



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

200
1822 - 2022

Task 2- Evaluation of Business Environment.

The Global Business Environment

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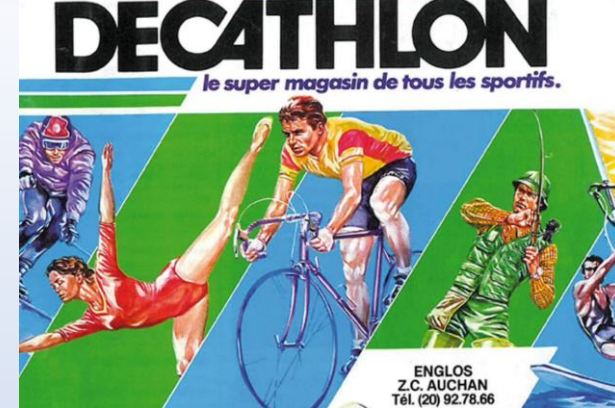
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DECATHLON

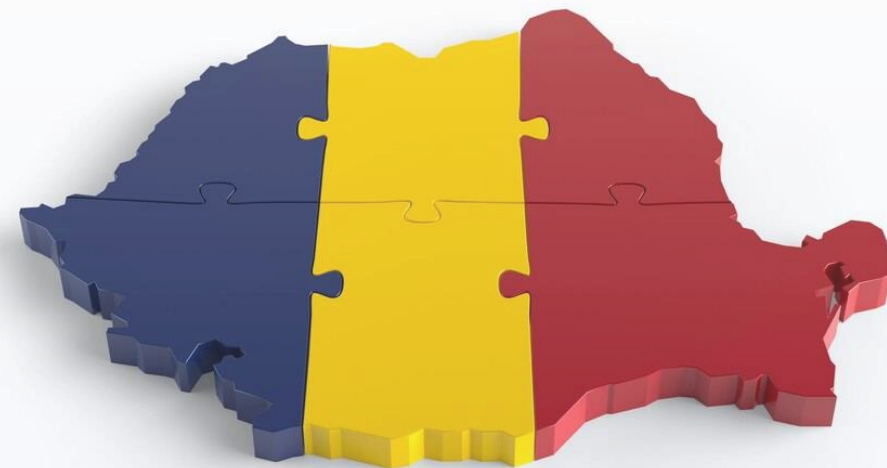


- Sporting goods manufacturer and retailer
- Founded in 1976, Lille, France
- 60 countries
- 1697 stores worldwide (by 2019)
- Revenue: \$11.4 billion (2020)
- Goal: developing people, preserving nature, creating sustainable value



Prospect Country Introduction

ROMANIA



- East-Central Europe location
- Neighbouring countries: Bulgaria, Moldova, Serbia, Hungary, Ukraine, Turkey (by sea)
- Territory: 238 391 sq/km
- Population: 19.2 million (2021)
- Capital: Bucharest
- GDP: 284.09 billion USD (2021)

(International Trade Administration, 2022)



PESTLE Analysis of Romania

POLITICAL	ECONOMIC	SOCIAL	TECHNOLOGICAL	LEGAL	ENVIRONMENTAL
Political instability (tension between leading parties)	Steady growth of GDP	Demographics – tendency for work migration	Increasing use of information technologies tendency(Sara ny, 2020)	No restrictions on foreign investments	Air and water pollution caused by industrial actions (Smith, B 2015)
Corruption – bribery, embezzlement , fraud, extortion	Raising inflation rate	Negative population growth rate (“Romania Demographics Profile 2019,” n.d.).	Increasing use of mobile phones and smart devices, sign of advancement in the IT sector (Sava, 2020)	Equal treatment of foreign and local companies	Climate
High FDI interest	Stable FDI inflows (\$6 bln FDI inflow in 2019)				
Inefficient allocation of national resources (Rao, 2021)		Increased household expenditure due to raised income (“Romania Household Expenditure per Capita,” n.d.)		Access to national funds for foreign investors	
Strong foreign relations (US, EU). Member of EU, NATO, WTO, WHO, UN				Foreign companies are allowed to purchase agricultural lands	



Benefits of Textile industry in Romania

- Low labour cost
- Skilled and experienced workforce
- Proximity to Western Markets
- EU membership = no taxes
- Compliance with EU standards and regulations

(FRD Market Entry service, 2012)



Challenges to Arising Businesses

- Political instability (conflicts between leading parties)
- Bureaucracy
- Frequent change of legislations without prior notice

(International Trade Administration, 2022)



Existing Barriers

- Corruption
- Weak human capital (decreasing demographic growth, emigration)
- Misallocation of resources (preferential treatment of state-owned enterprises)
- Ineffective institutions

(World Bank, 2020)

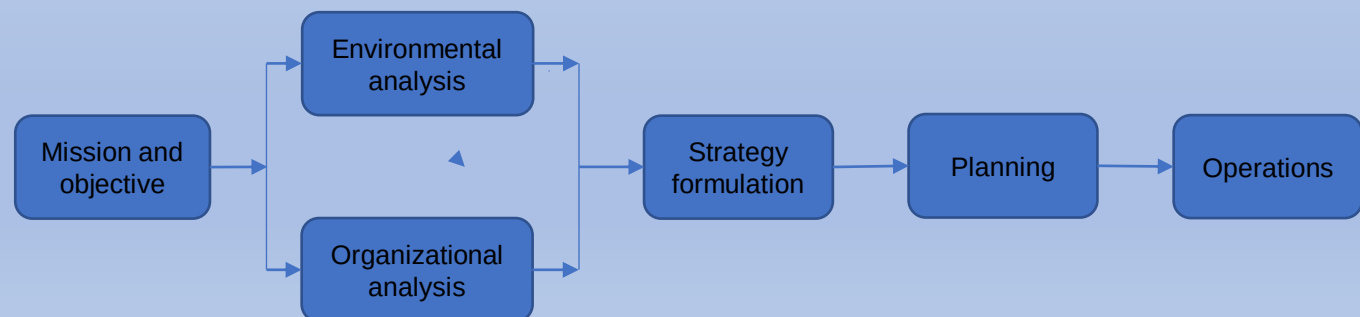


Strategies for operating in Romanian market

- Thorough analysis of the business environment
- Joint venture
- Acquisition of developed local enterprises
- Possibility of using the services of a professional employer organization

(Majaski, C., 2020)

(Harrison, 2013)





Conclusion

- Despite the limitations, Romania possesses a number of beneficial factors to be considered as an investment location.
- The country's location, EU membership, industry development, and labour and manufacturing cost as well as interest from FDI makes Romania an attractive location for expansion.



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