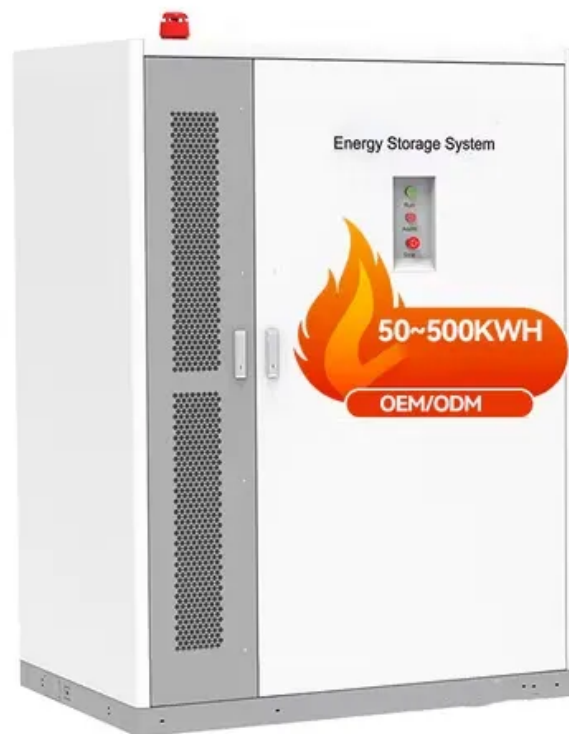


A captive company strategy is becoming another firm's sole





Overview

It is a strategy that is pursued when a firm sells the bulk of its products to one customer (wholesaler/ dealer), who in turn performs some of the functions commonly done by an independent firm. The primary shortcoming of this strategy is that the organization is restricted by the actions of its captor. Does a captive finance subsidiary affect firm's competitiveness?

We investigate how a formation and maintenance of a captive finance subsidiary affects firm's competitiveness. We find that firms with captive finance subsidiaries have higher profitability, larger market share, lower sales volatility, and keep lower cash balances.

How does a captive affect a firm's competitiveness?

Additionally, the presence of a captive helps a firm smooth its sales volatility (7.02% lower sales volatility) and allows to keep lower cash balances (3.20% lower cash holdings). Next, we investigate changes in a firm's competitiveness following the establishment of a captive.

Does establishing a captive increase firm's market share?

In Table 10, Panel C we find that establishment of a captive helps to increase firm's market share. Similar to findings on profitability, this however does not happen instantly - it takes about four years for the market share gains to become economically and statistically relevant.

What makes a captive company different from a multinational company?

This places captive companies in a unique position relative to multinationals. Finally, captive companies are distinguishable in that, because of their role within communities, they are often much closer to human rights violations (and are more likely themselves to be subject to human rights violations) than others.

Does establishing a captive improve profitability?



All controls are measured as of the end of year t . It is interesting to observe that establishment of a captive by a sample firm also improves profitability of competing firms which already had captives in place. Likewise, this improvement in profitability is gradual and becomes economically and statistically meaningful after about four years.

Are captive companies more correlated with finance industry returns?

Since the provision of financial services to customers constitutes a significant part of a captive parent company's activity, we would expect that the stock returns of firms with captives are more correlated with finance industry returns than the stock returns of companies without financial subsidiaries.



A captive company strategy is becoming another firm s sole

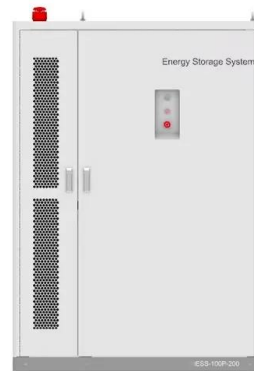


Retrenchment Strategy

A firm which retrenches via backward vertical integration is known as 'captive company'. A firm becomes a captive of another firm when it subjects itself to the decisions of the other firm in return for a guarantee that a certain amount of the captive's product will be

chapter 10 Flashcards

Study with Quizlet and memorize flashcards containing terms like Which statement is a reason why many retailers are creating and promoting their own captive brands?, Which of the following statements is true of product items?, The term product refers to all of the following EXCEPT _____. and more.



Is it all about taxes? A cash flow approach to captive ...

As shown in Figure 2, the top left scenario suggests that, economically, the company would be better off self-insuring rather than forming a captive, as the federal tax benefit is less than the additional expenses. At ...



Captive Product Pricing. What it is, How it Works, Examples.

How to calculate Captive Product Pricing: $P = C + (M - C) \times (1 - D)$ What is Captive Product Pricing? Captive product pricing is a pricing strategy used by companies to increase the profitability of their products. It involves setting a price for a product



that is higher

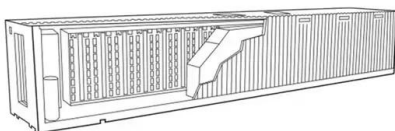


What five challenges do companies face transitioning to captives?

"Another argument that is becoming increasingly important is the ability to use the captive as an incubator and fund non-insurable risks. In a corporate world that is moving from an asset-heavy to asset-light, new risks are emerging for which the commercial market has little or no appetite (eg.

[An Introduction to Captives](#)

An Introduction to Captives. Sophisticated organisations are continuously looking to develop successful risk financing strategies, and many utilise a captive to accomplish this goal. In this ...



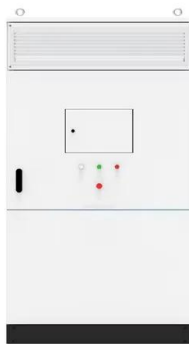
BPS: Chapter 7 Flashcards

Study with Quizlet and memorize flashcards containing terms like directional strategy, portfolio analysis, parenting strategy and more. The manner in which management coordinates activities and transfers resources and cultivates capabilities among product lines and business units



Understanding Captive Sourcing: A Comprehensive Guide

In the constantly evolving landscape of business operations, companies are increasingly turning to captive sourcing as a strategic option for their sourcing needs. Captive sourcing, also known as insourcing, presents a unique opportunity for organizations to gain greater control over their operations, reduce costs, and enhance quality.

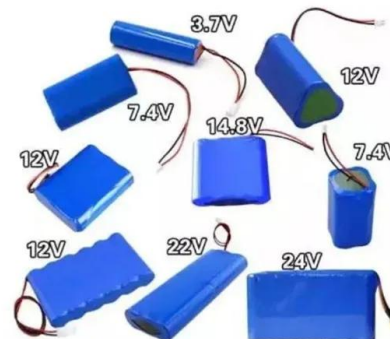


Captives at the Core: The Foundation of a Risk Financing Strategy

As organizations and the risk environment evolve, many organizations are leveraging captives at the core of their risk management strategies. Having captives at the core helps companies ...

Understanding Captive Finance Companies: A ...

Overall, captive finance companies are essential players in the financial landscape, serving as intermediaries between consumers and the companies they do business with. Their ability to offer tailored financing options enhances ...



Understanding The Taxation Of 831(a) Insurance Companies

Many business owners enter the "insurance business" for the sole purpose of controlling their overall insurance costs, only to discover the other benefits that come with underwriting their own profits. How To Become A Captive Insurance Company If you're thinking



What Is a Captive Insurance Company?

Examples of Captive Insurance Companies A well-known captive insurance company made headlines in the wake of the 2010 British Petroleum oil spill in the Gulf of Mexico. At that time, reports



- Efficient Higher Revenue**
 - Max. Efficiency 97.5%
 - Max. PV Input Voltage 600V
 - 100% Peak Output Power
 - 2 MPPT Trackers, 100% DC Input Overvoltage
 - Max. PV Input Current 55A, Compatible with High-Power Modules
- Intelligent Simple O&M**
 - IP65 Protection Degree: support outdoor installation
 - Smart I/F Curve Diagnosis Function: locate PV string faults accurately and automatically detect faults
 - DC & AC Type II SPD: prevent lightning damage
 - Battery Reverse Connection Protection
- Flexible Abundant Configuration**
 - Plug & Play, EPC Switching Under 10min
 - Compatible with Lead-acid and Lithium Batteries
 - Max. 6 Units Inverters Parallel
 - MFC Function (Optional): when an arc fault is detected the inverter immediately stops operation

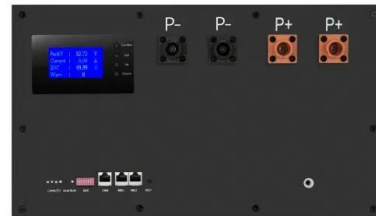


STRATEGY FORMULATION: CORPORATE STRATEGY

assets, Yahoo! finally gave in to the captive strategy by hiring investment bankers to sell the company. 3. Sell-out/Divestment Strategy. A sell-out involves selling the entire company to another firm at a good deal, given that the shareholders and the employees

THREE ASPECTS OF STRATEGY FORMULATION

revitalizing the company. Captive Company Strategy: This strategy involves giving up independence in exchange for some security by becoming another company's sole supplier, distributor, or a dependent subsidiary. 125



Business Policy exam 2 Flashcards

-captive company strategy (becoming another company's sole supplier or distributor) -sell-out strategy (entire company is sold) -bankruptcy or liquidation strategy (seeks to perpetuate the corporation, no one wants to buy the company; gives up management of the firm to the courts)



What five challenges do companies face transitioning ...

By establishing a captive, companies can retain a greater portion of their risk, reducing their dependence on conventional insurance providers and mitigating the impact of premium volatility. "Out of the 7,000 ...



Captive to Independent Agency Owner: Transition Your Career

Identify insurance companies aligning with your agency's focus, offering desired products and services, and negotiate favorable terms. 6. By following these steps, you can navigate the transition from being a captive agent to becoming an independent agency

CMA P1 B.1. Strategic planning Flashcards

1. Evaluate current performance results in terms of (a) return on investment, profitability, and so forth, and (b) the current mission, objectives, strategies, and policies. 2. Review corporate governance - that is, the performance of the firm's board of directors and top



Captive finance and firm's competitiveness , Request PDF

We study the effects of establishment of a captive finance subsidiary on parent firm's competitiveness. Firms with captives have higher profitability, larger market share, lower ...



Captives 101: What Are They, and Why Do I Want One?

A captive can also become a source of profit that will support the primary operating company or group for years to come. Opinions expressed in Expert Commentary articles are those of the author and are not necessarily held by the author's employer or IRMI.



Chapter 6 Quiz

Study with Quizlet and memorize flashcards containing terms like Which strategy specifies the firm's overall direction in terms of its general orientation toward growth, the industries or markets in which it competes, and the manner in which it coordinates activities and transfers resources among business units? Select one: a. corporate b. functional c. divisional d. organizational e. ...

A Business Lawyer's Guide to Captive Insurance

Risks for Starting a Captive A company seeking to self-insure through a captive must consider all scenarios. An ill-timed adverse event may place both the captive and its parent company in dire circumstances. A new captive will not start out with ample capital on



Understanding Captive Finance Companies: Definition, ...

A captive finance company is a subsidiary established by a parent company, typically in a non-financial industry, to provide financing options to customers purchasing the parent company's products or services. These subsidiaries specialize in offering loans, leases, or other forms of financing directly related to the parent company's products, thereby facilitating



sales and ...

A corporations directional strategy is composed of three general

A corporation's directional strategy is composed of three general orientations toward growth (sometimes called grand strategies):
o Growth strategies expand the company's activities.
o Stability strategies make no change to the company's current activities.
o Retrenchment strategies reduce the company's level of activities.



A Primer on Buying and Selling a Captive Insurance Company

The sale or acquisition of a captive insurance company isn't just a financial decision; it's a strategic maneuver that can positively impact a company's risk management profile and performance. With careful planning, clear objectives, and expert guidance, captive insurance owners can develop new capabilities for their future risk management strategies.

Getting it right: Captive formation and management

Captive companies, whose operations are often dictated by the powerful customer firms, face a limited set of strategy alternatives. Pricing, product development, and research and development



(PDF) Business Strategies and Competitive Advantage: The Role ...

Better business strategies improve the competitive advantage of SMEs. Further, business performance and innovation also



mediate the relationship between business strategies and competitive advantages.



Cultivating a captive audience: Advertising tips to capture your

Companies can no longer force people to pay attention. In a world with countless escape routes, you need new techniques to cultivate a captive audience According to a study by Fast Company, within the first four months of the website's launch, McDonald's answered 10,000 questions and read around 16,000 queries from customers.. McDonald's effectively embraced ...



- LiFePO₄ Battery,safety
- Wide temperature: -20~55°C
- Modular design, easy to expand
- The heating function is optional
- Intelligent BMS
- Cycle Life: > 6000
- Warranty:10 years



Captive finance and firm's competitiveness

We study the effects of establishment of a captive finance subsidiary on parent firm's competitiveness. Firms with captives have higher profitability, larger market share, lower ...

Future of Risk: Captives Take Hold in Mid-market Companies

Closely held, well-run mid-market companies can navigate around these headwinds by adopting captives as part of their risk management strategy. To illustrate, a trucking company has strict health and safety programs in place along with ...





[Closely considering captives](#)

The key is to identify areas where the captive could write affiliated business profitably and solve business issues -- examples include contractors needing insurance to operate on your job ...

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<https://www.vdbconstruction.co.za>