

Global Business Environment
Assessment 1
Environmental Analysis of Fashion Industry

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Introduction

The fashion industry is one of the most dynamic and growing sectors of the business world. This industry is changing rapidly because of the diversity and the dynamism of taste, cultural identities, experience, values, beliefs and so on (Sudha, et al., 2017). Recently, several kinds of research have shown that the fashion industry is responsible for the significant amount of wastage emissions which substantially put a harsh effect on both the economy and the environment (Sudha, et al., 2017). The organisations now alleged allegation that they are producing a considerable number of wastages to keep up with the people's changing demands and fulfil the fashion enthusiasts' challenges. It is also evident that to become profitable and aim for huge margins, the giant clothing organisations or enterprises enter the market of the under-developed or developing country to grab the advantage of low-cost leadership while neglecting the labour-related standards and policies such as child labour, overtime, etc. So, there may exist two-fold issues in the international fashion and clothing industries. On one side, it delivers modern fashionable and trendy outfits for the citizen which enhances their personalities and outlook and on the other hand, promotes malpractices which are related to environmental pollution, overproduction and labour exploits (Bertola, et al., 2018). Marks and Spencer are selected for the report to demonstrate the critical aspects of its global business environment and dictate how this organisation maintains a competitive advantage through the proper utilisation of resources.

Critical analysis of the changes made by Marks and Spencer in the business model to self-regulate and adapt to some of the concerns raised by the different stakeholders.

Concerns that are Postulated by the Potential Stakeholders

Thousands of business organisations are now operating internationally to serve their products and services for different customers which simultaneously creates pressures on other parties' involvement (Nayak, et al., 2019). For example, Marks and Spencer have several suppliers from various Asian countries like India, Bangladesh, Vietnam, etc., where they place their orders to reduce the associated cost and tap a significant amount of market share of that region (Nayak, et al., 2019). These have created concerns of its different stakeholders as many environmental issues and factors ranging from the political, economic to the legal

aspects are becoming more influential very recently (Kim, et al., 2018). The primary concerns are presented below-

- **Labor Exploits and the concern regarding labour standards**

To ensure low-cost leadership, both the manufacturers and suppliers of the local companies promote involving children and women who are significantly exploited in fair treatment in the workplace (Kim, et al., 2018). To prevent these malpractices by the companies, the governments are now more interested in exercising and imposing policies and related laws to safeguard the labourers' interests and rights. They have introduced laws regarding fair treatment, minimum wage rate and other benefits which need to be maintained by the organisation (Kim, et al., 2018).

- **The Sub-Standard Work-Environment**

The working environment in the developed countries is more developed and well-structured compared to that of developing ones (Yang, et al., 2017). Recently, it is evident that different countries, which are mainly developing countries, are trying to improve the conditions of the work-environment in those countries to ensure efficiencies both in the management and worker's counterpart (Yang, et al., 2017).

- **Reduction in the Resource Wastages**

The management of resources are now more valuable, and rising concerns for the organisation significantly affects the overall success of the business organisations by ensuring the proper allocation of resources in the desired fields of operations (Todeschini, et al., 2017). The resources are limited in terms of human resources, financial resources and so on. Organisations are required to ensure that every resource is utilised rationally as it becomes more valuable to ensure efficiencies and profitability for the organisations (Todeschini, et al., 2017).

- **Thriving to Achieve the Sustainability**

Environment pollution has increased exponentially in recent decades as many developed countries, and their organisations criticised the environment and its elements at a tremendous level. These cause a potential threat for those countries as several problems regarding public health and environmental catastrophe increase in those regions (Sudha, et al., 2017).

- **Increase the Credibility through Corporate Social Responsibility**

Concurrently it is noticeable that the social movements from the local and international companies are seemed to contribute for the societies adopting several

social development programs to make sure that those societies will also be developed, which will create a better environment and credibility for the organisation facilitating proper resource allocation and development of the workers to improve their standard of living as well the working conditions.

- **Greenhouse Gas Emissions**

Greenhouse gas emission is the major affairs of the world media as it is accountable for global warming which brings about a considerable number of natural disasters in the coastal and other areas which directly or indirectly causes destruction for the people, organisation and the countries. Companies mainly from the USA and China have been criticised for emitting carbon and other greenhouse gas from their production plants which creates threats for the vulnerable climate countries. Therefore, different governmental bodies, agencies, the UN and other social and environmental welfare organisation are now pressuring organisations to reduce the emission and convert their organisation to go for green business (Sudha, et al., 2017).

- **Achieving Sustainability for Future Growth**

The green revolution has significantly evolved worldwide to protect mother nature from exposure to natural calamities and disasters. Simultaneously, it substantially increases the organisation's potential growth through efficient management and workforce engagement. Different parties related to that sector require organisations to adopt measures to bring success for both the organisations and the environment with more social development and environmental protection (Sudha, et al., 2017).

Recent Measures are Adopted by the Fashion Industries

Based on the concerns mentioned earlier of different organisations, some trends are concurrently prevailing in the fashion industries while prioritising efficient management and business sustainability for future enrichment.

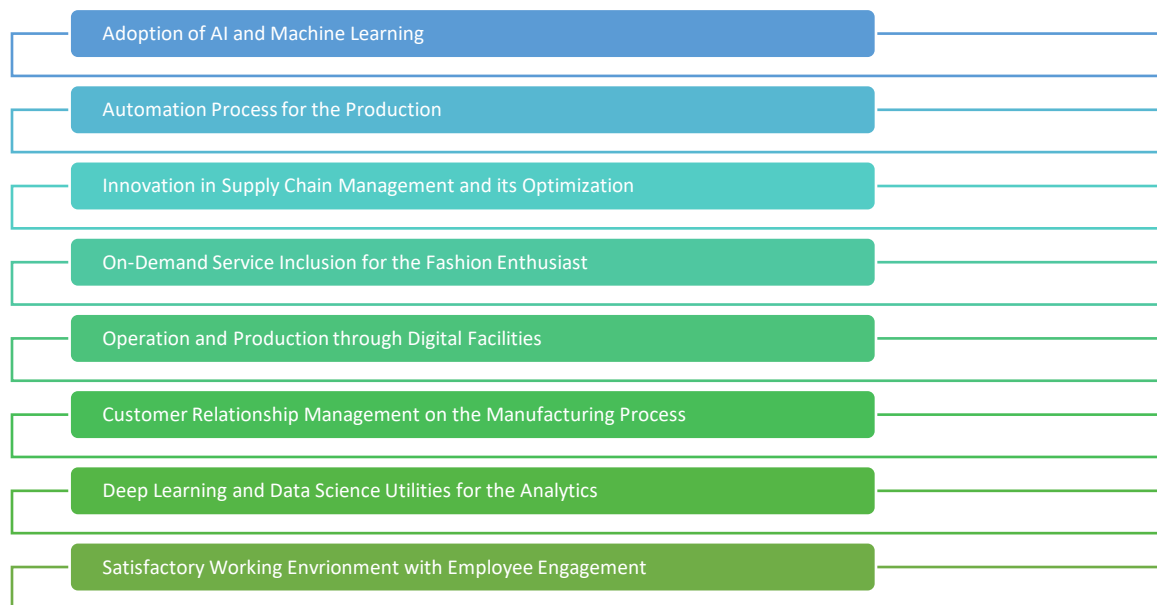


Figure 1 Recent Measures are Adopted by the Fashion Industries

Source: (Rodgers, et al., 2017)

- **Adoption of Artificial Intelligence and Machine Learning**

Organisations, especially fashion and clothing related organisations, are significantly getting more inclined to adopt machine learning and AI for their production and business operation (Rodgers, et al., 2017). With the help of AI and machine learning, the organisation can quickly assess the variables and changes in the patterns of customers' fashion, tastes, preferences and so on to find better ways to serve the customers with less reduction of wastages and efficient production and marketing management (Rodgers, et al., 2017).

- **Automation Process for the Production**

Fashion industries are now investing and prioritising automation production employing robotics and other machinery for the manufacturing plants scattered in different regions. M&S has developed its machinery with which they have increased their output at a significant level which is nearly 30% on usual with less wastage and higher productivity with substantial low-costs (Moretto, et al., 2018).

- **Innovation in Supply Chain Management and its Optimization**

The organisations are now adopting several measures such as 'in house' production, Just-in-time operations, etc., to conduct the essential tasks of the operations related to procurement and supply chain management (Moretto, et al., 2018). With the

assistance of communication technologies and computerised operations management, the organisation can optimise their supply chain which brings all the parties related to the supply chain under one roof.

- **On-Demand Service Inclusion for the Fashion Enthusiasts**

According to the product life cycle, every product has its maturity, from which the product will be redeveloped or expelled from the production due to obsolescence (Chan, et al., 2017). Fashion is also precisely the same in that it may evolve at a constant pace while it may last for the desired time. Therefore, on-demand production helps the organisation like M&S to forecast the changes and trends of the fashion while command their production teams to produce the desired level of the products (Chan, et al., 2017).

- **Operation and Production through Digital Facilities**

M&S has developed an integrated solution for their business operations where the parties of different functions work collaboratively to ensure real-time assistance and resource sharing through several digital interfaces. To make the process successful, various issues such as big data analytics, autonomous system. etc., are taken into consideration which will eventually help the organisation become more efficient in producing high-customized products (Acharya, et al., 2017).

- **Customer Relationship Management on the Manufacturing Process**

Customers are the most significant assets for modern business organisations. Now, every organisation are found busy with ensuring better service providing towards their customers to retain their market positions as well as boost their sales by developing and producing a better quality product. CRM is getting more attention nowadays due to its increasing significance for the organisations' growth and outlook (Acharya, et al., 2017).

- **Deep Learning and Data Science Utilities for the Analytics**

To ensure efficient management while maintaining the proper utilisation of organisations' valuable resources, organisation are now implementing data science and the concept of deep learning in the decision-making process. These will help the organisation to increase the productions, manage the business with data and provide better services and products to the customers by analysing different data and information of the parties (TEKİN, et al., 2019).

- **Satisfactory Working Environment with Employee Engagement**

Traditionally, organisations were more concentrated on the management's decision, where the participation of the employees or workers were not encouraged. The modern organisation now initiates a good practice as they prioritise employee's contribution and involvement in the decision-making process. They also mobilise the workforce into different areas with a better working environment and collaboration which helps the workers to be more satisfied, productive and engaging with better expertise (Acharya, et al., 2017).

Critical explanation regarding the changes that give M&S a competitive advantage and the management recommendations to retain it.

Porter Five Forces, a model suggested by Michael Porter, is one of the most widely used tools in obtaining and determining the organisations' competitive advantage. Following the theory, Porter indicated that the organisation could achieve comparative advantages in five distinct ways (Hartanto, et al., 2020). The five forces are given below with the demonstration to illustrate how M&S has achieved competitive advantages through the lens of this model.

- **New Entrants and their Possible Threats in the Market**

With better innovative ideas, technical support, market expertise and resources, etc. the newcomers in the industry can pose a significant threat for the organisation as a substantial amount of the market share is depleted by the newcomers and can outperform the old rivals if they are not well-equipped to cover the attack (Hartanto, et al., 2020).

- **Possible Threats from the Existing Rivals of the Market**

Business rivals or the existing companies in the market are the organisations' critical competitors as they serve and compete for almost precisely the same products.

- **Threats Derive from the Substitute Products and Services**

The substitute products can often pose a significant threat to the organisation if the value, affordability and overall effectiveness of that product are comparatively better than those of the organisations.

- **The Degree of Bargaining Power of the Suppliers**

One of the crucial parties related to the organisation is the suppliers and vendors of the raw-materials who provide essential resources for the continuous production

process. If the suppliers gain extraordinary bargaining power due to different context, it will cost the organisation to increase their productions and operating cost, which will significantly reduce the profit and low-cost operations (Hartanto, et al., 2020).

- **The Extent of Bargaining Power of the Customers**

If the customers possess more power in the bargaining process, they can easily switch to other competitors' offerings if they demand more profit over a product; this will potentially reduce the number of customers and the profitability.

To ensure a competitive advantage in the market places, M&S has adopted several strategies to retain its position in the market while providing a better-quality product at an affordable price. They are mentioned below:

Differentiation of the Existing Offerings

With the adoption of modern technologies and embedding data science in the production, M&S can quickly identify and the key trends, market conditions and demand forecasting, etc. of the customers and prepare improved products for the customers from that information (Hartanto, et al., 2020). This helps the organisation to produce more differentiated products for different market segments than those of the other competitors.

Low-Cost Operations by Automations

M&S has developed an integrated network with its stakeholders, key business parties of different regions, providing real-time support and technical assistance and sharing of information between themselves. By integrating their supply-chain management with those networks, they can easily manage their production and procurement process which reduces the time and associated cost with those activities and boost productivity through efficient management (Spencer, et al., 2018). Diversifying the suppliers' network in a different region, they can afford their raw materials at constantly affordable prices which helps them to deliver better products at low-cost and earn a substantial amount of profit (Spencer, et al., 2018).

Recommendation

Successful CRM can increase the outlook of the organisations, which, as a result, increase the number of loyal customers and new potential customers for the organisations. Therefore, it is recommended for the M&S to focus more on the relationship management of with the customers which will help to address more customers satisfaction. At the same time, exhibit a new way to find new customer and markets to serve.

Conclusion

Labour exploiting is becoming more prevalent very recently as the ongoing competitions make organisations compete with each other for the competitive advantages, which also pushes a tremendous pressure on their suppliers as they have to produce more products with the increased amount of manpower. It is also found that multinational companies pollute the emerging countries' environment by unplanned waste management and dumping those waste in the environment. Therefore, to address the problem, the organisation should come forward with better infrastructure and managerial expertise to reduce possible threats. The government should continuously monitor business practices and take necessities if required.

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