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THE GLOBAL BUSINESS ENVIRONMENT

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INTRODUCTION

Global business environment refers to those factors which affects the company's operations globally. It includes consumers, competitors, suppliers, stakeholders, regulations and government activities and so on. Stable and effective business environment is necessary to run the business smoothly. The company which is chosen for evaluating the external and internal factors in this report is Jaguar. It is a multinational auto mobile manufacturer organization and is headquartered in United Kingdom. The company was established in 1935 and they produced their vehicles with unique creativity and ideas. The main motive of this company is to provide comfortable and luxury products and services to consumers. Jaguar is one of the company who always provides facilities to middle and upper level customers. The other important fact is that their products are very expensive in market. This report will cover the evaluation of internal and external environment by using many frameworks such as SWOT, Pestle, Porters five forces and value chain.

MAIN BODY

Internal and External analysis of Jaguar

Internal analysis is a method which is used by company to analyse their assets, resources, features, capabilities, competencies and so on. In context to Jaguar, it is one of the company who maintained their reputation in market with their high tech specifications, comfort and so on. For reducing the challenge in market company used various strategies which are described below -

SWOT Analysis -

SWOT Analysis is a strategic tool which is used by organization to handle any type of internal situation within the organization (De Bakker, Rasche and Ponte, 2019). In context to Jaguar, management used this method to identify their strength weakness, opportunity and threat in current market which are described below -

Strength includes -

- **Popularity** – Jaguar is very popular for their luxuries in auto mobile industry. The reason for their popularity is always provide comfortable and fully loaded feature products to customers.

- **Workforce** - It refers to staff or employee which are highly skilled in their works. Because for Jaguar quality is very important in their product for customer satisfaction.

Weakness includes -

- **Product range** – The range of the product is limited in comparison with other competitors. The main reason for limitations in their product are their vehicles are very expensive. Lower class people are not able to afford these expense.
- **Dependency on few models** – It means that company depends on those vehicle models which are highly purchased by consumers. But for Jaguar it creates negativity in various aspects such as decreasing portfolio due to limited products and high expense.

Opportunity includes -

- **Target new market** – It is very important for company because when Jaguar target all categories of customers then their profits are highly (Epstein, Elkington and Herman, 2018). For increasing targets it is necessary for Jaguar that they develop the product in wide range.
- **New technology** – Jaguar must use new technology to increase their innovations and ideas in their product for achieving their growth, vision, mission and objectives.

Threat includes -

- **Competition** – Competitors like Porsche, Bentley, Aston Martin and others launch their product in same segment with new specifications. It leads to create threat in market for Jaguar.
- **Financial instability** – Recession and inflation creates threats to Jaguar because these two elements are not in the control of organization. It also leads to reduce their quality in product for managing their expenses.

Value Chain Analysis Model -

It is a set of activities which is used by organization to create value for its customers (Murthy and Gambhir, 2018). In this module various stages are involved for carry out the operational activities and department functions smoothly. In context to Jaguar, management must use these stages to deliver the best quality product to consumer which are described below -

Support activities -

- **Firm infrastructure** – It means Jaguar maintained the whole organizational activities such as administrative handling, line and financial management and so on. When management manage all these activities effectively then the product are produced in best quality.
- **Human resource management** – It refers to managing the workflow and utilization of resources properly without any type of wastage. In context to Jaguar organization must provide the proper resources and equipments to them. It leads to increase the productivity and workflow of employees in workplace.
- **Technology** – It is very necessary part for any organization. In context to Jaguar, management must use the high tech equipments to manufacture best quality products for customers.
- **Procurement** – It refers to those activities where product are launched according to various aspects such as managing relationship with suppliers, negotiate to arrive product at best price and so on. In context to Jaguar, management are responsible to create valuable products to consumers which leads to enhance customer loyalty towards company for long time.

Primary activities -

- **Inbound logistics** – It refers to those activities which was done by organization internally (Naderi and Steenburg, 2018). It includes receiving, storing, internal distribution of raw materials and so on. Jaguar managed their internal logistics properly which leads to maintain well established distribution system for produce their product in time.
- **Production** – It is basically refers to manufacture the product in workplace. In context to Jaguar, management must facilitate resources properly to workers in time. It leads to converts the product or service inputs finished products.
- **Outbound Logistics** – In this stage Jaguar finally distribute the product or services to consumers with various ways. It includes transportation etc. because distribution channel of this company are well established.
- **Marketing and sales** – In this stage company tried to popularise their product for maintaining good relationship with consumers with customers. In context to Jaguar,

management are no need to create high publicity because their products are best in market and customers are highly loyal towards company.

- **Services** – It means in which way organization provide best services to consumers in any time. In context to Jaguar, management must maintain effective service system with proper solutions which leads to increase consumer satisfaction level.

External factors are those factors which are not controllable by organization and it also leads to impact the growth and performance of the company. In context to Jaguar management use various methods to analyse the market and competitors which are described below -

PESTEL Analysis -

It is a method which is used by the organization to describe their macro external forces which was facing by organization (Naqshbandi, 2018). It also refers to those factors which are not controllable by company which are described below -

- **Political** – It refers to those factors which was used to control and maintain the political stability in organization. It includes to laws, rules and regulations, taxation and other actions. In context to Jaguar, management must prepare a proper plan to expand their business systematically with the help of these elements.

Positive – Jaguar easily increased their manufacturing unit or showrooms in various locations. This strategy helps to reduce the tax of company because they produce best quality and fuel efficient vehicle.

Negative – Increasing and decreasing of tax on the sales of jaguar vehicle leads to decrease the profit of the organization.

- **Economical** – It refers to those factors which indirectly affect the organization economy. It includes interest rates, wages, governmental activities and so on (Ozturk and Cavusgil, 2019). In context to Jaguar, management must manage the expense properly. It helps to run the operational activities and departmental functions smoothly.

Positive - Well established infrastructure development of organization helped to increase the transport link. It leads to increase the production level of organization and and easily distribute their product to consumers in time.

Negative – The changes in government policies create negative impact on on organization. It means investment which is made jaguar it get reduced and their quality are not maintained well.

- **Social** – It refers to the set of those factors which influenced the consumer behaviour. It includes subculture and culture, social classes groups and families. In context to Jaguar, management must produce their product according to the customer needs, culture and traditions and desires in various countries.

Political – When organization successfully follow the procedures ethically according to traditions of the country and people. Then definitely the relations with suppliers and customers are maintained well.

Negative - In some countries the Muslims workers are not need to do job in Sunday because in Sunday Muslims have their own festival. Because they have religious values and trust in their festival in a certain region.

- **Technological** – It refers to those factors which was used in the form of technology in organization. To run the organization technical functions and operational activities smoothly technology is highly important. It includes production equipment, information and communication resources and E commerce technologies.

Positive – New innovations, specifications are perfectly developed in their product with the help of technology. Technology also helped to increase the productivity and work efficiency of organization.

Negative - In the aspect of technology competitors, hackers, create threat for organization. Because competitors try to break the security and privacy of customers which impact negatively on the goodwill of the company.

- **Environmental** – It refers to those factors which affects the organization naturally. It includes food, temperature, population density, light and sound. In context to Jaguar, management must develop the proper structure of the organization in their location for proper utilization of human resources.

Positive – For reducing the carbon in environment company used various strategies to ensure minimum wastage and emission. The important strategy which is used by company is to design a fuel efficient car with using recyclable materials like aluminium.

Negative - Company increases the use carbon footprint in industry which is harmful for environment and human begins.

- **Legal** – In refers to those factors which affects the organization legally and directly by government such as government norms, rules and regulations and so on. In context to

Jaguar it is necessary for company that they must follow their policies, rules and regulations to run the organization smoothly.

Positive – Jaguar registered their patents and designs to the car manufacturing authority properly to avoid the copy right from other competitors.

Negative – Not proper fulfilling of trade laws and employment rights create difficulties for organization to run operational functions and activities.

Porters Five Force Model -

It is a tool or method which is used by organization for analysing the competitive business in the market. The factors which is used by organization for evaluation are described below -

- **Threat of new entrants (High)** – It occurs when competitor enter in market with new product and the product have unique and high tech specifications from others (Taouab and Issor, 2019). It creates lot of threat to organization in the aspect of financial, reputation and trust. In context to Jaguar, organization must focus on research and development department for develop highly unique products which create differentiation from others.
- **Threat of substitute products (Moderate)** – It refers to the availability of ingredients as a substitute for a particular product in long time. Because substitute is the very basic and necessary needs of customers and these are used by them for long time. In context to Jaguar, management must produce the substitute in wide range for vehicle in market between competitors.
- **Bargaining power of suppliers (High)** – It refers to putting pressure in organization by the suppliers for increasing their prices of their product (Trad, 2021). Because suppliers also need commission to run their business as a mediator. In context to Jaguar, management must maintain proper margin in their product which is helpful to increase the earning of suppliers. It also leads to increase the good relation with suppliers for run the supply chain management properly.
- **Bargaining power of buyers (Low)** – It refers to put pressure on company by the customers for purchasing the product in profitable price. But in this company due to limited product and limited customers bargaining power is low because the customers are

very loyal towards this company. In context to Jaguar, management must facilitate best quality products and services to consumers according to price.

Critical evaluation of challenges in internal analysis

- **Lack of honesty** – It is occurred when organization are not providing proper benefits to employees for doing their job properly (Bathmanathan, Rajadurai and Sohail, 2018). In context to Jaguar, management must provide proper benefits to employees. It leads to increase the job satisfaction level and honesty towards company for a long time
- **Lack of input** – It occurs when company not facilitating good resources or equipments to employees for doing their job properly. In context to Jaguar, authority must provide high tech equipments to them. It leads to achieve the organizational vision, mission and objectives by the employees properly.

Critical evaluation of challenges in external analysis

- **Intensity of industry rivalry** – In today's time competition are highly increased by competitors in all segments. It means competitors are launching the same product with various new specifications which creates threats to Jaguar. In context to Jaguar, management must use unique ideas and creativity in their product for survive in market.
- **Technology** - It is very challenging factor for organization because it is important for company that they always maintain their technology up to date (Bedianashvili, 2018). Because other companies like BMW, Audi are using advanced technologies to for sell their product. In context to Jaguar, management must use new innovation and creativity in their product for increasing number of consumers.

CONCLUSION

After the analysis of above information it is understood that evaluation of SWOT, PESTEL, Porters five force model and Value chain are important for run organization properly. It is also important for execute any type of project, operational activities and departmental functions properly. This evaluation are also important for understanding of current trends, competitors movement in market. It also helped to increase the productivity and work efficiency of employees in organization. This evaluation are also essential to understand the customer needs and desires properly. Because without proper understanding of consumers wants and desires company are not able to serve best quality products and services to them.

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