

Assessment No₁
**GLOBAL BUSINESS ENVIRONMENT-ELECTRIC
VEHICLES IN EUROPE**
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Business Management
Forosigan Loredana Sorina-1816249
Lecturer Kenny Tang

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Introduction

Business management is defined as running and administering a company such as planning, monitoring and organising. The business management of most companies depends upon the various factors in the market (Hatten, 2015). In the current global business environment, the electrical vehicle is chosen as the main market for analysing the international business environment. The assignment is chosen and several organisation changes along with Porter's five forces and Porter's Value chain are used. The numerous business opportunities and the businesses that should be discontinued are going to be discussed in the following assignment.

Electric vehicles in the British market are used to modernise the global business environment. The types of organisations in the British market are company, government, non-profit organisations and corporation (Bunce *et al.*, 2014). There are many Electrical Vehicles which are plug-in hybrid electric vehicles, battery electric vehicles, fuel cell electric vehicles and the range-extended electric vehicles. The Electrical vehicles dynamics in the industry context are impressive and there are some pockets of growth.

Part 1

A. PESTEL (and Ranking)

Factors	Findings	Impact
Political	The corruption levels in the United Kingdom are low. The transparency levels of Britain are of the highest standards and are ranked at 11 by the Transparency International (transparency.org 2018).	The lower levels of United Kingdom's corruption levels may have a positive impact on the Electric vehicles. The reason is that lower corruption levels help in the growth and prosperity of the manufacturing industry.
Economic	The inflation rate of the United Kingdom is around 1.5 in October 2019 (statista.com, 2018).	The lower inflation rate of the country is bound to have a positive impact on the Electrical vehicles. The lesser known electrical vehicles can have an impetus because of the positive impact.
Social	Around 81 percent customers surveyed in the United Kingdom are known to be supportive towards electrical vehicles and only three percent are known to oppose (statista.com, 2018).	The positive attitude of the customers is bound to have a positive impact on the prosperity and growth of the Electrical vehicles. The reasons are that the positive attitude is automatically might get converted in the sales lead of electric vehicles.
Technological	The United Kingdom's infrastructure has one of the most advanced technological settings in the world.	The United Kingdom's advanced infrastructure may augur well for the Electric Vehicle enterprise in the

	Moreover, the British government has a positive attitude towards both technology and infrastructure (information-age.com, 2018).	country, because the industry is still not fully developed and an advanced infrastructure can actually prove to be an impetus for the industry.
Environmental	The air and water pollution levels within some cities in the United Kingdom are alarming in around 2000 sites (theguardian.com, 2019).	This does not augur well for the electric vehicles especially if there is any plan to set up a new factory. The negative affect can dissuade many investors, companies and entrepreneurs from spending their money in UK on electrical vehicles. The electric vehicle market is dependent upon a healthy trend and clear air and water are required for the safety and health of the workers.
Legal	The Consumer rights Act, 2015 has many provisions which protect the consumer from all forms of malpractices, frauds and false advertising (gov.uk, 2012).	The law does not augur well for the Electrical vehicle industry, because it can be used as a legal weapon by disgruntled customers to tarnish the reputation of the company involved in manufacturing electrical vehicles.

Table 1: PESTEL Analysis of Electric Vehicles in UK,

Porter's 5 forces and conclusions

Five Forces	Level	Impact
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Competition in the industry	Moderate	The Electrical vehicles in the British industry are quite nascent. However, there are several traditionally powerful companies who are trying their level best in having an edge over its rivals. The efforts to strike first is made by Toyota, Ford, Hyundai, Jaguar, Volkswagen (Dewenter <i>et al.</i> , 2016)
Potential of new entrants into an industry	Moderate	The automobile industry in the Britain is quite saturated with six or seven leading brands in the past forty years. However, the threat is moderate in case of electrical vehicles because a new company with limited capital but with advanced technological acumen can create tremors in the electrical vehicle market(Dewenter <i>et al.</i> , 2016).
Power of suppliers	Low	The parts of electric vehicles and petroleum driven vehicles are almost 75 percent identical. The suppliers would not have much bargaining power in the making of electrical

		vehicles, since the interiors of most models would invariably remain similar. Therefore, leading car manufacturing companies can feel rest assured about the abundance of suppliers in the market.
Power of customers	Low	The electrical vehicles in most parts of Europe are still not that popular among, though it is expected to become hugely popular by 2030. Therefore, the bargaining power of customers in the initial days is low (Axsen <i>et al.</i> , 2015). However, the trends do have the potential to change in the future.
Threat of substitute products	High	The electric vehicle's only major Unique Selling Proposition is its environment friendly tag. However, the automobile market is still heavily dominated by petroleum driven cars due to lower costs and traditional popularity. A day might arise, when petroleum driven cars might get improved to an extent which can match and

		displace the electrical vehicles altogether. Similarly, the onset of hybrid and water cars can pose a stiff challenge to the potential of electric cars in the United Kingdom (Zivin <i>et al.</i> , 2014).
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Table 2: Porter's five forces of Electric vehicles in UK

Thus, the electrical car models have moderate amount of competition. Due to the nascent stage in the market, the electrical cars might have low customer and supplier bargaining power. However, the threats for substitute are quite high because of the parallel rise of hybrid cars.

Organisation changes

The changes in the type of technology are going to be the leading cause of organisational change in the Electrical vehicle companies. These changes occur when the existing technologies used in the cars undergoes a significant amount of change. The second most important cause of change is rooted in the customer expectations and tastes. The customers today no longer prefer cars which consume excessive amount of fuel and cause pollution. Therefore, this change in the tastes determine the trend in the market. The third fact causing organisational change is oriented towards competition (Henfridsson and Lind, 2014). The petroleum driven cars have many leading manufacturers in the British market. Therefore, every manufacturer is presently trying to gain an upper-hand in the field of electrical vehicles.

The radical changes in the supply and distribution chains of most automobile companies are forcing the senior management to gradually shift towards the electric vehicles. The reason is that petrol driven cars of most leading automobile companies in the UK are facing a slowdown and in some cases the plants are being shut due to the shortage of demand. The excessive supply of cars is also adversely affecting the prospects of the petrol driven cars, which in turn, is positively affecting the growth of electric cars.

The organisation changes in the Electric vehicle can be attributed to certain factors, such as adaptability, developing, adjust, modifying, advancing and innovating. The electric vehicle industry is already facing several changes due to the change in the new government policies and legislation. The change and development in new materials accompanied by the social and

cultural changes are bringing a favourable change for the industry. The electric vehicles' strong steps to ensure that it advances. It also needs to modify the current automobile industry is also a matter of fact. The electric vehicles typically have less emission rates and are poised to hit the industry with its level of innovation and technology (Sierpiński, 2014).

The market dynamics in the automobile industry is changing rapidly and therefore, it is necessary for the electrical vehicle manufacturers to adapt and remain relevant. There are five different ways of bringing this change. The Electric vehicle companies should select employees who can think of new ideas or remarkably improve pre-existing ideas. Moreover, the changes can also be brought by the education and communication. It can also be brought about by participation of all relevant employees (Sierpiński, 2014). The support levels coupled with extraordinary commitment levels can act as an impetus for bringing change. The other most undesirable way of bringing change in an organisation is through the process of co-option, unethical befriending and covert manipulation.

There are several sources of resistance to organisational changes. The most common sources are individual sources and organisational sources. In the organisational sources, the resistant forces include organisational structural inertia, threat to existing expertise, perceived jeopardisation of established power relationship, resource allocation disputes and the warped image about changes (Todorovic *et al.*, 2017). In the individual sources, the major domains of resistance come from the psychological fear of the unknown, security fear, habit, uncertain economic factors or viability and selective information processing.

Reasons for these organisational changes

There are several reasons as to why the organisations manufacturing electric cars would be successful. The first reason is increasing consumer demand for fuel-efficient cars. The industry developments are also propelling the demand for electric vehicles. The adoption of Electric vehicles in large parts of Europe was expanding in 2014. The government stimulus is also backing the electric vehicle demands as most governments have enacted strict laws to control air pollution and emission rates. In the United Kingdom, the growth rate of Electric vehicles has been around 45% (techsciresearch.com, 2019).

Conclusion

The adaptability of the vehicles is expected to be high as it can tread on any roads just like the petrol-driven cars. However, in the present market, the costs of electric vehicles are quite high and this can act as a major obstacle for the industry to progress. Thus, it is imperative for the

entire industry to bring in changes and innovate rapidly to gain a significant amount of foothold in the market. The foothold can only be gained if the policies are framed accordingly.

Part 2

Porter's Value Chain and Conclusion

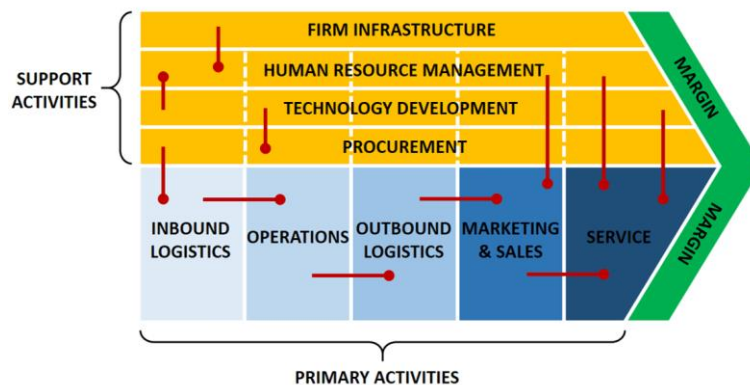


Figure 1: Porter's Value Chain

(Source: business-to-you.com, 2018)

The Porter's value chain is used by manufacturing car companies including those dealing with electric vehicles by buying raw materials and using them to create new things. The formula depicting the profit margin is (Value created and captured)- (Cost of creating that value) = Margin (Koc. and Bozdag, 2017).

Thus, when a company creates more value, there is every likelihood that profitability will increase.

Primary activities

Inbound logistics- These processes are related to Electric vehicles taking, keeping and spreading the major inputs internally. In this whole process, the nature of relationships with suppliers plays a pivotal role.

Operations- The activities that change inputs into outputs are called transformation activities and it plays a lead role in the operations (Koc and Bozdag, 2017). In the context of electric vehicles, the operations include assembling the cars and buildings its engine.

Outbound logistics- There are several activities involved in the delivery of services and products to the customers. There are many things like storage, collection and the distribution system which is mostly external in nature for electric vehicles. The internal distribution system is rare among electric vehicles.

Marketing and sales- In these activities, the pitch is made favourable for the electric vehicles such that it becomes saleable in the market. This is mainly done by highlighting the advantages

and uniqueness of the products. The effectiveness however, solely depends on two things- communication and market forces.

Service- In the context of electric vehicles, the after-sales services play a lead role in ensuring that the satisfaction levels of the customers remain at the brim. It also includes yearly maintenance services, once the product is already sold.

Support Activities

The main support activities are procurement (purchasing), Human Resource Management, Technological development and infrastructure. In the purchasing it includes the process of buying vital parts (Grigorescu, 2015).

Thus, it can be concluded that all the factors of Porter's Value Chain are important and will help in the growth of the Electric vehicles.

New business opportunities

The electric vehicles are a promising enterprise. This is the reason that there are ample business opportunities for electric vehicles.

Electric Vehicle Charging Station

The entrepreneurs are giving room to start charging station for electric vehicles. These electric charging stations supply energy and the recharging of electric vehicles (profitableventure.com, 2019). The home-based charging stations along with certain private charging stations can reap huge profits if the market forces are favourable and the installations are made as per the standards in the area.

Electric car repair and garage

The electric cars like petroleum driven cars require garages for servicing. The businesses are highly profitable and the entrepreneurs can begin well. The people using the electric vehicles will need to involve the repair works (profitableventure.com, 2019). The main aim for constructing involves servicing garaging and refurbishing electric cars.

Car wash business

The businesses involving the electric vehicles include car wash business. The car wash services are necessary for ensuring that the electric vehicles remain clean. It can be a profitable venture

in the United Kingdom because people are quite sensitive about the business. The car wash business is quite lucrative in advanced economies and has high possibility of fetching profits.

Electric car dealership shop

The Electric cars do need dealership shops and this can be one of the best entrepreneurial opportunities. However, the electric car dealership shops do require a substantial amount of set-up capital (getelectricvehicle.com, 2019). The financial capacity of the entrepreneurs needs to be quite high for setting up such a sales garage or a dealership shop. However, once the shop is established then the whole business can be thriving and highly profitable, because the Electric vehicles are projected to become more popular.

Electric car upholstery

The entrepreneurs interested in the business idea can begin the upholstery aimed at electric vehicles. The electric cars require many leather-made accessories and give credence to fabric and leather upholstery. The upholstery makers can vastly benefit if they analyse the market forces and learn the trade of electric car accessories. However, the centres need to be strategically situated such that it is easily accessible for the customers alike. The business can be highly beneficial only if the market in the UK remains conducive.

Electric car rental service

The electric car rental services can also be a lucrative business opportunity for the electric vehicles since many customers prefer renting cars for certain purposes rather than buying. The rental services can allow the electric cars to become popular and make deep inroads into the automobile sector (getelectricvehicle.com, 2019). However, the income level of the area must be assessed before setting up a rental service.

Electric car battery sales shop

The electric cars like petroleum driven cars need batteries and this business can be lucrative only if the location and the brands are conducive.

Business to be discontinued

The major business that will be discontinued once the electric vehicles become popular.

Petrol pumps

Today, most cars that ply on the road depend upon either petrol or diesel. The petrol and diesel cars are popular for more than 100 years now. However, the trends are steadily changing and it is expected that electric vehicles, hybrid vehicles and Compressed Natural Gas vehicles might become the majority (Bunce *et al.*, 2014). This will cause a paradigm shift in the business of petrol pumps. Globally, the petrol prices are rising and the environmental concerns about carbon emission from petrol is becoming clearer.

The petrol prices are therefore in a disadvantageous position. It is quite likely that in the coming ten to fifteen years, the petroleum driven countries might face obsolescence. This can lead to massive drop in the number of petrol pumps in the future, just like many telephone booths became a thing of the past. The telephone booths were a common sight in UK during the seventies, eighties and nineties. However, the rise of mobile phones made all of them non-existent (Ritson *et al.*, 2017). Therefore, it is quite expected that similar things are going to happen to petrol pumps. The petrol pumps can stop itself from becoming outdated, only if the businessmen can adjust with the changing environment. The petrol driven cars are already facing a massive drop in sales. The leading car brands like Toyota, Ford, Jaguar and GE have shut down many of their manufacturing hubs due to the declining sales.

Petrol driven engines

Presently, most cars have petrol driven engines. The engines have been a lucrative business in the past. Initially the signs will be that petrol driven engines will experience a massive drop in sales. This will make engines a thing of the past, once the electric engines and hybrid engines become popular. Thus, the petrol driven engines will not stand a chance against the superior latest technology of the electrical cars.

Automobile sector jobs

The current petrol dominated automobile sector is poised to create landmark changes that has the potential to grab jobs and make their expertise irrelevant. The petroleum dominated automobile sector currently employs several thousands of people. Many are involved in extracting petrol from crude oil (Anitha and Aruna, 2016). However, with the advent of battery driven and electricity driven cars, the possibility of job losses are enormous. Many job losses are already happening in the automobile sector due to the decline in sales of cars. The advancement of electric vehicles required a completely new set of technological innovations which is likely to displace and make petroleum sector jobs irrelevant.

Conclusion

It can be concluded that there are several new business opportunities that is expected to be created. The electric vehicles might soon offer lucrative business opportunities and employ several thousands in the process. However, simultaneously it is hoped that the rise in electric vehicles would turn petroleum driven cars and their associated technology irrelevant. The existing petrol pumps might steadily disappear with the emergence of the new technologies.

Part 3

Overall Conclusion

It can safely be concluded that the current macroeconomic factors tend to favour the growth of electric vehicles. The political, social, economic and technological factors in UK is likely to positively affect the growth of the Electric Vehicle industry. The Porter's five forces has revealed that most factors offer low to moderate amount of risk to the concept of Electric vehicles. However, the parallel rise of hybrid cars can be a formidable threat to the existing electric vehicles. It can be concluded that the organisation changes are largely in favour of the companies favouring electric vehicles.

In the second part, it can safely be inferred that all the factors mentioned in the Porter's Value chain will positively affect the emergence of the industry. In the later sections, the enormous amount of business opportunities that is going to be generated due to electric vehicles can create landmark changes. However, there will be some businesses and jobs which will be discontinued due to the enormous changes.

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