

THE GLOBAL BUSINESS ENVIRONMENT

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Introduction

In order to maintain sustainable **automotive business** operations in large scale operating areas, understanding the global business environment is highly important for organisations to conduct feasible business operations. Major forces such as **tech invasion, Green revolution, transforming global demographics, accelerations in the use of technology** are changing the global business environment every day and increasing competitiveness inside the market. In order to understand the global business environment, **relevant business models** are going to be used and applied to obtain knowledge about organisational engagement of **Jaguar Landrover** in the **global trade** and analyse the international business segments. In addition, the study is going to amplify **macroeconomic and micro-economic factors** which affect different automotive market structures in different economic conditions. Furthermore, the impact on the organisational strategies regarding transforming the behaviour of the international trades is going to be evaluated through determining both **long-term** and **short-term** changes. The study will also amplify **major features of the present international economy** and analyse the markets which are dealing within the global business environment.

Major forces shaping the global business environment

Tech invasion and accelerated use of technologies

The global business environment has been highly transforming after the wide use of advanced technologies in every business segment in the **21st century**. Advanced technology and telecommunication are rapidly enhancing the infrastructure of the industry through more innovation. Emerging technologies such as Artificial intelligence are helping organisations to take a wider approach to the market threats and implement new business strategies accordingly (Gill *et al.* 2019).

Higher adoption of cloud services, advancement in the IT industry and enhanced commuting and **data management technology** are shaping the global business environment to become smarter and efficient. Investment in the IT industry has already reached **\$3.9 trillion** in 2020 and is expected to cross **\$4.4 trillion** in less than 3 years (Statista, 2021A). Jaguar intends to use advanced technologies like **3D modelling, implementation of BIM** in their respective industry. These factors are heavily affecting the automotive industries in terms of lowering the **operational costs and improving efficiency** in production procedures. Within the last decade, the global business environment has suddenly moved to a condition where the business world is relying on **bit-byte**

type data rather than *physical and tangible data* (Visualcapitalist, 2018). *Apple, Amazon, Microsoft, Alphabet* are the major tech companies across the world that are sharing most of the market capital and enhancing their endeavours with transforming behaviours of the business environment.



Figure 1: Digital transformation - Statistics & Facts

(Source: Statista, 2021A)

Green revolution

In recent times, *global trade organisations* are transforming their business operations with more use of renewable energy to enhance sustainability in their business endeavours. The green revolution is going to impact the global business environment significantly and can affect the industries which heavily depend on natural resources. Jaguar intends to work upon their Electric Vehicle (EV) to conform to the Green Policies. Due to the *limited quantity of natural resources*, the *global business environment* is shifting to sustainable energy resources to maintain compatibility in future business endeavours. By the year **2100**, the global population is likely to cross 11 billion and with limited natural resources, it is highly significant that organisations must

move to the use of renewable energy, quickly as possible (Statista, 2021B). Jaguar has greater opportunities in leveraging sales.

Evolution in capitalisation

After the Covid-19 pandemic, the volatile economy of the global automobile business environment and transforming value of the currency can create significant uncertainty for the organisations which were unable to maintain their ***financial stability***. ***Freefall*** in the ***share prices***, unpredictable market conditions have put fear inside the global traders to lose stability in their business endeavours anytime. On the other hand, large investments in ***crypto-currency and enhanced e-commercial business*** is threatening the traditional business market for their lack of innovation and compatibility with the rapid transformation of global capitalisation. High inflation rates, limited cash-flow in the ***liquid assets, increase in taxation in global trade*** are significantly affecting the organisations which have lower macroeconomic and microeconomic influences. As a result of ups and downs in the ***global economy, underdeveloped countries*** such as ***Venezuela, Ukraine*** have faced historic inflation rates due to lack of sufficient support of the central banks whereas middle east countries saw ***a 6.2% inflation rate*** as well (Statista, 2021C).

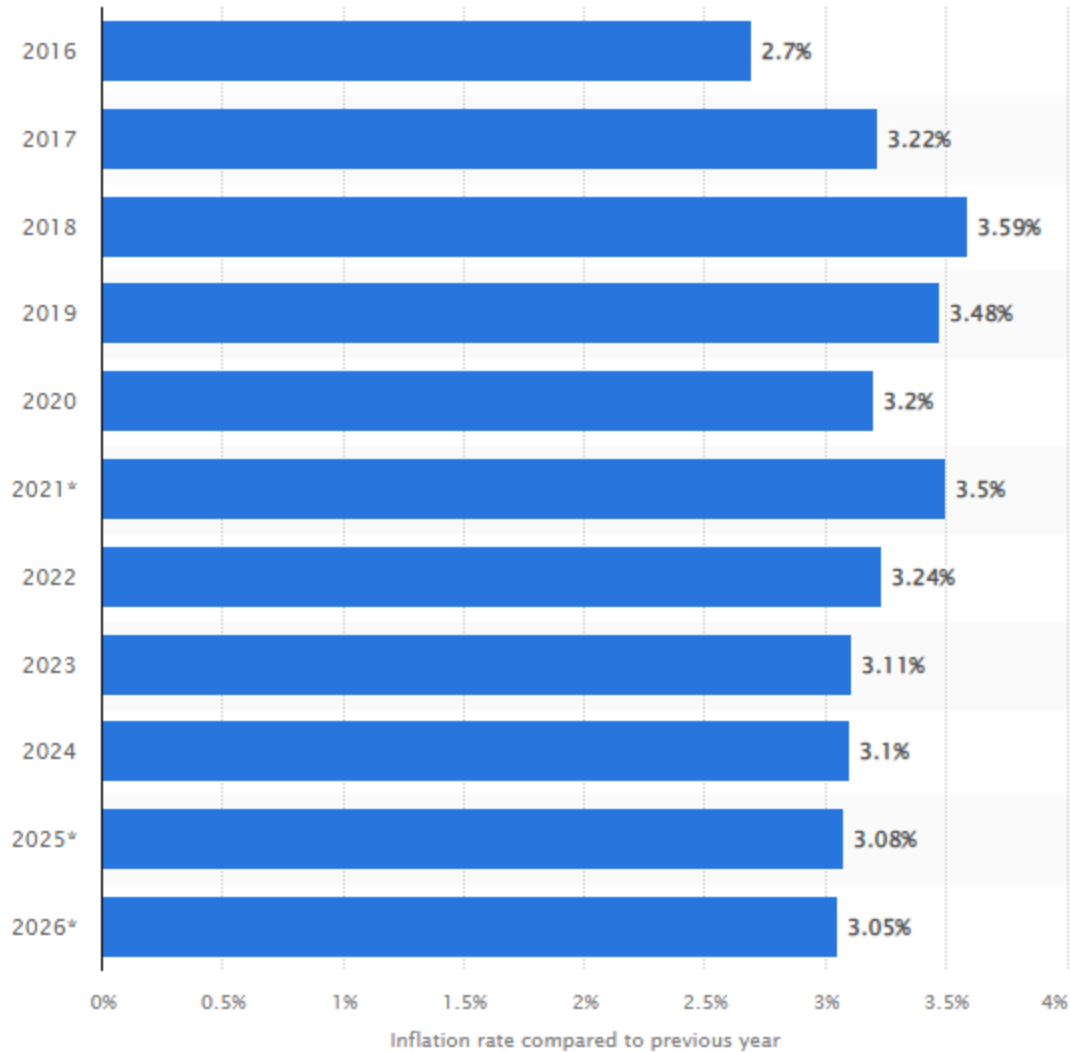


Figure 2: Global inflation rate from 2016 to 2026

(Source: Statista, 2021C)

Application of business models

Porter's diamond framework

Firm strategy, structure, rivalry

In order to obtain a competitive advantage in international business, organisations need to structure their business operations through developing **sustainable capabilities** to strengthen their foundation. Jaguar Landrovers put significant focus on the **identification** of their rivals in the domestic region which can help to identify potential opportunities in the foreign market (Jaguarlandrover, 2021).

Factor conditions

In order to trade in the international market, organisations need to evaluate the present conditions and availability of ***global natural, capital and human resources***. Organisations must put prime focus on the sustainability of the resources and need to ***transform their business operations*** accordingly to continue their trades in a global context.

Demand conditions

Demands in the international business environment such as ***transforming purchasing behaviour*** of customers, future implications of ***buyers' needs*** are major factors that can create significant pressure on the global market to change their business patterns.

Related and supporting industries

Organisations need to maintain ***feasible relationships*** with the business associates, especially with their prime suppliers and buyers which can help to rise within the domestic business environment as well as help to ***enhance their recognition*** in the global market.

Government

A supportive government can help organisations like Jaguar Landrover become ***more competitive*** within the target market and can help to enhance their competitiveness through stimulating the reach of the products outside of the country. Jaguar intends to benefit from Government policies.

Chance

Events such as national ***disasters, domestic political disputes, interruptions in global diplomatic relationships, the war between the nations*** can lead to the discontinuation of business and trade of organisations. At the same time, it can be an opportunity for the competitors to maximise their revenue through the acquisition and occupation of the markets.

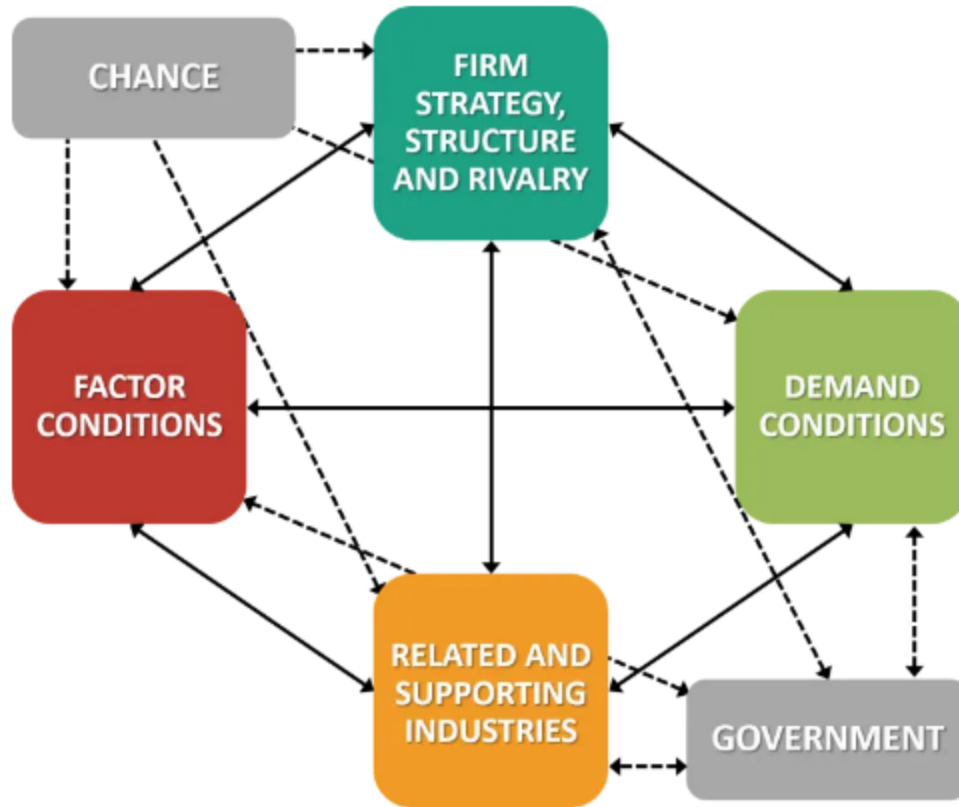


Figure 3: Porter's diamond framework

(Source: Businesstoyou, 2018)

Porter's value chain network

Porter's Value Chain includes several activities that work specifically on creating value for the business. Porter's Value Chain is segmented into five Processes and activities. This takes into account different aspects related to departmental and accounting expenses.

Inbound logistics: This includes exerting Control over the policies related directly to imports. Jaguar management is taking the help of its committees to reset its inbound logistics plan.

Operations: The operation process includes the activities that act to transform raw materials into finished goods. This includes labelling, branding and processing.

Outbound Logistics: Outbound logistics includes the processes that initiatives from processing to distribution to the customers (Ricciotti, 2020). This includes different processes involved in upgrading the products to fulfilling consumers' orders. Jaguar Management has considered the inputs that enable better management of its resources (Jaguarlandrover, 2021).

Marketing and Sales: The UK business in general and global business, in particular, works tirelessly so that the products reach prospective buyers. According to recent data, the US market

opened with 15697.98 (high). According to the figure the European Market reached a height of around 7403.65. The Automotive sector globally and in the UK has been hit hard.

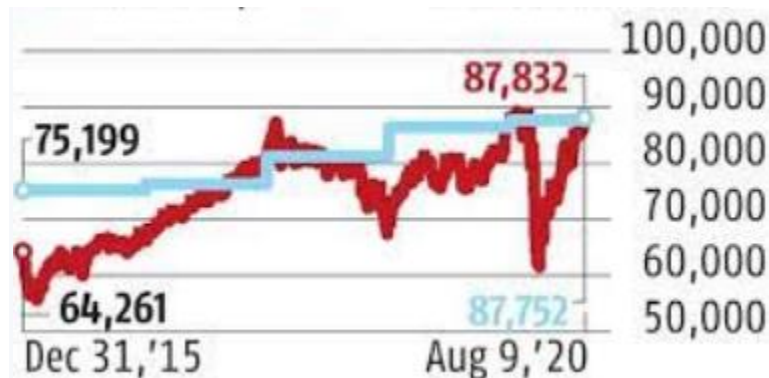


Figure 1: Global Market Capitalisation Exceeds beyond GDP

(Source: Moneycontrol, 2021)

According to global figures the Market Capitalisation exceeded world GDP. This has affected the entire markets amid COVID 19 pandemic (Moneycontrol, 2021). Jaguar Land Rover management is taking due not on this development to see if reform measures can be chalked out (Jaguarlandrover, 2021).

Services: These acts as activities related to maintaining the value of the products. **Global Industry** is heavily anchored by Tertiary Industry that acts to create **Market stability** even during the Pandemic.

Porter Five forces Analysis

Porter's Five Forces Analysis is a policy framework applied by Businesses to understand self competency (Öneren *et al.* 2017). this framework of analysis is addressed entirely through comparison with other companies.

Supplier Power

The Ultimate objective of a business entity is to extract profits. This is addressed through a comparative analysis of the power of suppliers. The big players operating in respective fields work continuously baked on a strong network of suppliers. A company wholly depends on the power of the supplier. Suppliers determine how closely business inputs drive profits. There are different ways and strategies of supply chain followed by companies.

Buyers' Power

Buyers' Power determines the success of a business. The success of businesses lies entirely upon the power of propensity of the people. This is determined from the study and analysis that a present

value analysis works to determine how much opportunity is there in the market. Jaguar Sales has been grossly affected by 18% scrunching of the Automotive Sector (Jaguarlandrover, 2021).

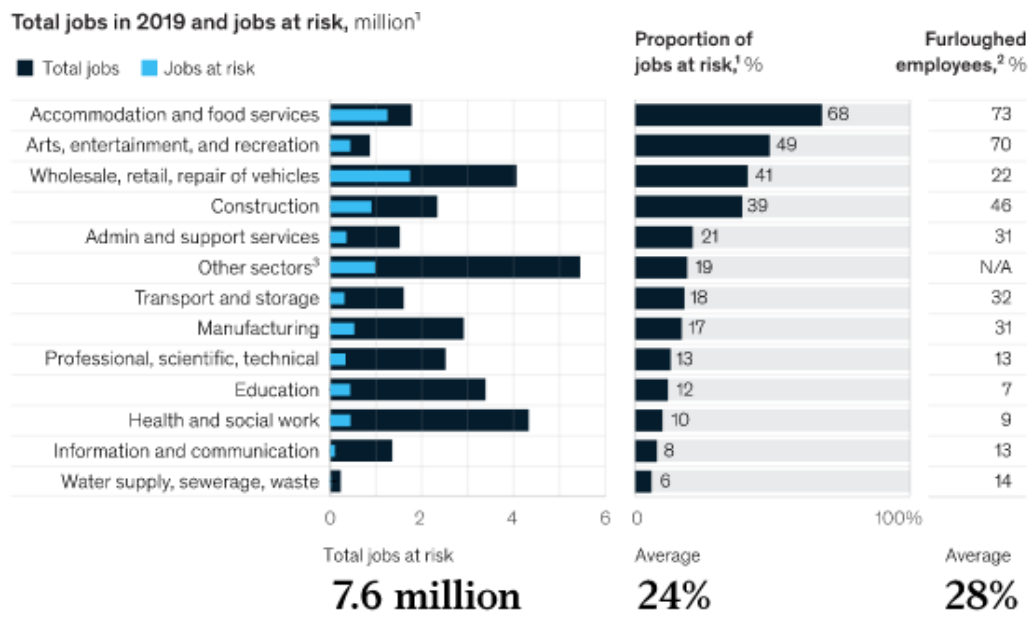


Figure 2: Buying capacity decreases

(Source: Mckinsey, 2021)

This is inferred from the study that the Global buying power reduced a great deal due to the Pandemic. The pandemic hit almost all sectors. The following figure showcases loss of employment. The employees who lost jobs lost on its buying capacity.

Competitive Rivalry

The sectors working in the UK have lost their competitive move due to the COVID 19 pandemic. The Pandemic has affected the big businesses more than that of the smaller ones. This has affected the entire business structure existing in the Market. The time has come for JaguarLand Rover to study competitors' policies like Mercedes, Aston Martin.

Threat of Substitutes

A business entity tries its level best to provide products and services that have lesser rivals. Rivals create competition in the Markets. The industries operating in the UK are highly competitive (Mckinsey, 2021). Specific mention needs to be made of the Auto sector in the United Kingdom which is extremely competitive.

The threat of new entry

The COVID 19 has affected business in the worst possible manner. This works specifically in the industries where there is less competition (Mckinsey, 2021). The other way round is that the COVID 19 has opened a new opportunity for small and micro-businesses.

Context of an international environmental analysis

Political	• The UK's political globalisation index score is 97.65, fourth in the worldwide ranking (Statista, 2021D) • Brexit has affected the political paradigm of the UK
Economic	• The GDP of the UK was reduced by 9.8% in 2020 (Statista, 2021G) • Inflation rate is mounted to 1.5% in 2021 (Statista, 2021E)
Social	• The population growth rate in the UK was 0.57% in 2020 (Statista, 2021F)
Technical	• The UK government has initiated strategies to become an AI superpower within the next 10 years. • Investment in the IT industry has already reached \$3.9 trillion in 2020 across the globe (Statista, 2021A)
Legal	• Brexit changed the legalities of business operations and reduced the import and export revenues of the UK by £7.2 billion and £5.3 billion (Statista, 2021H)
Environmental	• Greenhouse gas emissions in the UK was reduced by 3% in 2018-2019 (Ons, 2021) • The environmental protection expenditure of the UK government is 1.6% of total expenses made by the government.

Table 1: PESTLE analysis of the UK

(Source: Created by author)

PESTLE analysis of the UK revealed that there are several factors in political, economic segments that can affect the business engagement of the UK organisation in global business endeavours. The UK Government is highly effective to support the organisations to promote international trade to

integrate revenue and the economy of the country. Therefore, Jaguar Landrover has high potential and opportunities to enhance their business expenditure in a global context.

Identification and evaluation of reasons behind organisational engagement with international trade

Global business shrunk amidst the Covid 19. According to a global figure the entire Global GDP scrunched to around 6% thus opening craters in the business world. The COVID 19 has affected the major companies to such an extent that they are now compelled to think of other ways in which market reach is accessed. There are reasons behind International Business;

Expanding Sales: The Global Business is now willing to expand because of the limited capacity (that too hampered grossly by the Pandemic). Large companies are now thinking to explore new horizons of trade and driven this thought expansion policies are chalked out.

Resource Acquisition: Engagement in International trade is leveraged by the diplomatic ties established between both Governments. To explicate this situation, the example of the Jaguar Land Rover could be cited.

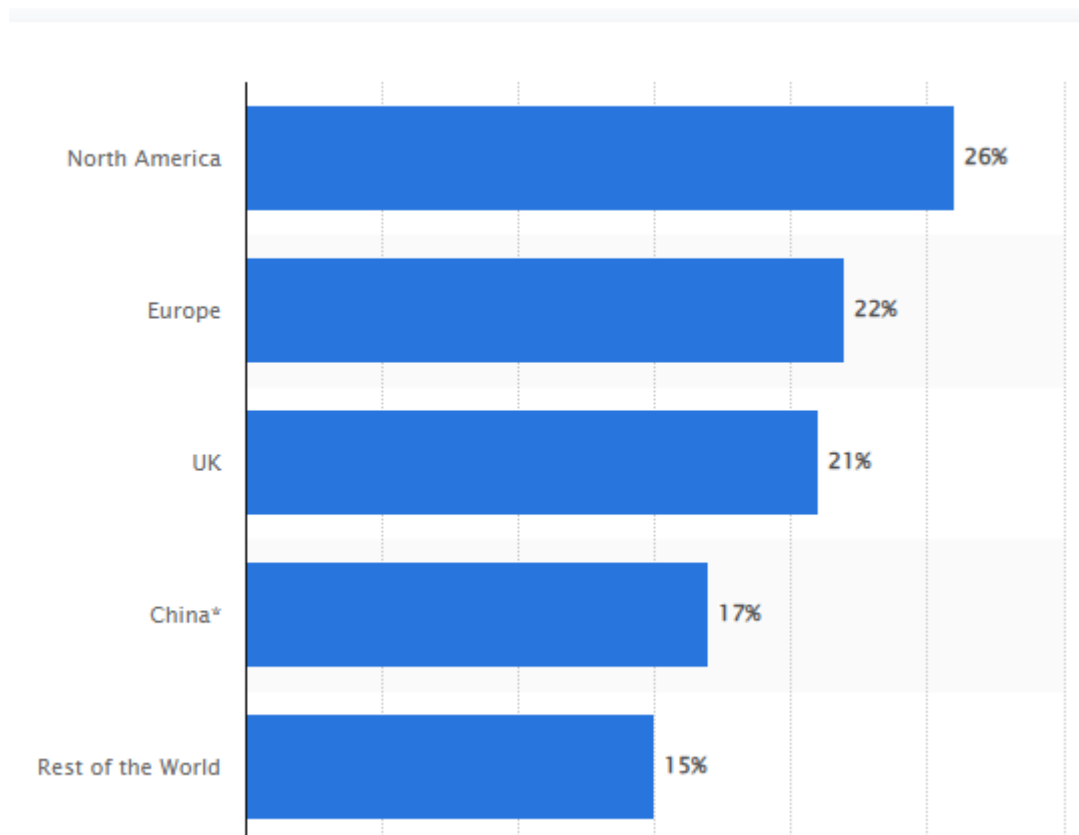


Figure 3: Jaguar land Rover Market by regions

(Source: Statista, 2021I)

It is understood through the statistical representation that Jaguar Land Rover has a market reach of around 26% in North America. The company gets a grabbing of 22% in the European Markets. In the UK Jaguar holds around 21% but the most important aspect of the study is that Jaguar has a mammoth 17% share in Chinese markets (Statista, 2021I). This picture is enough to conclude how Important is the Chinese and North American Market so far as Jaguar is concerned.

Understanding their micro-economic and macroeconomic foundations,

Market structures and influence on firm strategy

Long-run impact: The Automotive Industry players like Jaguar Land Rover needs to consider inputs like E Cars. Electronic Vehicles are the only options available in the future. This also needs to be addressed that long term goals are chalked out based on International requirements. It could therefore be addressed that the Companies need to take measures to find new markets. New markets will be the upcoming trend in International business. Businesses are going global and companies need to be mindful of this very fact. Jaguar Landover plans to develop new technology to reach the markets (Jaguarlandrover, 2021).

Short-run impact: The sales of automotive impacted due to the COVID 19 pandemic. This acts to provide a proper segmentation so far as the entire business built-up is concerned. The Companies operating in the International Markets like Jaguar is planning to bring down the costs. This might affect future planning.

Major features of the current international economy

Current business enterprises are following a specific format in understanding the existing markets. There are some of the Market features which Jaguar can consider:

1. Immobility of Factors
2. Heterogeneous Markets
3. National and International politics
4. Currency

These are the generic factors that affect the business of the companies operating in the long as well as short term.

Conclusion

In order to conclude it can be addressed that the companies operating in the International Frame need to consider a lot of elements in the present Markets. Big brands like jaguar need to be extremely mindful regarding the International developments that completely work to change the course of business. This could therefore be identified that the basic input about the company framework depends entirely upon how planned the entire management is while dealing with international trade.

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