

In-Depth Analysis of Investment Companies: Industry Dynamics, Management Mechanisms and Strategic Adjustments

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Abstract: As the global economy continues to evolve, investment firms are facing unprecedented challenges in adapting to market volatility, optimizing asset allocation, and responding to policy guidance. The purpose of this paper is to explore how investment companies can respond to industry dynamics through strategic adjustment and strengthen management and analytical methods. Through an in-depth analysis of the investment case of Wal-Mart Investment Bank, the core functions of state-owned capital investment companies in serving the national strategy, optimizing the layout of state-owned capital and enhancing industrial competitiveness are discussed. Through an in-depth analysis of the organizational structure, governance structure and business choices of state-owned capital investment companies, this paper also proposes the risks and challenges that investment companies will face in the new era, as well as how to make decisions and control mechanisms. Finally, this paper aims to make effective suggestions and solutions for how to adjust the investment strategies of various multinational companies in the future development.

Keywords: Investment Strategy, Investment Case, Investment Risk, Investment Development.

1. Introduction

In its 2024 Investment Management Industry Outlook, Deloitte notes that even in the face of weaker performance and margin pressures, investment managers may have to invest in technology and its associated controls to meet client expectations and achieve efficiency goals within the company [1]. In today's globalized economic landscape, investment companies, as important participants in the capital market, have a far-reaching impact on economic development through their industry dynamics, management mechanisms and strategic adjustments. With the rapid development of technology and the continuous evolution of financial markets, investment firms are facing unprecedented challenges and opportunities. On the one hand, the rise of emerging markets, the popularity of digital currencies, and the rise of sustainable investing have provided new growth points for investment firms. On the other hand, the increasing volatility of the global economy, the tightening of the regulatory environment and the diversification of investor needs require investment companies to continuously optimize their management mechanisms and strategic layouts. The purpose of this study is to deeply analyze the operation mode of investment companies in the current macroeconomic context, evaluate the investment strategy through the case study of Wal-Mart, an industry-leading investment company,

and explore how they can adapt to industry changes and enhance competitiveness through the innovation of internal management mechanism and the adjustment of strategic planning. Analyze data by collecting qualitative studies, case studies, financial statement analysis, and more. This article first discusses the background and development of the industry in which the investment company is located, further analyzes the industry results, discusses the internal management structure and risk decision-making of the investment company, and finally analyzes the successful investment case of Wal-Mart, and puts forward suggestions for future strategic adjustment and development.

2. An Overview of The Investment Company Industry

As an important part of the capital market, investment companies have a multifaceted industry profile. First of all, the industry definition and classification of investment companies is the basis, they may involve various types such as private equity, venture capital, etc., serving different markets and customer groups, including investment management, financial advisory, wealth management, etc. The history of the industry reveals how investment firms have evolved from traditional asset management to adapt to changes in the global economy and technological innovation. By understanding the development process of the foreign and domestic investment industry, it helps us to grasp the essence and future trends of the industry. The key to investing in a company's industry profile, including factors such as monetary policy, fiscal policy, and macroeconomic cycles. These factors have a direct impact on the operating environment and strategic choices of investment companies. Attention should be paid to the current market size, growth potential, technology maturity and product penetration. These metrics help determine where the industry is in its life cycle and where it has room for growth in the future. Market space analysis focuses on the size and growth potential of the industry, including supply and demand, price and cost trends, and the judgment of the life cycle of the industry. These analyses help to predict the future development of the industry and potential investment opportunities. Finally, industry drivers and external environment analysis, such as PEST analysis (policy, economic, social, technological), helps to identify the external factors that affect the development of the industry and the impact of these factors on the growth of the industry. Initially focused on traditional equity and bond investments, the investment firm had a relatively simple business model focused on asset management and investment advisory. With the development of the financial market, investment companies began to provide diversified financial services, including private equity, venture capital, hedge funds, etc. At the same time, economic globalization has promoted the international expansion of investment companies, and they have begun to look for investment opportunities and conduct cross-border mergers and acquisitions around the world. In recent years, environmental, social and governance factors have become important considerations in investment decisions, and investment companies have begun to focus on sustainable and responsible investing. Finally, the industry structure of investment companies is also affected by the trend of globalization and localization, which requires companies to strategically deploy on a global scale, while taking into account the characteristics and needs of the local market, and the professional capabilities and service quality of investment companies depend to a large extent on their talent team. Investment firms are expected to continue to leverage advanced technologies, such as artificial intelligence and blockchain, to improve service quality and operational efficiency, while they will focus more on risk management and customer experience.

3. Analysis of The Internal Management of The Investment Company

3.1. The Internal Management Structure of The Investment Company

The internal management structure and control mechanism of the investment company is the key to ensuring its effective operation and risk control. A typical investment company's internal

management structure includes a board of directors that is responsible for the company's highest decision-making authority, sets the company's strategic direction, elects and supervises senior management, and approves financial budgets and important business decisions. Secondly, the chief executive officer (CEO) is responsible for the day-to-day management and decision-making of the company, reports to the board of directors on the company's operations and formulates the company's strategic plan. The Chief Investment Officer (CIO) manages the company's investment strategy and portfolio, overseeing asset allocation, risk management, and investment decisions. The Chief Financial Officer (CFO) is responsible for the company's financial management, financial planning and financial reporting, and oversees accounting, tax and financial risk management. The investment team includes investment managers, investment analysts and traders, who are responsible for guiding the entire investment team, formulating specific investment strategies and plans, conducting market research and analysis, and executing investment decisions. The risk management team includes risk managers and risk analysts who are responsible for monitoring and evaluating the risk of the portfolio, conducting risk assessments and developing risk management strategies. The marketing team is responsible for the company's branding and marketing strategy, driving sales of the company's products or services to increase awareness. After the organizational structure is operational, it should be sorted out. It is necessary to pay attention to the operational effect of the board of directors, the board of supervisors, the management and the qualifications and performance of relevant personnel; Pay attention to the adaptability of internal institutions to the internal and external environment, the consistency of achieving goals, the coordination of internal division of labor, and the reciprocity of the distribution of rights and responsibilities; Focus on the division of responsibilities, checks and balances, and the efficiency of information communication. Based on the results of the combing, the investment bank can adjust the organizational structure accordingly.

3.2. Decision-Making Process of The Investment Company

The decision-making process for an investment firm is a complex and multi-stage process that involves the collaboration of multiple departments and teams. Project selection and project approval means that the investment company will first screen potential investment opportunities according to market conditions and corporate strategy and decide whether to initiate the project. At this stage, the investment team will have an initial contact with potential investees to discuss key terms such as business model, price, and term. After due diligence, once the project is approved, the investment company will conduct a detailed due diligence, including financial, legal and operational reviews. The purpose of this phase is to assess investment risks and ensure that investment decisions are based on comprehensive information. The results of the due diligence are then compiled into a report, including a detailed analysis of the investee's operating conditions, financial position, market position, etc., as well as investment plans, exit strategies and risk management plans. The risk management department conducts a comprehensive risk assessment of the investment project, including compliance, valuation and pricing, project disposal plan, etc. This stage is to ensure the legitimacy and rationality of the investment decision. After review, the investment project will be formally approved. Subsequently, the finance department will arrange the funding position according to the needs of the project. During contract drafting and legal review, the business department will draft the investment contract and submit it to the legal department for legal review to ensure the legality of the contract terms and protect the rights and interests of the investment company. Finally, after all the loan conditions are met, the investment company will approve the loan to ensure that the funds are in place in a timely manner. After the loan is completed, the business department will establish a detailed business ledger, record the business progress, and work with the middle office department to manage the duration of the loan. Throughout the investment cycle, the investment company will continuously

monitor the investment risk and carry out exit management at the appropriate time to achieve investment returns.

4. Specific Case Study: Walmart

4.1. In-Depth Analysis of The Case of Walmart, a Specific Investment Company

As the world's largest retailer, Walmart's investment company development and decision-making process has always been the focus of the industry. When making investment decisions, Walmart considers a variety of factors, including market demand, competitors' strategies, and the financial health and growth potential of potential investees. Walmart usually conducts detailed due diligence when selecting investment targets to ensure that the investment decisions are scientific and effective. Walmart's investment strategy is often combined with its long-term strategic goals. For example, Walmart may choose to invest in technology companies to improve its supply chain efficiency and customer shopping experience or invest in emerging markets to expand its global reach. Walmart takes a series of risk management measures during the investment process, including risk assessment of investment projects, risk diversification, and contractual clauses to protect its interests. Walmart will also set up a risk control department to monitor and evaluate investment risks. Such as its investment in Dada-JD Daojia. Walmart's global expansion began in 1991 when the company began to enter international markets, including Canada, Mexico, United Kingdom, China, and more [2]. This strategy has enabled Walmart to further scale and benefit from a broader consumer base. Walmart's global expansion strategy reflects its adaptability to different markets and its effective management of the global supply chain. With the development of the internet and digital technology, Walmart began to shift to e-commerce. Around 2000, Walmart began investing in its online shopping platform, as well as data management and analytics capabilities. This transformation has enabled Walmart to adapt to changes in consumer behavior, improve efficiency and enhance competitiveness. Walmart has further promoted the concept of one-stop shopping, providing consumers with a more convenient shopping experience by adding a wider variety of goods and services such as pharmacies, optical stores, and car services to its stores. This one-stop shopping experience is very effective in attracting and retaining consumers. Walmart's investment strategy is reflected in its emphasis on e-commerce and the continuous optimization of supply chain and logistics management. Walmart has strengthened its global e-commerce presence through the acquisition of e-commerce platforms such as Jet.com, while also investing heavily in logistics and distribution technology to improve efficiency and customer satisfaction. In addition, Walmart is investing in technological innovations, such as drone delivery and automated warehouses, to enhance its operational capabilities. In 2018, Walmart acquired India's largest e-commerce company, Flipkart, for \$16 billion, a move that marked Walmart's expansion in the Asian market and its emphasis on e-commerce. Walmart is constantly adapting to market changes and maintaining its leading position in the global retail industry. Walmart's success lies in its emphasis on efficiency, value, and consumer service, as well as its innovation and leadership in supply chain management, information technology, and social responsibility. Walmart's challenges include how to stay competitive in the e-commerce space and how to adapt to changes in consumer shopping habits. Walmart needs to continue to invest in technological innovation, optimize its online platform and provide a more personalized shopping experience. At the same time, Walmart also needs to focus on its global expansion strategy, especially in investments and operations in emerging markets [3].

4.2. Evaluate Investment Strategies, Performance and Management Practices

Walmart has invested in automated sorting systems, such as the one at its Pingshan dry warehouse distribution center in Shenzhen, which can handle up to 10 million cases of goods per month,

automating the entire process from order receipt to picking and delivery. This increased degree of automation not only speeds up the sorting time, but also improves the service quality and warehousing level of the distribution center. Walmart has built one of the world's largest big data platforms, using a distributed architecture design and making full use of open-source technologies such as Hadoop and Spark, which can easily achieve a leap in the amount of data. In addition, Walmart has developed its own real-time computing engine optimized for retail scenarios to support real-time decision-making, such as dynamic pricing and intelligent replenishment. Walmart continues to optimize its logistics network and synergize its supply chain solutions to enable long-term business development. For example, Walmart has opened 22 large distribution centers in China, covering the distribution of goods in stores across the country, through which Walmart can achieve a rapid flow of goods and services. Walmart is exploring cashless technologies such as Scan & Go technology and Text to Shop tools to further integrate apps with a common search and checkout process to provide a personalized shopping experience [4].

4.3. Analyze The Adjustment of The Investment Strategy of Multinational Corporations and Suggestions for Future Development

TNCs may adjust their investment strategies in response to changes in the global economic environment, technological advances, changes in market demand, and adjustments in host country policies. For example, with the rapid development of China's economy and the expansion of its market, many multinational companies have increased their investment in China to seize growth opportunities. Investments by TNCs often bring capital, technology and managerial experience, which contribute to the economic growth and industrial upgrading of the host country. They may also improve the quality and technical skills of the host country through the training of local staff and cooperation with local enterprises. However, the realignment of TNCs' investment strategies may also pose some challenges. For example, if a TNC dominates the host country's market, it may put pressure on local firms and affect market competition. In addition, TNCs may exploit the resources and environment of the host country without adequate consideration of the long-term impact on local societies and the environment. Walmart, for example, has achieved cost-effectiveness and market competitiveness through its strong supply chain management and global sourcing network. Walmart's investment strategy has not only affected its own performance, but also has a profound impact on the retail industry and supply chain management in the host country [5].

5. Conclusion

This article delves into how investment firms operate, industry challenges, and key strategies for future growth. Through the analysis of the internal management structure, risk control system, decision-making process, and market positioning of investment companies, it reveals how these companies can maintain competitiveness and sustainable growth in the complex and volatile financial market. First, the organizational structure and management model of the investment company are analyzed, emphasizing the importance of efficient decision-making and flexible adaptation to market changes. Secondly, the central role of risk management in investment companies is discussed, and how potential investment risks can be minimized through advanced technology and strict internal controls. When discussing the decision-making process of investment companies, the importance of data-driven strategies and innovative thinking in making investment decisions is emphasized. In addition, the article analyzes how investment firms can diversify risk and pursue growth opportunities by diversifying their portfolios and global market layouts. Finally, a series of recommendations are put forward for the future development of investment companies, including increasing investment in technological innovation, strengthening communication and relationship management with

customers, and actively embracing sustainable investment and corporate social responsibility. To sum up, if investment companies want to succeed in the financial markets of the future, they must constantly adapt to changes, innovate management models, optimize risk control, and actively fulfill their social responsibilities. Through these measures, investment companies can not only improve their own performance and market position, but also create greater value for investors and society.

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