

Global Business Environment

Assessment 1

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Introduction

International business is a method that can be explained as the trade of goods, services, technologies and ideas from one country to another country. In the highly globalised business sphere, the management of any business enterprise tries to optimise its presence in the market and the number of prospective consumers by engaging in international trade (Ratten, 2020). It helps the managers of any company to enhance the revenue as well as optimise the profit margin. The business environment can be referred to as the collection of the internal and external forces of any market and the key determinants in the market. An organisational strategy is a process that helps the management of any business entity to analyse the market situation and devise a long-term plan for supporting the activities in the business and meeting the organisational objectives. The paper is going to present a scenario where **Riversimple** is going to expand its reach in Turkey. Analysis of the automobile industry and its associated market forces will be analysed in this study. The scope of Electric Vehicles in the market of Turkey will be analysed.

Introduction to the market scenario of Turkey

Turkey is one of the European countries situated in the Anatolia area. The market of the country follows an open market policy which helps organisations to operate the businesses of their choice. The business prospect of the market of the country is very promising and it is situated at the cross-section of the Mediterranean Sea and the Black Sea. The population of the country is reported to be 84.1 million and the GDP of the nation is \$720 billion or £604036800.00 (World Bank, 2022). The automobile industry of Turkey is worth 16 billion and it ranks 13th in global automobile production. It can be noted that the automobile sector of the country is overcrowded, however, a gap can be noticed regarding the innovative technological intervention in the market. The scope of the business regarding electric vehicles in the market in Turkey is very promising and the revenue of the sector is \$214.4 million or £179868736.00. The following figure shows the sales of the units of electric vehicles in the market:

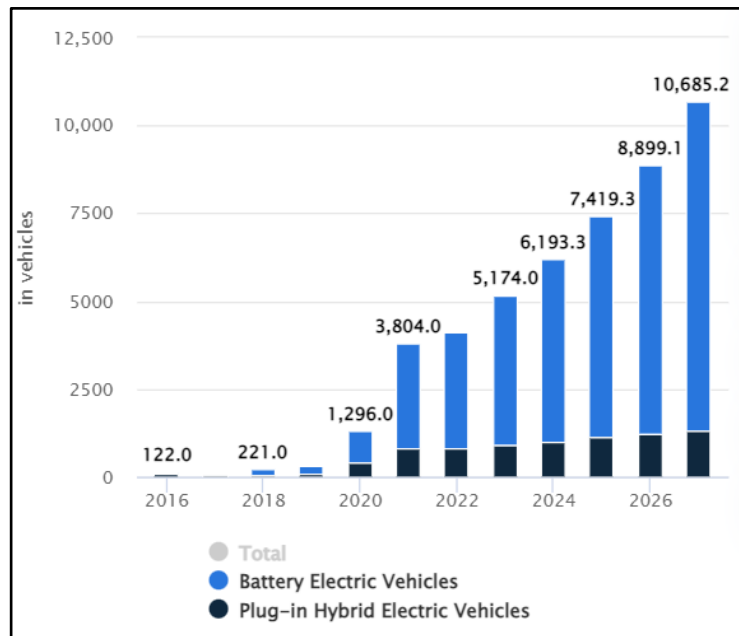


Figure 1: Market scope of Electric vehicles in Turkey

(Source: Statista, 2022)

It can be noted from the above chart that the overall sales of electric vehicles in the country tend to increase considerably. It properly explains the market scope of electric vehicles in Turkey.

Application of theories of business environment on the selected context/Country

Factor	Elements	Impact
Political	Political stability Russia Ukraine war	Political stability is the factor that has a direct impact on business. If a company wants to enter an international market then it is very important to analyse its political aspects. In the case of Turkey political instability can be noticed due to the failed military coup in 2016. Also in 2022, a case of a terrorist attack can be noticed. Considering all these

		aspects it can be said that the automobile industry is also negatively impacted. So, it will be very difficult for Riversimple to enter Turkey's automobile market. The Russia-Ukraine war is the latest consequence that affected the political stability of the neighbours' countries as well (Orhan, 2022). Businesses including automobile businesses are affected after this war and countries are struggling to cope with the situation. Similarly, it will affect the business of Riversimple in the automobile market of Turkey.
Economical	GDP Inflation	GDP is the indicator of the economic stability of a country. In the context of industry and business financial stability of a country is very important. The GDP of Turkey is US\$720 billion and it is expected to grow by US\$0.48tn within 2026 (World Bank, 2022). Therefore it can be said that

		the automotive industry of Turkey will be positively affected by the growing economy. Therefore it is expected that the economic factor will have a positive impact also on Riversimple. If a country's inflation rate increases then it will also impact the business aspect of the country. The inflation rate of Turkey was 85.51% in October 2022 (Statista, 2022). The highest inflation rate was recorded in this time period. Therefore industries including the automobile industry are affected negatively since the price of raw materials and other things increased with a high inflation rate. Similarly, it will have a negative impact on Riversimple in terms of the high price of materials and other charges.
Social	Literacy rate Population	Literacy rate indicates to what extent a business or industry has the opportunity to get skilled employees. In the case of Turkey, the literacy rate is 96.74% which

		is high (Statista, 2022). Therefore Riversimple has the opportunity to recruit local skilled people from Turkey instead of hiring people from the UK. It will have a positive impact on the company because of the reduced cost of recruitment. The population is another factor that creates the opportunity for businesses in gaining a better customer base. In this way, the company gain a better profit as well. In Turkey, the population decreased by 0.3% in 2021 (Statista, 2022). Therefore the industry has less opportunity to gain a better customer base thereby the company also has less opportunity.
Technological	Innovation index Infrastructure	Innovation index is a factor indicating how a country is advanced in terms of technology. In the case of Turkey, the innovation index is 47.7 which is less compared to the UK (Statista, 2022). In this context, it can be said that Riversimple have

		have difficulty in terms of getting technological support. On the other hand, infrastructure is another factor for Riversimple when it is going to Turkey. If infrastructure is not developed then it may have a negative impact. Since Turkey is a developing country, therefore, the infrastructure is not yet developed like the UK but in future then it will be developed. So it can be said that Riversimple can get support from the infrastructure facility of the country.
Environmental	Environmental Law and Practice Covid-19	In order to support Riversimple, Turkey should be a green country. Riversimple is a green and reliable company because it has an ecological infrastructure. This company is also energy efficient. In this context, it can be said that Riversimple has an excellent environmental record. On the other hand,

		being an automobile manufacturer its operation may be interrupted by environmental laws and practices (Practicallaw, 2022). There are many reasons that might lead Riversimple not to be accepted by the Turkish government and from this point, it is a problem for the company but the pandemic has another negative impact on the Turkish automobile industry due to the crisis situation (Ratten, 2020). Therefore the after-effect of the pandemic may have a negative impact on Riversimple's operation in Turkey.
Legal	European Equality Law Employment and Labour FDI inclusion	The legal of Riversimple is based on UK equality law. But Turkey is based on European law. European law requires that all stakeholders in a business related to the environment should be treated equally. In this case, it can be said that Riversimple has a good legal because they

		are required to treat the stakeholders equally and they should give the information about their company to other stakeholders such as regulatory authority, etc. In terms of foreign investments, it can be said that many FDI inclusions have been taking place in Turkey recently (Christofi <i>et al.</i>, 2021). This can be a good opportunity for Riversimple to invest in Turkey.
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Porter's Five Forces

Competitive rivalry: Competition among automotive companies is very tough in Turkey. For the world's leading automakers, like FORD, FIAT, DAIMLER, AVL SEGULA, RENAULT, TOYOTA, and most recently VOLKSWAGEN, Turkey is a centre of expertise (Advantisconseils, 2022). Therefore threats from competitive rivalry are very **high** for Riversimple.

Threats from new entrants: There is a **low** threat from new entrants. Because new entrants have to pay a high price to enter turkey concerning the increased inflation and the recent Russia-Ukraine war. Also as many big companies already exist in Turkey, there is less opportunity for new companies.

Threats from the substitute: Threats from substitutes are high because Turkey is the home of many big automobile companies like FORD, FIAT etc. Therefore these big companies can be a substitute for Riversimple's product.

Bargaining power of customers: The bargaining power of buyers is very **high** in Turkey because there are many big companies like DAIMLER, AVL SEGULA, FIAT and TOYOTA who have their own automobile manufacturing companies in Turkey.

Bargaining power of suppliers: There are currently 12 operational factories in Turkey, and there are close to 4,000 equipment suppliers, including about 200 international ventures

(Advantisconseils, 2022). The bargaining power of suppliers is very low in Turkey because there are many big manufacturing companies that already have their own production units in Turkey. Suppliers can also threaten buyers by increasing prices and decreasing the level of quality if they want to compete with other manufacturers.

“Critical evaluation of opportunities and challenges that are present and how to manage aspects of corporate governance, business strategy and cultural sensitivity when doing business in the selected country supported by relevant examples.”

The biggest challenge for the company is to reduce the cost of production according to the changes in production and supply chain (Sharma *et al.*, 2020). Riversimple needs to maintain its survival in a competitive market. In Turkey, there are many automobile companies that can be a substitute for Riversimple's products. The government of Turkey is taking steps towards reducing the pollution and environmental degradation caused by automobiles and Riversimple shares this aim with the government of Turkey.

On the other hand, the opportunity for Riversimple is to finance itself by selling shares. Riversimple has a good potential to get capital from the market because of its sustainability and it already exists in Turkey. In terms of internationalisation, many factors have been considered when looking at Riversimple's future in Turkey such as; Turkish impact, local capital and culture, Turkish regulations and competition policy.

However, Riversimple should consider the possible competition from Europe since the EU is reducing its carbon emissions by 50% by 2020 (Orhan, 2022). Riversimple can decrease carbon emissions by using its technology and its system which is more energy efficient. On the other hand, Turkey has a very high risk for climate change and will be very negatively affected if climate change does not stop or if it does not reduce quickly.

This research examined the impact of the legal and economic environment on the nature of Turkish business culture. This paper looked specifically at how differences in effective governance, business strategy and cultural sensitivity affected firm outcomes. In this case, it can be said that there are many factors that should be considered when doing business in Turkey due to the huge size of Riversimple's operations. Riversimple should consider the cultural issues of Turkey when doing business in Turkey by having a local manager to lead the operation.

Also, Riversimple's strategy should be based on Turkish culture and environment. This kind of approach would make Riversimple successful in the Turkish market due to the fact that there is no competition, fewer regulations and a good political case (Covarrubias and Pérez, 2019).

The company should focus on small towns within Turkey since they have been neglected in terms of transport infrastructure compared to big cities.

“Discuss and analyse the different barriers experienced by foreign businesses in the selected country supported by different examples.”

When looking at the barriers to foreign businesses, there are different kinds of barriers that Riversimple has to face when doing business in Turkey. Different types of barriers are administrative barriers, cultural barriers and legal barriers (Ciftci *et al.*, 2019). Riversimple is a very small company with a small corporate culture. Riversimple incorporated in the United Kingdom. Every member of the company has an equal share in the ownership and shares are traded on the stock market. This is very small compared to other companies such as Toyota, Renault and Peugeot where most of the members own the company so it has been difficult for Riversimple to gain enough funding for expansion into other countries.

The first barrier is the regulations in Turkey. Regulations in Turkey vary considerably depending on political intentions. For example, it is very hard for foreign companies to work with local companies because they have different ideas about business and human resources. It is also very hard for foreign companies to set up operations in Turkey. The biggest barriers are related to the cultural issues of Turkey when dealing with Turkish business people. It is very hard for foreign companies to work with Turkish business people because they have different ideas about technology and organisational structures. This barrier regulates every aspect of Riversimple's operations in Turkey (Bayram, 2020). The cultural issues of Turkey are politics, religion and human resources. In addition to having a local manager to lead their Turkish operations, Riversimple should also consider this and work on it accordingly. The biggest legal barriers are related to capital control, property rights and intellectual property. The next barrier is administrative barriers that affect foreign business. The biggest administrative barriers are related to local knowledge, education centres, trading standards and the quality of the labour force; all of which affect the quality of Riversimple's products.

“Provide appropriate strategies and other relevant recommendations to enable the company to succeed in the selected developing country.”

In order to overcome these barriers, it is recommended that Riversimple should have a strong local manager who understands business strategies and is capable of reading Turkish culture. In order to overcome the cultural barrier, the company should be aware of its culture and focus on its similarity with the culture of Turkey. This would make Riversimple successful in Turkey. On the other hand, Riversimple should have a good image and focus on developing itself in Turkey. Riversimple should also focus on local communities to develop in the Turkish market.

This would make Riversimple win the competition of other companies such as Toyota, Renault, Peugeot, Tesla and Hyundai. Riversimple should keep developing its services in Turkey and take on the Turkish market (Covarrubias and Pérez, 2019).

It is also recommended that Riversimple should develop its services depending on the different communities of Turkey. This will make Riversimple win the competition of other companies such as Toyota, Renault, Peugeot, Tesla and Hyundai.

Conclusion

Based on the research and data collected, it can be concluded that Riversimple has to overcome many barriers when doing business in Turkey. The first barrier is the regulations of Turkey based on political intentions. The second barrier is the legal barriers of Turkey related to capital control, property rights and intellectual property. The third barrier is the cultural issues of Turkey. Riversimple should consider these barriers and work on them accordingly. Riversimple is a success for the new technology of electric vehicles and for the future of sustainable transport. Riversimple should consider the cultural issues of Turkey when doing business in Turkey by having a local manager to lead the operation. Also, Riversimple's strategy should be based on the Turkish culture and environment. This kind of approach would make Riversimple successful in the Turkish market.

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