

Global Business Environment

Assignment 1

Module: The Global Business Environment

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TASK 1

INTRODUCTION

The global business environment is said to be an environment including various sovereign nations along with factors that are external to domestic environment of country. It impacts decision-making process of company operating in a country regarding utilisation of organisational resources as well as capabilities. Within this report, JD Sports Fashion Plc is taken into consideration which is a UK-based organisation founded in the year 1981 by John Wardle and David Makin. It deals in sportswear and provides exclusive products and services to its potential customer-base within marketplace (Aerni, 2018). JD Sports wants to move its production facilities to another developing country hence, the chosen developing country which will demonstrate different aspects of this report is India. This report covers application of multiple theories of business environment such as Pestle analysis, Hofstede cultural dimensions, etc. It also includes opportunities and challenges that exist along with process of managing aspects of corporate governance, business strategy and cultural sensitivity while operating business in chosen country. Moreover, distinct barriers that are faced by global businesses in chosen developing country will be discussed and analysed. Additionally, appropriate strategies and other recommendations will be provided for enabling company to achieve success and growth in chosen developing country.

About the chosen developing country

The chosen developing country in this report is India and the reason behind selecting India as a developing country is that it has a wide scope in retail industry because of its healthy economic growth, dynamic demographic profile, enhancing disposable income, urbanisation and many more factors (Ahmad, Omar and Quoquab, 2020). These factors assist India in achieving its success and growth within the retail industry and drive its growth in well-organised retail market in an effective and efficient manner. The retail market in India is growing at a rapid rate and with more than 1billion people, the respective developing country is extreme attractive market for home as well as international retail players. The people in India are having diverse taste and preferences in products of retail market and it will provide a competitive edge to JD Sports as the company is engaged in offering a large number of products like apparels, footwear, accessories and recreational products in retail industry.

Application of Theories of business environment on the selected context/country

There are multiple theories of business environment that help in analysing opportunities as well as challenges that exist in business environment. Some of these business environmental theories include Pestle Analysis, Hofstede Cultural Dimensions, etc. These theories are explained as under in context to JD Sports while moving production facilities in India:

PESTLE Analysis

It is a tool that helps in analysing the impact of macro-environmental factors existing within a country that influences the functioning of an organisation (Alshare and Sewailem, 2018). JD Sport should use this theory for evaluating and analysing impact of such factors at time of moving its production facilities in India:

- **Political factors:** Such factors are associated with government guidelines, rules and regulations, policies, political stability, etc. In relation to JD Sports, company should be aware of changing governmental policies and rules of India in which it wants to move its production facilities because changes in such political factors like trade restrictions can influence performance of organisation adversely.
- **Economic factors:** These factors include inflation rate, interest rate, exchange rate, economic lockdown and many more. In context to JD Sports, economic factors such as taxation policy and inflation might impact business operations of company in a negative way. Hence, company should be aware of such factors and adopt appropriate business strategies for sustaining within marketplace while moving production facilities in India.
- **Social factors:** These factors consist of lifestyle, taste and preference, expectations of customers, health consciousness and many others (Amankwah-Amoah, Khan and Osabutey, 2021). In relation to JD Sports, company must understand varied perceptions as well as taste and preferences of Indian customers regarding footwear, apparels, etc. and then produce and design products for them. This will help company in capturing more market share which will boost sales volume and profitability of company.
- **Technological factors:** It includes advancements in technologies which impact functioning of business. JD Sports should use highly developed and upgraded technologies as well as machines while performing production facilities in India such as producing sportswear, apparels, etc. This will save both business cost and precious time and positively influence performance of organisation.
- **Legal factors:** Such factors include laws and legislations that are framed by legislative system of a country and their impact on organisational performance. In context to JD

Sports, company must follow employee health and safety laws that are framed by Indian legislative system for maintaining employee retention (Belyaeva and Lopatkova, 2020). This will enhance productivity and efficiency of organisation in a great way.

- **Environmental factors:** Such factors consist of weather, pollution, climate, CSR, environmental laws, etc. that affects business functioning. In relation to JD Sports, organisation must adhere environmental laws of India for gaining competitive edge and attracting more customers within Indian marketplace.

Model of Porter's Five Forces

This tool facilitates in analysing competition level within an industry and how other companies are operating at diverse levels of profits. There are different forces that are involved under this model and these are described as below in relation to JD Sports:

- **Competitive Rivalry:** There are various competitors of JD Sports that are active within Indian markets such as Nike, Skechers, etc. Hence, there is **high** threat of competitive rivalries within the retail industry as it may reduce profitability of company. In order to overcome such threat, organisation is required to frame effective business strategies for chasing competitive edge over competitors in Indian Markets.
- **Threat of New Entrants:** This force is based on entry of new businesses within a specific industry and in relation to JD Sports, the company has to manage all challenges and identify barriers for gaining competitive advantage within retail industry (Bhasin and Garg, 2020). Hence, there is moderate threat of new entrants and to overcome such threat, organisation can place a low pricing strategy, adopt cost reduction and offering new values to its Indian customers for operating business easily.
- **Threat of bargaining power of customers:** In extent of JD Sports, organisation offers best quality products and at less possible cost. Hence, there is a low threat of bargaining power of customers as Indian customers will not switch to another organisation to buy their products and this will enlarge the customer-base within Indian markets.
- **Threat of bargaining power of suppliers:** In context to JD Sports, suppliers are at dominant position in retail industry which can reduce profitability of company. In such manner, company may not switch to another supplier as it will supply its products at more price. Hence, there is a high threat of bargaining power of suppliers because it can reduce profit margins of organisation. The company overcome such threat through tackling power by developing effective supply-chain.
- **Threat of substitutes:** The force of threat of substitutes relies on factors such as product differentiation, rivalry's profit and so on (Das and Kundu, 2018). Hence, there is a high

threat of substitutes because competitors of JD Sports offering substitute products of company at less cost which may minimise profit margins of the organisation.

Hofstede Cultural Model

The model of Hofstede Cultural Dimensions will help managers of JD Sports in understanding various cultures of varied nations. There are mainly five dimensions of this cultural model which are mentioned as under:

- **Power Distant Index:** This is said to be a power index that gets adopted by JD Sports managers for reducing inequalities and managing changes that encouraged power among team members with improving organisational performance.
- **Individualism vs Collectivism:** At JD Sports, company should primarily focus on collectivism as India is having collectivism strategy wherein all employees are invited to come as well as take participation in multiple business activities along with adopting relevant Indian culture (Gupta and Minai, 2019). This will be beneficial for organisation and its manpower as it will increase business performance and productivity.
- **Masculinity vs Femininity:** In relation to JD Sports, the company should adopt masculinity as there is masculinism in India and hence, it will positively impact business functioning of respective organisation as men have more capacity in comparison to women which will increase productivity and efficiency of company.
- **Uncertainty Avoidance Index:** In relation to JD Sports, India is the lowest ranking dimension in Uncertainty Avoidance at 40 in comparison to world's average of 65. Therefore, company should consider this factor effectively and appropriately for conducting business operations in a successful manner.
- **Restraint vs Indulgence:** India has restraint culture as it gets a low score of 26 in such dimension. In context to JD Sports, the company should understand the perceptions and taste as well as preferences of the customers of India. This will help in capturing a large number of market share which will boost profitability of the company.

Critical evaluation of opportunities and challenges that are present and how to manage aspects of corporate governance, business strategy and cultural sensitivity

Opportunity and challenges of J.D Sports: There are various opportunity and threats are faced by J.D Sports during expanding business in the market of India. It is important for the business to analyse these opportunities and threats as well as develop effective strategies planning to gain competitive advantages in India (Hartono and Kusumawardhani, 2019). Through expanding business in India, J.D Sports can expand its

market place and acquire more customers that will help business to enhance its sales and profitability ratio. On the other hand, competition create threat for business and direct impact on organisational performance and profitability ratio in developing market.

Corporate governance: Corporate governance is defined as the system through which company is controlled and directed. Organisational board of director is responsible for business governance. J.D Sports need to maintain governance framework, develop effective policies and implement laws and regulations in business practice manage corporate governance In developing country and gain long-term competitive advantages.

Business strategy: Business strategy is defined as the clear set of actions, plans and goals that direct business operations to perform in specific market place (Kasemsap, 2020). It is important for the J.D Sports to analyse competitors in India which deals in similar industry. Organisation need to set clear and effective targets, concentrate on systematic growth and communicate all strategies at all hierarchical level of business in order to gain competitive advantages.

Cultural sensitivity: Cultural sensitivity is defined as the cultural differences between people. It becomes important for J.D Sports to analyse cultural factors and aspects of India than develop business policies and strategies accordingly that help business to manage operations in effective manner. Respective organisation need to bridge culture gap through maintaining effective communication. Organisation need to observe customers as well as market trends in order to influence customers towards organisational products and services.

Discuss and analyze the different barriers experienced by foreign businesses in the selected country supported by different examples

There are various barriers are faced by organisation in the process of expanding business in other country that impacts it overall performance and efficiency. It is important for the business to analyse these barriers than develop effective strategies and planning for expanding business in other country. All these barriers that are faced by J.D Sports during expanding business in India country are explained below:

- **Foreign laws and regulation:** Every country has there own laws and regulation that must be abide by the organisation which are operating in it (Khajeheian, Friedrichsen and Mödinger, 2018). Tax implications through to trading laws, navigating legal requirement is the central function of any successful international business. Employment and labour requirement also different from one country to another. It is important for J.D Sports to analyse all rules and regulations, political conditions of India to make better decisions.
- **Language barrier and cultural differences:** In the process of performing operations in developing country, it is important for the business to consider language barrier that is spoken in specific country in which organisation want to expand. J.D Sports planning to hire employees in India so it is essential to understand their language that make it

simple to communicate with them and convey all strategies, planning and other aspects properly. Every country has their different culture, values and traditions that create barrier for organisation (Khan and Ebner, 2019). It is important for the business managers to understand India's culture than provide training to its employees so they can perform their operations in best possible manner.

- **Currency rates:** Fluctuation in currency rates is considered as one of the most challenging barrier that impact overall functioning of business at international level. Regular assessment and monitor of exchange rate of India to develop effective strategies and business policies. Higher fluctuation rate impacts J.D Sports expenses and profits.
- **Political risk:** Politically stability and uncertainty impact overall functioning of international business. Emerging market provides various opportunities as well as challenges for expanding global business. There are regular changes are happened in political conditions, policies, rules and regulations that can impact J.D Sports investment and business.

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

As there are various challenges and barriers are faced by business that can impact its overall performance and efficiency. It becomes important for the J.D Sports to develop effective strategies and planning to run business operations in developing country like India. Some recommendations for J.D Sports are explained below:

- It is recommended J.D Sports to conduct market research in India for the purpose of analysing current trends of country, customers needs, demands and preferences as well as political and economic conditions that can impact overall business performance and efficiency (Kumar, Giridhar and Sadarangani, 2019). Organisation should develop effective and suitable planning and strategy that help business run business operations in India properly.
- It is suggested J.D Sports to provides training to its employees so they can perform their operations and business related task in best possible manner. Training enhances skills and capabilities of employees and motivate them to perform attain the objective of higher work performance and efficiency that lead business towards growth and success. Organisation also need to hire employees from India because they are familiar from country culture and perform operations with effectiveness.

- J.D Sports need to analyse India's pricing strategy to they can set prices of products accordingly and attract larger number of customers. Organisation need to maintain effective relationship with suppliers so it can get quality material at affordable prices (Kwok, Watabe and Koh, 2022). It reduces overall organisational cost and enhances success of business in developing country.
- J.D Sports need to conduct advertisement through using different social media platforms such as Instagram, Facebook and other that enhances organisation reach and spread awareness of its products and services in target audience. J.D Sports should maintain effective and strong relationship with customers through providing them quality experience that retain them with organisation. Customer retention is the key of success in international business.

CONCLUSION

From above explanation of report, it has been concluded that global business environment provides an overall platform for the purpose of attracting more and more customers and also ensures growth and development of both countries and businesses. This report has been covered multiple theories of business environment like Pestle analysis for analysing external business environment, Porter's five forces for analysing competition level within industry, etc. Furthermore, opportunities and challenges have been evaluated together with business strategy, corporate governance and cultural sensitivity. Barriers experienced by international organisations have been analysed and appropriate strategies have also been discussed. Additionally, recommendations have been given to company for attaining success in selected developing country.

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TASK 2

Introduction

The global business environment is the business that has its business activities that are being carried out according to the environment of various countries that it operates its functions. The company selected for this business is JD sports that is a UK based company. JD sports is retail company related to sports fashion (Nudurupati, Garengo and Bititci, 2021). It is headquartered in Bury, England and was founded in 1981. Its main motive is to operate its production operations to another country and the country selected for this report is India. India is a developing country and will give unlimited benefits to JD sports. In this report there is PESTLE analysis and SWOT analysis is discussed with its challenges and opportunities for JD sports in India.

PESTLE analysis

PESTLE Analysis is a structural framework that examines various external factors impacting the functions and overall business performance. It gives information about opportunities and challenges that are faced during the operating of business other than competitive forces (Rao, 2019). It directly impacts and influences the business entity. It is used to evaluate external environmental factors and in context with JD sports is explained below:

Political factor- These factors include government policies, rules and regulations that influence the arrangement or specific industry. It consists of political stability, trading and taxation policy. In JD sports, this factor analyses long term profitability in market.

- **Opportunity:** In India, the political laws do not affect the operating of JD sports operations as it is easy to operate the laws in Indian local market.
- **Challenges:** It would need a lot of research as they will affect sales and supply chain in India. This factor prevents higher exchange rates, trade rules and restrictions on import from the government side that can lead to business failure.

Economic factors- These factor influences on economy and business performance on it. It includes various interest rates, rates of employment, foreign exchange rates (Reid and Lee, 2018). In JD sports case, it can use economic factors as they specify industrial economy in its growth in the market and country. The company needs to evaluate Indian market conditions and target for its products.

- **Opportunity:** If the growth rate in India is high it will result in increasing of supply chain of sporty products in market.
- **Challenges:** Economic factors such as inflation, taxation in India can influence JD Sports operations in adverse way.

Social Factors- These factors include social environment in market. JD sports should understand its target audience and how they need to design a message for retail market.

- **Opportunity:** JD sports should cater various needs and wants of market by providing new trends in market that rises its demand (Tuffour, Amoako and Amartey, 2020). The sports apparel and others should be according to need of Indian market.
- **Challenges:** Due to the changing of new trends that makes the consumers unaware about the new products and services it reduces the sales of the products, this type of market is not good for the business.

Technological Factors- These factors include technological innovation and development. JD sports needs to follow currently updated technology ahead of competitors.

- **Opportunity:** JD sports always keep on updating with new innovation for increasing the sales. It also uses artificial intelligence to develop online platforms to sell its products online media.
- **Challenges:** the social media and artificial intelligence can be hacked in Indian market resulting in loss.

Legal Factors- These factors regulate legal aspects of the business operations in a country. JD sports needs to consider legal points as they affect the business operations.

- **Opportunity:** JD sports trades internationally and this helps employees with rules and regulations for sales in market.
- **Challenges:** It is difficult for JD sports to keep on changing with Indian laws as it will influence its business operations (Usunier, 2018).

Environmental Factors- These factors are surrounding environment impacting business operations. JD sports needs to understand Indian market along with its condition and laws.

- **Opportunity:** JD sports produce products that are environment friendly and involve the ecological investment.
- **Challenges:** JD sports needs more resources for consumer demand as well as ecological factor should be considered as it reduces supply of product.

SWOT analysis

Strengths	Weaknesses
• Political stability • Less Trade Restrictions	• Inflation • Laws and legislations
Opportunities	Threats
• Technological advancements • Research and Development	• High competition • Varied taste and preferences of customers

Pestle analysis on the basis of SWOT analysis

Pestle analysis factors	Opportunities	Challenges
Political	Indian government is stable and this will result in more employment and growth of business (Vihari, 2019).	Indian government has laid certain restrictions on exporting and importing duties, that will result in reduction of sales.
Economic	Price changing of products along with new demands will result in quality improvement and thereby increased sales.	Inflation and other fluctuations in price will be a challenge.
Social	Preferences of customers will be there, so the company has to produce its products accordingly.	Declining of reputation and brand value will be there because of the controversies.
Technological	Due to innovations of new products and addition of new features will help in expanding organisation.	Delay in product launch because of changing of old trends will need more research.
Legal	There will be new rules and regulations for the employees and sales.	Changing laws will decrease market share thereby creating specific market in India (Yaklai, Suwunnamek and Srinuan, 2018).
Environmental	It will provide clean products for customers to fit with their values and beliefs.	It will have strong competition in market with price and quality terms

		that can resulting in changing minds of customers.
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Conclusion

From the above report it can be concluded that Pestle and SWOT analysis is important for knowing all the different factors and aspects of JD sports for getting its business operations to be settled in India. This report has been covered various aspects that are related with pestle and SWOT analysis for JD sports for analysing internal and external business environment of the organisation.

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Introduction

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PESTLE analysis

PESTLE Analysis is a structural framework that examines various external factors impacting the functions and overall business performance (Rao, 2019).

- ▶ **Political factor**
- ▶ **Economic factors**
- ▶ **Social Factors**
- ▶ **Technological Factors**
- ▶ **Legal Factors**
- ▶ **Environmental Factors**

Continue

It directly impacts and influences the business entity. It is used to evaluate external environmental factors and in context with JD sports is explained below:

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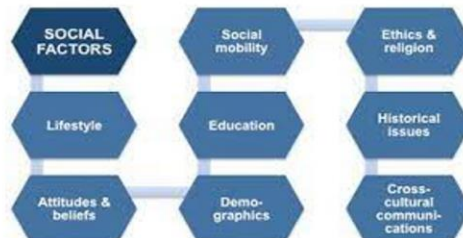
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Continue

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Continue

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SWOT Analysis

Strengths	Weaknesses
⌚ Political stability ⌚ Less Trade Restrictions	⌚ Inflation ⌚ Laws and legislations
Opportunities	Threats
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Conti...

Social	Preferences of customers will be there, so the company has to produce its products accordingly.	Declining of reputation and brand value will be there because of the controversies.
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Conti..

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Environmental	It will provide clean products for customers to fit with their values and beliefs.	It will have strong competition in market with price and quality terms that can resulting in changing minds of customers.

Conclusion

From the above report it can be concluded that Pestle and SWOT analysis is important for knowing all the different factors and aspects of JD sports for getting its business operations to be settled in India. This report has been covered various aspects that are related with pestle and SWOT analysis for JD sports for analysing internal and external business environment of the organisation.



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