

“PRIVATIZATION OF LI & FUNG: RATIONALES AND IMPLICATIONS CASE”

Introduction

This is the case of Li & Fung Company, a global supply chain management company, which went private after it operated for many years under the public securities market. Privatization decision is one of the most important decision making arising from strategic and financial factors.


Rationales for Privatization

There was the issue of low stock performance among some of the strategic business units owned by this company which we find as one of the core reasons why Li & Fung had to privatized some of its units. The Li & Fung decided to move to private because it allowed it freedom to implement long term operational strategies that would have otherwise been limited by pressures from the public shareholders.



Implications of Privatization

For shareholders, privatization implied a buy out, which allowed them to escape and get rid of their shares. Whereas some people saw it as a good thing some people thought that it should be given the future development potential and was being privatized. Internally, the company's decision probably ensures that the organisation could make more specific decisions without external pressures from shareholders.



Conclusion

Li & Fung's privatization is a strategic one; its main goal is to bring changes and stimulate the company's development in the long-term perspective. Although it has helped the company attain flexibility it has led to criticism since it is not clear based on achievement of goals, and transparency and future direction clarification.



RESOURCE

This is just a sample partial case solution. Please place the order on the website to order your own originally done case solution.

Resource: Visit thecasesolutions.com for detailed analysis and more case studies.

