths and weaknesses is to measure functional areas, such as finance and accounting, human resources, marketing, production and operations, and research and development. It is necessary to emphasize objective and rational analysis to avoid preconceived ideas and false hypotheses from the managers' side. (HIRIYAPPA B. , 2008)

- Marketing
- Finance and Accounting
- Production/operation/ technical
- Human resource development
- Organization of general management (HIRIYAPPA B. , 2008)

Marketing

Marketing is the organization's products/ services, life cycle, and marketing strategy and focusing on sales in a few products or customer segmentation. Marketing helps to company have an effective fulfillment of after-sales services and follow up.

- To know the market share or submarket share

- To know the channel of distribution, number, coverage, and control
- To improve products/service quality with the image and reputation of brand name
(HIRIYAPPA B. , 2008)

Finance and Accounting

The financial analysis assesses the past performance, describes the company's contemporary situation, and predicts future conditions. As the tool aims to develop companies' future performance, it is indispensable for the term for short term and long strategic planning. (RŮČKOVÁ, 2010)

The financial management objective is to secure that the company as financially stable. Two patterns use it:

Ability to make a profit – we decide if the invested capital and assets are increasing.

Ability to pay of the organization - we evaluate if the company is capable of meeting its obligations.

Balance sheet

The balance sheet is the financial statement that expresses the long-term and short-term assets(debt), liabilities(credit), and equity to a specific date. It gives the information about the company's property situation, such as which kinds of investments the property is bounded and how it is appraised, to what extent it is worn out, and how fast it is turned. Also, it describes the financial situation of the company. (ALICE C. Lee, 2009)

$$\text{Assets} = \text{equity} + \text{liabilities}$$

Profit and Loss account/Income statement

By author Jonathan Hales the P and L, “the Profit and Loss statement can [be] underst[ood] as [an] income statement”. P and L Statements measures operation success and profitability of a company. Also, this is an important financial report, which shows daily, monthly annually profit and loss. (HALES, 2006, p. 10)

Liquidity ratios

The liquidity ratio is calculated from the balance sheet. It shows a relationship of the company's cash and other current assets to its current liabilities. Liquidity analysis measures the capability of the company to meet its short-term debts. There are three kinds of ratios:

(ALICE C. Lee, 2009)

Quick ratio

The quick ratio of the 2nd-degree measurement if the company can meet its liabilities without selling its inventories. The recommended value is 0,7 – 1, 0. However, more important is the evolution of the ratio over time. ((KISLINGEROVA, 2007)

$$\text{Quick ratio} = \frac{\text{current assets} - \text{inventories} - \text{other CA}}{\text{current liabilities}}$$

Current ratio

The current ratio of 3rd-degree measures if existing assets of the company cover the short-term liabilities. The recommended values should fluctuate around 1,6 – 2,5, representing the value of the numerator to the denominator's value. The greater the value, the higher is the probability of retention of the solvency of the company. (Kislingerova 2007)

$$\text{Current ratio} = \frac{\text{Current assets}}{\text{current liabilities}}$$

Leverage ratio

The capital structure of the company is composed of both debt and equity. The companies are motivated to use debt to finance its activities because the cost of debt compared to the cost of equity is lower due to financial leverage. By leverage ratios analysis, we aim to find out to what extent liabilities fund the company's assets and predict the company's solvency. Every organization should find a balance between the lower cost of capital and sufficient solvency. (ALICE C. Lee, Financial Analysis, Planning and Forecasting: Theory and Application second edition, 2009, p. 32)

Total assets turnover ratio

It measures the effectiveness of using total assets. It reports how many times the total assets turn per year, and the value of the indicator should be at least 1. (HANZELKOVÁ, KEŘKOVSKÝ, & VYKYPĚL, 2017, stránky 121-122)

$$\text{Total assets turnover ratio} = \frac{\text{Sales}}{\text{Total assets}}$$

$$\text{Account receivable turnover} = \frac{\text{Sales}}{\text{Account receivable}}$$

$$\text{Average collection period} = \frac{365\text{days}}{\text{Account receivable turnover}}$$

Profitability ratio

This measures the effectiveness of company's operating situations. (HANZELKOVÁ, KEŘKOVSKÝ, & VYKYPĚL, 2017, pp. 121-122)

$$\text{Profit margin} = \frac{\text{net income}}{\text{sales}}$$

$$RIO(\text{return on investment}) = \frac{\text{profit before tax and interest}}{\text{total assets}}$$

Production/Operation/Technical

Helps to know the present raw material cost and availability. The inventory control system of the organization. Location facilities, layout, and utilization facilities. Helps to improve technical efficiency and effective utilization of technical resource in the organization. Effective utilization and implementation of operation control procedure- design, scheduling, purchasing, quality control, and efficiency. To understanding the costs and technological competencies relative to industry and competitors. Research development, innovative, advanced ethnological development. (HIRIYAPPA B. , 2008)

Human Resource Development

Human resource's responsibility are have the effective management of the human resource in the organization, development of employee skill and morale, labor relations costs compared to industry and competition from the present industry side, efficient formulation and fulfillment and controlling of the policies, effective utilization of incentives to motivate employee's performance and to know the ability to level peaks and valleys of employment. (HIRIYAPPA B. , 2008)

Organization of General Management

Understanding the organization structure. The organization vision and prestige to the public world and organization record for achieving goals and objectives. Having an effective utilization of resource and overall organization control systém and an effective monitoring an organization cultural climate. Organization of general Management is about to know the top management skills, capabilities, and interests. (HIRIYAPPA B. , 2008)

4. SWOT analysis

The SWOT, which is an abbreviation of Strengths, Weaknesses, Opportunities, Threats, and is a method of analysing both the internal and the external factors that can have influence on a firm. As such, it has always been allowed as useful when evaluating the current circumstances of a company. The SWOT is a tool that firms or companies set as a strategy by matching their internal capabilities with the external environment.

These four factors are divided into internal factors – Strengths and Weaknesses and external factors – Opportunities and Threats. When developing a market strategy, it is fit for managers to go through this analysis, as it may promote or reveal some confidential information and can save valuable time and money for the organization (McGee, 2000)

Helpful factors are Strengths and Opportunities are useful.

Harmful factors are Weaknesses and Threats, those that impede or block the company’s success. (ALAN, 2016)

	Opportunities (external, positive)	Threats (external, negative)
Strengths (internal, positive)	Strength-Opportunity strategies Which of the company’s strengths can be used to maximize the opportunities you identified?	Strength-Threats strategies How can you use the company’s strengths to minimize the threats you identified?
Weaknesses (internal, negative)	Weakness-Opportunity strategies What action(s) can you take to minimize the company’s weaknesses using the opportunities you identified?	Weakness-Threats strategies How can you minimize the company’s weaknesses to avoid the threats you identified?

Figure 3: SWOT Analysis

4. Practical Part

4.1 Introduction of Gobi Corporation



Figure 4: Gobi Cashmere Corporation Logo

The Gobi corporation is the first Mongolian wool and cashmere industry which was founded in 1981 by Japanese investments. The Gobi Cashmere corporation is one of the major national manufacturers, which has been operating for 36 years. The company is located in Ulaanbaatar. The Gobi corporation provides their customers with 100 % goat wool products: camel wool, sheep wool, and yak wool materials, and it uses the latest technologies in the world. Gobi holds the top 5th place in the world of cashmere products. They have a quality of services, capacity of production, and quality of material.

The company has more than 2100 employees. In department of management employees who are fresh graduates of foreign universities, or who have experience in their field in foreign states.

The company's annual capacity is to process 750 tons of raw cashmere, 500 tons of yarn, 25 tons of tiny yarn, 1,000,000 pieces of knitwear, 1,100,000 meters of textiles, and 100,000 pieces of cashmere coat per year. Gobi is the only one, who is producing everything 100% in Mongolia. In addition, the Gobi corporation cooperates with Italian and European fashion designers to produce spring, summer, autumn, and winter collections every year.

Gobi has its own tailoring beyond their company. Customers can make their own design of clothing, what they want, and come to the tailoring of Gobi. The tailoring is made for them

with quickness and quality. In addition they has a dry cleaning. Washing cashmere is not easy. So many have a problem with that. Cashmere needs special shampoo, a degree of water, etc.

Shopping branches:

Mongolia – 6

International – 5

Franchise : - Asia 16

- Europe 6

- North America 2

- Russia 35

Figure 5 Gobi cashmere international branches location



Source: Gobi.mn

Gobi Corporation's Mission

The Gobi mission is to reach the highest customer satisfaction and lead into technology and human development while being a valuable organization to employees and investors. "Gobi" is the world-renowned Mongolian cashmere industry, so Gobi is redeveloping its operation from day to day and call upon customer demand then leads the world's cashmere marketplace.

- Gobi will try to do environmentally friendly practices in its operations and will improve care for societies and the environment as a whole.

- Gobi will deliver for the customers' new product and the best services
- Gobi Corporation is determined to accomplish its social responsibility policy in all fields
- of its operations Source: Gobi.mn

Gobi Corporation Goal

- The world's leading cashmere clothing in market.
- all activities for the benefit of the society to promote environmentally friendly and social responsibility.
- Introduce the culture of the organization and provide employees with a creative environment and opportunities to develop.
- Always deliver new products and services to your customers.

Source: (Gobi.mn)

Strategies of Gobi Corporation

Brand development

- Gobi and Yama brands are successfully presented to the world market with a wide range of design options and feature solutions.
- Gobi became the number 1 manufacturer and distributor of 100 % cashmere coats.

Sales

- Sales of 2019 are supposed to have increased by 38% and will increase by an average of 23% annually until 2020
- Increase in company's total sales to MNT 210 billion in 2020
- The Gobi brand boutique and franchise strategy on the international market will be tailored to the geographical area and market specifics, and in 2021 will deliver Gobi and Yama brands worldwide
- Serving domestic customers with a world class quality product that is enhanced in the domestic market

Quality

- Enhance the product's quality management system and introduce ISO 14001:2015, ISO 9001:2015 Environmental management system standard and ISO 45001: 2018 standard for Occupational Health and Safety.
- Introduce BSCI (Business Social Compliance Initiative) internationally for the first time in Mongolia to work with global brands.

Working safety and health

- develop the safety and healthy working environment for the employees and become a national reference company with safety.

Product development

- The five become Gobi branded strategic products
 1. Coat, jacket
 2. Thin knitting
 3. Simple knitting
 4. Scarves and mugs
 5. To improve a strategy for designing a coefficient of price policy and model design in each geographical area, to maintain a stable quality control and to offer a market-oriented product in the world market.

Gobi Corporation invested 86.2 million MNT from its 2007 privatization increase of which MNT 29.5 billion was invested in 2018, MNT 12.8 billion was spent on building construction, MNT 150 million, 51% for industrial equipment, 1.7 million MNT or 6% for other investments.

Source: Gobi.mn

4.2. External environment analysis

4.2.1 PESTE analysis

Political factor:

Since 2000, there have been several outbreaks of highly contagious animal diseases in several parts of the country, causing significant damage to individuals and society. Due to the outbreak of highly contagious animal diseases in Mongolia, China has issued an order strictly prohibiting importing raw hides, skins, wool and cashmere.

Government and foreign support have a positive effect on the company's growth and pay dividends. Gobi LLC receives soft loans from the Government to support national production. It also received a long-term, low-interest loan of MNT 10 billion from the European Bank for Reconstruction and Development (EBRD)

“State Policy Industry” The following policy document are being adopted by the government of Mongolia.

- ⇒ Procedure for purchase of cashmere from herder 2008
 - The herders to allowed to sell their wool [raw material] to the manufacturer.
- ⇒ Resolving technology reform in the cashmere branch 2013
 - Gobi received the cash support from the government in order to have a new technology.
- ⇒ Resolving the cashmere sector resolution 2014
 - provide with low interest loan.
 - to develop comprehensive sales and marketing measures and take comprehensive measures to facilitate and extend foreign trade.
- ⇒ Support Cashmere’s export program 2018
 - to relieve the export income.
 - to organize trainings and seminars for export procedures.

Source: legalinfo.mn/law

Economic factor

Gross domestic product (GDP) is a pecuniary formulation of the total value of goods and services created in a given period in a specific territory, it is used to determine the performance of the economy. It uses this indicator in macroeconomics to assess the performance of national economies.

Table 1 annual GDP in Mongolia

	2013	2014	2015	2016	2017	2018	2019
Annual GDP (%)	11.65%	7.89%	2.38%	1.17%	13.5%	11.98%	9.8%

Source: Mongolian statistical office, 2019

The table shows the changes in the years change in GDP in percentage. An important year is 2013, which has the highest GDP, and then it kept continuing to decrease until 2017. The lowest years are 2015 and 2016 caused by the local crisis is the economic market. In 2018 and 2019 GDP decreased 1.52%-3.7%.

Inflation

We understand inflation as a repeated growth in prices in the economy. Commodity prices can change, but inflation affects the price level. It can be caused by demand and the supply of money and other influences. The price level is simply the "average price of goods." The rise in prices, which we see in the rising cost of petrol, food, housing, and other goods, is a change in the price level, inflation.

Table 2 Annual inflation in Mongolia

Inflation	2014	2015	2016	2017	2018	2019
(%)	12.9%	5.9%	2.4%	6.7%	7.1%	7.5%

Source: Mongolian statistical office, 2019

Unemployment

Table 3

Unemployment	2016	2017	2018	2019
%	8%	7.9%	7.4%	7.3%

Source: Mongolian statistical office, 2019

High rate of unemployment has high influence to purchasing power of customers. On the other hand, the high unemployment rate is also an opportunity for society. In Mongolia, the supply of labour is insufficient, and people are willing to work for lower wages. Which means the Gobi Cashmere could decrease employee’s wages or hire new employee for low wage.

Abroad Sales (TUG MNG in Million)

2017	2018	2019
49,8	51,3	61,6

Source: Annual reports of Gobi

Social factor

One of the important field of social factors is population analysis. If population increases, so does the population's share over the age of, which will increase the number of potential customers and the possibility of hiring more employees.

Table 5 Growth population in Mongolia

Year	2016	2017	2018	2019
Population	3 056 364	3 177 899	3 138 379	3 296 866

Source: Mongolian statistical office,2019

Gobi Corporation's vision is to develop a view to support national production and to introduce its products. The majority of the Mongolian population is 25-45 years old. The 25-45 age of group has a strong impact on social-cultural factors.

Table 6 Age group population

Age group	2018	
	statistic	Percentage
0-14	1 002 052	31%
15-24	473 373	15%
25-54	1 411 781	44%
55-69	273 639	8%
70+	77 634	2%
Total	3 238 479	100%

Source : Mongolian statistical office, 2019

Technological factor

Gobi corporation focuses on production, technology and equipment. As of 2018, investment of MNT 29,5 billion (140 476 000\$) was spent on 15 .0 billion MNT or 51 % for industrial equipment. *Source: governance.mn/company*

The industrial equipment:

Washing factor
Fur separation machine
Knitting factor
Gobi textile and spinning factor
Dyeing and mixing factor
Spinning mill

4.3. Micro-environment

4.3.1 Porter's Five Forces

New entry

In the analysis of the company's competitive environment, we must take into account, also the potential competitor of companies operating in other sectors or completely new companies. Especially industries that are characterized by high profitability are attractive to many new companies. Theoretically, a new company can enter the market at any time. Still, there are many barriers and imperfect competition for new competitors entering the industry in the market.

These barriers in Mongolia include:

Official requirements:

- In this section of barriers, there is an enormous administrative burden on newly emerging companies. One of the main reasons is the frequent elections when the government board changes and the legal requirements for creating a company.

Funds:

- A high initial investment is needed in this sector.

High fixed costs:

- High fixed costs are required to set up a company in this sector in the form of renting space and purchasing equipment which, at the beginning of the are fully reimbursed.

Human Resources

- To set up a business of this type, a skilled and educated workforce is needed management field.

Power of supplier

In the cashmere sector, especially in Mongolia, there are so many suppliers of wool (raw material). According to the national statistical office of Mongolia registered in 2019, heads of livestock animals totaled 70 million 949 thousand, which increased by 4.5 million animals or 6.8 percent. 4.2 million heads of horses, 4.7 million heads of cattle, 472.4 thousand heads of camel, 32.2 million heads of sheep, 29.2 million heads of goats were counted. Also, by the census about 286 000 herders were registered in Mongolia, 73.5 percent of them, who own livestock animals. Which means “The Suppliers”. They have their own prices for example 1kg wool for 50000 tugrug (2,3 dollars).

Source: 1212.mn/livestock

Table 4 Mongolian main 3 suppliers of raw material (wool) (MNT, 1kg/price)

	KHUVD	SELENGE	BULGAN
Goat wool	80000	83000	90000
Camel wool	71400	73000	76000
Sheep wool	50000	54000	50000
Yak wool	63000	62000	67000

Source: 1212.mn/malajahui

Consumption of wools for Gobi company per 1 year is 1100 tons. Source: *Governance.mn/company*

In Mongolian cashmere business’s sector is developed, and various prices. Wide choices of suppliers of wool. The company can choose the supplier with cheapest one.

Threat of substitute

The threat of competition in the clothing sector is high, which is associated with relatively easy substitutability of products. I am considering substitutes in the design of clothes and fashion accessories. The shift of customers to the competition is effortless and does not require any costs. The customer can only enter a neighboring store and shop there. Besides, individual companies often copy new ideas from others on the market. Therefore, it is not incredibly difficult for the customer to get a similar piece in the same price category and quality in another store. I think the threat of substitutes in the industry is very high even our material is quality.

Power of buyers

Table 5 Population of Mongolia in every City

City	Amount population	%
Ulaanbaatar	1 539 810	46.70
Khuvsgul	135 095	4.09
Uvur-khangai	116 732	3.54
Selenge	110 110	3.33
Bayan-Ulgii	108 530	3.29
Orkhon	107 634	3.26
Darkhan-Uul	107 018	3.24
Arkhangai	94 994	2.88
Tuv	94 250	2.85
Khovd	89 712	2.72
Bayankhongor	88 672	2.68
Uvs	83 223	2.52
Dornod	82 054	2.48
Khentii	77 957	2.36
Zavkhan	72 823	2.20
Dornogobi	71 014	2.15
Umnugobi	69 187	2.09
Sukhbaatar	63 182	1.91
Bulgan	62 089	1.88
Gobi-Altai	57 748	1.75
Dundgobi	47 104	1.42
Gobisumber	17 928	0.54
Total	3 296 866	100%

Source : Mongolian statistical office, 2020

According to statistic as we can see the highest population has in Ulaanbaatar, which is the capital of Mongolia. Gobi corporation has 6 branches in Ulaanbaatar but not in other cities. The other cities customers use online shopping. Mongolia is a huge country. Travel from one city to another city takes a minimum of 1 day by car. After a long time the customers received their order and try

their clothes. If the clothes didn't fit they should be sent to the back and exchange the suitable size. It takes too long. As a result, they could lose potential customers.

Internal environmental analysis

Marketing

Gobi corporation arranges a once in year “Fashion Show“. It is their one marketing system, and extends their business. They use Billboards in the center of city on the big building. Gobi corporation uses famous actors for their television advertising. Gobi is the only one who is doing their Fashion Show in Mongolia.



Picture 6 Figure 6 Gobi fashion Show

Source: Gobi.mn

Table 6 Expense for advertising (MNT- Mongolian tugrug)

	Per year
Billboard, posters, journal	43 237 000
Fashion show	56 983 310
Television	20 459 568
Total	120 679 868

Source: Own processing according to the company's internal material, 2019

The company has a website that has been available for several years. The disadvantage is poorly arranged website and doesn't have updated information about the company. It can cause that they lose potential customers.

Organization of general management

The management roles like Planning, Organizing, Controlling, and Motivating keeps the company running successfully.

Some of the most important people that help to move the company forward are the employees.

The company should motivate their employees and make them work.

Gobi corporation motivates their employees with an extra bonus, small gift for them on their birthday, christmas, and for their children they give gifts too on new year. Once a year they are doing open door day, where the employees can bring their children or families to work and show them. Also organizing new parties for their employees, and at that party they reward the employees who worked for a long time or worked very well. The reward can be money, home stuff, and a ticket for a trip to Korea, China or the Philippines.

Production/operation/technical

Production:

The main production consists of hand sorting, scouring, and de-haring display and pressing in packages. Having an annual capacity to process 1000 tons of cashmere and 200 tons of camel wool, the Gobi Corporation has become one of the five largest cashmere processing companies worldwide. Gobi Corporation has 9 factories that process and produce raw fibers into final products.

1. Sorting factor

They are sorting 500-600 tons of cashmere, 100-150 tons of camel wool, and 20-30 tons of yaks down yearly. Raw fibers such as cashmere and camel wool get sorted in 20 different divisions by some of the most practiced employees. Under strict quality standards, employees do the sorting by feeling with their hands and scanning with their eyes.

2. Scouring factor

After sorting, dirt is scoured from the material as well as oil and animal dung using their machines the Futaba from Japan. The machine can process 350-450kg of cashmere and wool per hour.

3. Dehairing factor

Scoured cashmere gets separated from coarse hair becoming semi-processed cashmere product in the process. They are using the machine TORIGOE from Japan.

4. Dyeing and Blending factor

6 lines :

Dyeing (over 3.5 tons of yarn)

Bleaching (over 180-200 tons of cashmere, blends over 220-270 tons of cashmere)

Yarn dyeing

Winding

Drying (machine STALAM, which dries without damaging)

Carbonizing

5. Spinning factor

Main processes of manufacturing. The spinning factor has an annual capacity of 180-200 tons of spun yarns. 5 production lines is the spinning factor:

Carding

Spinning

Winding (MURATEC, Japanese machine)

Double winding

Twisting (MURATEC, Japanese machine)

6. Knitting factor

There are 20 production lines. Entirely automatic and automated knitting machines from Italy and Japan are used for manufacturing. There are two divisions in the knitting factory: knitting and sewing.

The knitting division contains:

102 Japanese SHIMA SEIKI knitting machines

20 German STOLL knitting machines

Taiwanese DAHU warp knitting machines

Sewing

190 linking machines Japanese and Italian.

Annual capacity is 700,000 pieces of knitwear.

7. Weaving factor

Recently the Gobi corporation uses Jacquard and Dobby knitting machines Germany, hand knitting machines from Finland, automatic yarn connecting machines from STABLI, and shrinking and steaming machines from Italy to double the production. Annually produces in 220,000-250,000 meters.

8. Knitting finishing factory

Knitted product finishing, printing and pilling test laboratory. Annual capacity is 700,00 pieces.

9. Gobi services

Garment tailoring, blanket tailoring, and dry cleaning and repairing services.

Human Resources

In management there are 259 employees which are qualified and highly skilled persons who graduated from the universities and specialized in Japan, The Russian Federation, Germany, Italy, Czech, Poland, Hungary, and Bulgaria work for the company. 2113 of the total workforce, 72%, are young women. The average age of our workers is 25-30 years. Every employee within Gobi Corporation's organizational structure acquires specialized practice in addition to intensive induction training. There by leading to employees being at the cutting edge of the cashmere industry.

Financial and Accounting

For analyzing financial and budgetary factors, I used balance sheets and profit and loss statements from 2017 to 2019, which I received from the Gobi cashmere corporation. They are part of the appendix.

Liquidity ratios

Liquidity ratio describe the company's financial situation and reflects the company's ability to use parts of its funds to meet liabilities. The frequently used liquidity ratio is determined by the ratio of current assets and current liabilities, corporate debts.

All amounts are in millions of tugrug in Mongolia. (MNT)

$$\text{Current ratio}(2019) = \frac{\text{Current assets}}{\text{current liabilities}} = \frac{1641622}{130954} = 1,25$$

Table 7 Liquidity

Liquidity	2017	2018	2019
	2.7	1.5	1.25

In this table as you can see then indicators were decreasing by a little bit. According to calculations we can see that indicators of liquidity reach 1,25 in 2019, which means indicating debt units are covered by 1,25 units of current assets, which means quickly available money.

$$\text{Quick ratio}(2019) = \frac{\text{current assets} - \text{inventories}}{\text{current liabilities}} = \frac{164622 - 27855}{130954} = 1.04$$

Table 8 Quick ratio

Quick ratio	2017	2018	2019
	2.25	1.5	1.04

As you can see in 2017 Gobi corporation had a high quick ratio, which means they did use their current assets or short-term financing facilities efficiency. In 2019 they have 1,05 which is about 0,46 less than previous year. In the USA, for example, this indicator is around 1, while stable companies may have a lower one. But we can consider the Gobi corporation in a financially stable situation because from 2017 it started to decrease.

Leverage ratios

Leverage ratios expresses percentage funds financed by debt, loans

$$\text{Leverage ratio}(2019) = \frac{\text{total debts}}{\text{total assets}} = \frac{18557}{248608} = 0.07\%$$

Table 9 Leverage Ratio

Leverage ratio	2017	2018	2019
	1.36	0.39	0.07

If an indicator is smaller than 0.5 it means it is safe for operating in a stable industry. If indicators are bigger than 0.5 means the company can be considered a warning sign indicating the company's over-indebtedness. According to their calculated table, we can see the Gobi corporation in 2017 had a high indication on how far it was from 0,5. From 2017 they moved under 0,5 and we can consider the Gobi corporation doesn't have warning signs indicating the company's over-indebtedness.

Assets turnover

$$\text{Total assets turnover ratio (2019)} = \frac{\text{Sales}}{\text{Total assets}} = \frac{173439}{248608} = 0.69$$

Table 10 Assets turnover

Turnover ratio	2017	2018	2019
	2.77	0.68	0.69

Turnover ratio shows the indicator indicates how many times total assets turnover per year. Recommended value is between 1-1,5. According to table the Gobi corporation doesn't belong to the recommended value, but they still have positive increasing indicators since 2018.

$$\text{Inventory turnover ratio(2019)} = \frac{\text{Sales}}{\text{inventories}} = \frac{173439}{27885} = 6.12$$

Table 11 Inventory turnover

Inventory Turnover	2017	2018	2019
	12.7	12.3	6.12

In general, we can say that turnover inventory over 8 is "GOOD" in an average cloth industry. In 2017 and 2018 the Gobi cashmere has a high turnover of inventory, which was bad. They had so many products in their storage, and their money did not work for them.

But Gobi cashmere understands that based on the table, 6,12 can still be called good, because it is close to 8.

$$\text{Account receivable turnover(2019)} = \frac{\text{Sales}}{\text{account receivable}} = \frac{173439}{12183} = 14$$

Table 12 Accountz receivable turnover

Account receivable turnover	2017	2018	2019
	3.85	30.5	14

If the value of account receivable turnover is too small that signals a loss of sales. On the other hand if the value is too high it means the company sells a big deal on credit. The average of account receivable turnover indicator is 14,92 which means we can consider that The Gobi cashmere is not in risk.

$$\text{Average collection period} = \frac{365 \text{ days}}{\text{Account receivable turnover}}$$

$$\text{Average collection period} = \frac{365 \text{ days}}{5} = 26$$

If average collection period is more than 30 that means the company is in trouble, in case of Gobi cashmere it is less than 30, we can say they average collection period is favorable. (Planning, nedatováno)

Profitability ratio

$$\text{Profit margin} = \frac{\text{net income}}{\text{sales}} = \frac{17764}{173439} = 0.1$$

Table 13 Profit Margin

Profitability	2017	2018	2019
	0.23	0.14	0.1

Low profit margin is between 2 - 4 %. Based on table Gobi cashmere has 10% profit margin is higher than 4 %. It follows the management of company is effective.

return on investment RIO

$$\text{RIO}(\text{return on investment}) = \frac{\text{profit after tax}}{\text{total assets}} = \frac{17764}{248608} = 0.07$$

Table 14 RIO

RIO	2017	2018	2019
	0.6	0.09	0.07

Return on investment is a term indicates to the total return on investment. From the table we can consider the Gobi Cashmere decreasing which unfortunately is not effective.

From financial and accounting factors we can consider that the Gobi Cashmere had stable financial situation from 2017 to 2019 except some ratios were decreased.

4.4 Questionnaire

The questionnaire survey consists into two parts. Which are Customer survey and employee survey.

The first part of questionnaire survey was done via online and made by Gobi company in order to improve their weaknesses and reach the highest satisfaction of customer. The survey focused on the local customers. In this questionnaire survey participated 472 responders.

1. Are you satisfied with delivering time (shipping period)?

From that survey YES was given by 307 people, which is 65,1%, and on the other hand 165 people which is 35%. As a result, the negative respond is quite high.

2. What is your age?

0-24 was 37 responders (8%), 25-35 was 188 responders (40%), 26-35 was 165 responders (35%) and 46+ was 120 responders (17%).

According to age survey we can see the between 25-35 and 26-35 ages are responded the most.

3. What is your gender?

Male – 155 participants (33%) and the woman 317 (67%). From this more than half was the women participants.

4. What city are you ordering from? 472 participants. Khentii - 12% was 56 participants, Tuvd - 27% was 127 participants, Selenge - 23 % was 110 participants and Khuvsgul - 38 % was 179 participants. In conclusion we can see from the survey the most of the customers are from Khuvsgul.

5. Some suggestion for improving our company service?

There were many suggestions for this question. So I choose the answers which was related to my analyse and interesting ones.

a. to make new design of clothing for the babies (0-3 years)

b. to improve website

c. to improve online shopping/delivery time to another city in Mongolia (not in Ulaanbaatar)

d. to extend their branch in some of the city **in Mongolia.**

The second part of questionnaire survey was done via video call with the marketing manager of Gobi, team leaders and workers. There was 15 participants. Every employee has same meaning of answers.

1. What is the advantage of Gobi cashmere to compared to its competitors?

- long establishment of company. The Gobi is the first cashmere manufacturer in Mongolia.
- high reputation in Asia. Mongolia is the second biggest manufacturer of cashmere after China.
- cooperates with foreign designers than other Mongolian cashmere company
- having branch in Foreign states than another Mongolian cashmere company
- high quality of products

2. How well does your organization strategically differentiate from the competition in terms of the capabilities of its product? How clear is your organization's strategy for this?

- they had a strategy team. They are planning the long-term strategy. Then checking their implementation of strategy.

3. What are the incentives schemes of your company?

- our incentives schemes are: Discount, free products, free shipping, gifts with purchase and VIP cards.

4. How will describe your marketing than other company?

- We have a strong marketing than other company. We are organizing own Fashion show under name Gobi Show every year. Follows we are sponsoring sport events and movie. Every year we are helping for the children without parents.

5. How will you describe the quality of your products?

- First of all, that we have high qualified technologies for our products. Our cashmere is made by 100% natural. There is no allergic or bad affect for human body. There is no color after washing our products. Then we have skilled employees with the procedures and technologies.

4. 5. SWOT Analyses

Swot analysis summarizes previous analysis points that have been allocated into strengths and weaknesses derived from internal analysis and opportunities and threats derived from external analysis.

Strengths:

- ⇒ Long-term presence on the market
- ⇒ Guaranteed quality of cashmere product
- ⇒ 100 % produced in Mongolia
- ⇒ Qualified equipment and technologies
- ⇒ Strong marketing
- ⇒ Stable financial situation
- ⇒ 100% natural and there is no effect for the human bodies
- ⇒ Design could be change according to clients' request
- ⇒ Cheaper than other cashmere products on the world market
- ⇒ The ability to differentiate its products

Weaknesses:

- ⇒ Lack of distribution to province in Mongolia
- ⇒ Channel sales are limited
- ⇒ Lack of systematic information on the market
- ⇒ Insufficient information on the website

Opportunities:

- ⇒ Less competition in the cashmere industry in Mongolia
- ⇒ Customers who are against chemical products and prefers ecologically products
- ⇒ Suppliers with low price of raw material
- ⇒ According to inflation Gobi corporation may hire people for low salary
- ⇒ Can open new branch in Khuvsgul province because of high number of tourists
- ⇒ The world demand natural products are increasing
- ⇒ High unemployment in Mongolia the supply of labor is insufficient and people are willing to work for lower wages
- ⇒ The population growth which increases number of potential customer and the possibility of hiring more employees

Threat:

- ⇒ Natural disasters (cold winter is for goats and sheep hard to survive)
- ⇒ High constant unemployment rate will affect the purchasing power of customer
- ⇒ Easy substitutions

5. Results and Discussion

Mongolia is the world's second biggest cashmere manufacturer thanks to Gobi cashmere. Gobi cashmere biggest part of Mongolian business field and one of the biggest company who is providing a job to many people. We can say that Gobi is the number one of quality and design of clothing industry in Mongolia. Gobi manufacturer using the latest technologies and their continuously inspiring quality and design give the customers an edge over the competition. The Gobi will keep leading the way in the luxury cashmere clothing industry and will inspire many competitors to improvement.

In order to provide suggestions and recommendations for Gobi cashmere in Mongolia, it is essential to figure out the main competitive advantages and strengths of the brand and the future threats of the company, and point out the areas where the organization can improve their business activities.

Thereafter conducting the analyses of Gobi cashmere and competitor analyses of its challenges operating in Mongolian market, it is safe say that Gobi indeed, has the highest responsibility and a reliable competitive advantage. The other strong side of Gobi is the ability to differentiate its products and doing product according to customer wishes.

The conclusion is those are main recommendations for the management of Gobi concerning strategic planning in Mongolia market:

- Focus on online shopping experience and delivery timing
- Considering opening a new branch in Mongolian especially in Khuvsgul
- Considering extending their business to European states
- Making new fashion collaboration with Asian famous designers
- To improve the website

6 Conclusion

The main purpose of my bachelor thesis was suggested appropriate recommendations for the future development of the company. It consisted of theoretical and practical part.

In theoretical part was discussed about theory and general terms were defined. In the practical part was applied the acquired knowledge, from the theoretical part to a selected company (Gobi cashmere) in Mongolia with an assistance of methodology, fulfilled the main goal of my thesis. In the practical part was also included the questionnaire survey for customer and employees of Gobi cashmere.

The analyse was started with the external environment of the company, both macro-environment and micro-environment which was prepared using the PESTE analyse. In these analyse was describing political, economic, social, technological and ecological factors. Porter's five model was used for the micro-environment analyse.

The internal environment analysis was performed using 5 keys factors, which identified the strengths and weaknesses of the company. Also was including the factors of technical development, marketing, production, human resource management and financial. The analyse revealed the strengths and weaknesses of company.

The last analyse was the SWOT analyse, which pointed out on strengths, weaknesses, opportunities and threats. Follows after SWOT came the questionnaire survey of customer and employees of Gobi, which was showed in chart version.

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9 Appendix

Balance sheet	2017	2018	2019
Assets	31912	180728	248608
Fixed assets	52341	57817	83380
Intangible fixed assets	350	459	355
Tangible fixed assets	52035	57247	83986
Long-term financial assets	0	0	0
Current assets	135872	122911	164622
Inventory	22984	4076	27855
Receivables	19721	11644	12183
Accrued assets	65	67	73
Liabilities	50074	79015	130954
Equity	22337	34012	65456
Basic Capital	12765	16832	35620
Capital funds	780	780	780
Funds from profit	972	1681	1642
Net profit from previous year	23685	19642	34721
Net profit from current period	21135	17502	17764
External resources	19086	32876	125754
Accrual	191	510	113
Long-term payable	11836	30202	6000
Short-term payable	31678	40469	12557

profit and loss statement	2017	2018	2019
Total sales	88673	124425	173439
Total expenses	67316	94763	133647
- Salary expenses	16161	24114	33092
- Other expenses	51155	70649	100555
Net income after tax	21135	17502	17764

Customer survey

1. Are you satisfied with delivering time (shipping period)?
2. What is your age?
3. What is your gender?
.
4. What city are you ordering from?
5. Some suggestion for improving our company service?

Interveiw questions for employee of Gobi.

1. What is the advantage of Gobi cashmere to compared to its competitors?
2. How well does your organization strategically differentiate from the competition in terms of the capabilities of its product? How clear is your organization's strategy for this?
3. What are the incentives shcemes of your company?
4. How will describe your marketing than other company?
5. How will you describe the quality of your products?