

GLOBAL BUSINESS ENVIRONMENT

ASSESSMENT 2

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TABLE OF CONTENTS

Introduction	1
1. Analyse the changes that the company have made in the last few months in light of the COVID 19 Pandemic	1
Major forces shaping global business environment and gain understanding of the changing global business environment	1
Organizations are engaged in international trade	2
Micro economic and macroeconomic foundations	3
Different market structure that affect the organizational strategy	3
Major features of current international economy	4
2. The extent of changes are sustainable and recommendation for any other change	4
Explain the changes are sustainable	4
Recommendation for any other changes	5
Conclusion	6
References	8

Introduction

Global environment refers to the interactions that are made in between the international and national and also other sectors in the country. As due to the COVID 19 pandemic, the company automotive industry has faced crises while delivering their products. The Automotive industry works for manufacturing sports cars and other commercial vehicles, the company has also made some changes to the process of working. The assignment will discuss the changes that the company has made, also it will evaluate the major forces that are shaping the global business environment. It will discover the different market structures which affect the organization strategy.

Overview of the company

Rolls Royce is a car manufacturing company based in the UK and it was established in the year 1998. The company is the subsidiary of another car making company, BMW. The first product that was up for sale of the company, Rolls Royce was the Phantom four door Sedan in 2003 and then the company witnessed farfetched success and introduced numerous products in the market. The company has an employee base of more than 2000 employees and generates a sale of 5000 cars annually (Clifton, 2016). The company's current launches include the car brands Ghost, Wraith, Dawn, Phantom, and Cullinan. the customers of the company belong to the elite class mostly and to own a Rolls Royce is an epitome of class. The products of Rolls Royce are not designed for the middle class or people below that as they cater to the upper strata of the society. Rolls Royce also faced the adverse effects of COVID-19 pandemic upon its business and it also took certain steps to combat the effects of COVID-19 pandemic. The company has also faced certain losses because of the pandemic and the lockdown situation that have affected the employees working in the company as well.

1. Analyze the changes that the company have made in the last few months considering the COVID 19 Pandemic

Major forces shaping global business environment and gain understanding of the changing global business environment

PESTEL analysis has made the industry Automotive to understand the situation related to the political, economic, sociocultural, technological, environmental and legal factors. It helps to make a change regarding the situations, as the company has faced huge losses due to the COVID 19 pandemic. Global business environments help the company to interact with other

countries to share opinions and also to improve the business situations. The PESTLE analysis is based on the company, Rolls Royce.

Political:

As the factors have a huge impact on the business system due to the pandemic, the industry is not able to launch new business (Tsakok, 2018). As governments also have an interest in the new motor vehicles, the industry has made new rules to develop their production. Rolls Royce has spread its business to many countries internationally therefore every country has a different political scenario that affects the business of the country. For example, in Europe the company faced huge losses due to increased cost and lower sales because of the Brexit issue. The company also suffered some issues with the import and export of materials for the same. The company deals with the army on many perspectives like supplying automobile engines to them which provides the company with a certain political aid (Choi and Hampton, 2020). This helps the company to be preferred in the political spheres and has a political acquaintance as well.

Economic:

The pandemic affects economic factors of the industry, as people are not getting much money to buy such luxurious cars and other vehicles. The industry has made changes to price fixing of the products which helps the people to go further for exploring. The economic status and situations of different countries affect the business of Rolls Royce differently, but the effect is comparatively less as the customers of the company are of the upper strata of the society and of premium class. The exchange rates of the currency might cast an effect on the business of the company but because the customers are of premium class it does not affect that much. However, the effects of recession and now of COVID-19 could be avoided as the company had suffered a loss during the recession in 2009 and now due to COVID-19 the company had to shut down a few factories as there was no revenue for months (Charro and Schaefer, 2018). This led the company to face huge losses that will take time to compensate and meet the losses with gains.

Sociocultural:

As the business varies with different factors of sociocultural, as people are changing with the changing world, they have an interest in taking better driving experience. The situation affects the people to explore new areas, the industry provides more safety to the delivery of items. The social class of the people of the UK is of a premium stratum therefore the market of Rolls Royce is set and has a premium group of customers. Although the company serves in various countries that have different social classes and norms, but the customers of the company are the premium customers of every country therefore the social position is always in the favor of the company. The possession of a Rolls Royce is an epitome of class and the class of customers of the company are premium in every country. Therefore, the social factor affects the company in terms of the number of socially and economically well-off people in a country.

Technological:

With the use of new advanced technologies, the automotive industry gives information to the people through the internet which helps them to be safe during this pandemic. It adds new advanced techniques to provide online services to make the process keep running. There are a number of technological changes that the company, Rolls Royce has brought about in its cars. The citizens of the UK are technologically advanced and similarly the company has also introduced advanced technological enhancements in its products. The company has decided to go emission less in terms of its car engines. The company is going to invest hugely in the R&D of the company to bring about new technological innovations. The company has made strategies to launch hybrid and electrifying cars with technological advancements in the cars. The technological advancements would also aid sustainability of the environment.

Environmental:

As carbon dioxide is the most pollutant element to the environment, the industry must follow new ways to reduce the creation of these issues (Chen, 2020). The industry extends their business with new technologies and new processes of producing cars, which helps them to give effective design to the cars and vehicles. As the measure to maintain sustainability, Rolls Royce has adopted various initiatives to use more and more renewable sources. It has decided to use less fossil fuels and make the car's emission less and fully electric. There is huge competition in the market to adopt the renewable resources, but Rolls Royce has made its way towards the initiative. The largest sustainable supply chain has been laid down by Rolls

Royce and the company strategizes to continue to do so. The company will be using more hybrid technology to make sustainability work and to reduce the use of fossil fuels.

Legal:

The industry must give value to the legal documents of the company as for better security, the government policy must have been applied for better implementation. As the company, Rolls Royce serves in many countries therefore different countries have different legal limits that need to be followed by the company. For example, many countries do not have rules of hybrid cars which can be a great risk for the company because if the countries launch the rules of hybrid cars after the launch of the same by the company and the rules do not comply with the guideline of manufacturing of the cars the company may face losses. Rolls Royce also takes care of the fact that its employees work fairly and do not get involved in bribes as it was once booked in a case of bribery.

Organizations are engaged in international trade

The automotive future is electrified:

The future of the automotive industry is electrified, autonomous, connected and shared, to reduce the global warming the electric charge car will be produced more. Autonomous term will define the sudden progress of the company through electrical, machinery and technology. This will use the mobility platform, and the new application will help to implement the product development process. The industry has been working to make sure that the future will be easier and simpler, this will help people to live a comfort life. Rolls Royce is strategizing the manufacturing of hybrid cars and cars that are emission less and electrified.

The focus is on the user:

The younger generation plays an important role to make the progress go on, the staff are much dedicated and creative (Block-Lieb, and Halliday, 2017). The innovative and creative idea gives effective design to the manufacturing, it will help to attract more customers. As the company manufactured items to sell to the people to make their journey more comfortable. Rolls Royce has a customer base of premium customers who are generally learned and aware and would prefer any positive technological change in the cars of the company.

Micro economic and macroeconomic foundations

Micro economic foundation and macroeconomic foundation helps the organization to identify the behavior of the people which are involved in the company's progress. As it involves

making relationships among the factors of a company's production, consumption, and distribution. There are many theories under the micro economic model which allows the people to test both the micro economic as well as macroeconomic.

The impact of customers:

Customers are the main key of the industry, as the company manufactures cars for the people to buy, it has a huge impact on the micro-economic business. It builds a way to set a target customer to deliver new products, knowing the customer's choice helps to develop effective cars.

Availability of employees:

The employees of the Automotive industry develop effective products that help to drive the business fluently, the availability of many motivated and qualified employees plays a vital role in industry (Baqae, and Farhi, 2018). There are ample employees in the workforce of Rolls Royce that can contribute towards the changes in the company but due to the pandemic the company had to lose some of the employees due to the non-payment of salaries.

Different market structure that affects the organizational strategy

Market accessibility and segmentation:

Market structures helps the company to identify the needs of the customers and gives information regarding people's choice. It helps the industry to save money by analyzing market structure, it provides proper satisfaction to the consumer. The company must have the ability to identify the negative issues as to respond to them to make it as an opportunity. Rolls Royce caters to the market segment of premium customers with its high price and advanced technology.

Competitive structure:

The competitive structures have both positive as well as negative impacts on the automotive industry, with the barriers to the competitors the industry has the huge opportunity to make more profit. The Automotive industry creates barriers to the entry of competitors as to utilize their resources and also to increase the market share. By developing a business strategy the company accesses its business with less competition. Rolls Royce faces competition in terms of usage of renewable resources to maintain sustainability.

Market size:

Size and complexity are the two important elements of the market structure, as the size of the automotive industry is large and also has various sectors to look after. The company needs to follow a proper strategy to maintain the services in different parts, the company must have focused on the marketing efforts to avoid wasting resources (Yousaf and Majid, 2018). To achieve success the company must set a target company which is flexible to the services.

Major features of current international economy

The chance to create new markets:

The international economy has many opportunities to utilize the smart minds, as it supports creative and innovative ideas to implement. The employees of Rolls Royce have the power to utilize the opportunities to make new markets as it works as new way of investments

Networks are important:

Networks create fields to interact with a large number of people which makes communication easy and the way of making more customers get incremented. It helps the automotive industry to know the business and also to be known about the market shares (Văcărescu, 2016). Business needs to have good understanding skills to make the process acceptable.

2. The extent of changes are sustainable and recommendation for any other change

Explain the changes are sustainable

Sustainable changes help the organization to move forwards for making efforts to change, it provides a new way to organize the business. Due to the COVID 19 pandemic, the automotive industry has faced a huge lost to their services. It includes new rules to make the industry runs, it modified the process with new advanced technologies. The sustainable change helps the organization to make changes to the business as for better performance. The company manufactures varieties of motor car and commercial vehicles as to increase their rate of selling and availability of customers which helps them to earn maximum profits. It discloses the greenhouse gas emission using its business operations, it makes the production effective as to make more rate of customer's availability.

Sustainable materials:

Pairing with agricultural and automobile helps the automotive industry to utilize resources, the industry has begun to make several parts with the use of "fordite". The use of this kind of

resources helps to reduce wood consumption. At the time of WW, the industry managed to use a plastic bodied prototype which makes the material environmentally friendly. With the evolution of new technologies, although the technique of using plastic bodied prototypes is dismissed. Due to the increasing cost and greenhouse gases, the industry has managed to explore alternative materials to the manufacturing. Recently it made few sustainable materials to be featured such as soy, wheat, rice, tree cellulose (Bokovitz, 2016). The industry has managed to develop their manufacturing and to reduce carbon dioxide emissions, it also designed several lighter, cheaper vehicles. The company, Rolls Royce has decided to go emission less in terms of its car engines. The largest sustainable supply chain has been laid down by Rolls Royce and the company strategizes to continue to do so.

Creative reuse and zero waste initiatives:

Rolls Royce has creative materials that can be re-used to produce more vehicles, the metals are used to package the suppliers. With the miles of oil soaked booms being used to recycle the plan of making vehicles, it helps to save the environment from becoming more polluted. Because of the project of reuse and recycling material to make vehicles, it helps to prevent carbon dioxide equivalent emissions. It makes the use of resources more accessible, the automotive industry has maintained their business with more recycling projects which makes easy to use resources (Ordóñez *et al.* 2019). Zero waste helps the company to make use of every part of the material to produce products as it helps the organization be environmentally friendly.

Environmental challenge:

The challenge has been made to reduce the effects of environmental issues, and the company makes the environment pollution free. With the commitment to address environmental issues, the company has made millions of cumulative units. Every bit of this sector has developed in such a way as to make the surroundings pollution free. As the Automotive industry introduces electric cars to sell which are Eco friendly, it does not take part in global warming. The company is also awarded as a sustainable excellence award, it works with the environmental management system. The company also takes part to manage the uses of chemical substances, the aim of the automotive industry is to make positive impacts on earth as well as on society.

Recommendation for any other changes

As the industry is large in size, the automotive industry must have to make a proper business plan to maintain the system. For better progress the company must go through some changes to establish itself as a successful industry.

Create a culture of quality:

The department must include a culture to make improvements to the suggestions as the company has made for a better system. This will help the employees to open with the mindset and also it will help them to make innovation to the industry. The employees with good quality in opinions, motivates the industry to improve manufacturing. By bonding a strong relationship with the suppliers helps to meet multiple manufacturers, working closely will make the company understand the internal and external process of the suppliers. This will help the industry to make step with a proper planning and also with a clear vision (Men and Jiang, 2016). It leads the company with best quality in manufacturing products and helps them to meet manufacturer standards.

Use technology to connect the supply chain:

As it global environment includes the each part of the countries, it is difficult to go through the process of the each section. The technologies will help the automotive industry to make use every feature of the internet to collect information regarding every section. The technologies provides way to connect to the supply chain, it helps the manufacturer to input data from any part of the world. This will help the industry to analyses the information of the people which are collected through the internet, this helps to enhance their business. With the evolution of technologies it gives the feature of visualize the operations of the suppliers which helps the industry to take action, it often helps the company to review the process. The largest sustainable supply chain has been laid down by Rolls Royce and the company strategizes to continue to do so.

Leverage manufacturing intelligence:

Data gathering will help the industry to check the manufacturing intelligence that helps to improve the quality and increase efficiency. It helps the automotive industry to compare the supplier to make right decision and also helps to identify area for improvement, as the industry is large in size. This learning opportunity helps the company to give effective result while manufacturing cars and other commercial vehicles (Almalki, 2017). It helps to go

through the whole process as to make changes if it required, this features will help the automotive industry to make extend their business.

Conclusion

After going through the above section, it may conclude that due to the COVID 19 pandemic, the company automotive industry has made several changes to the system as to reach the customers and to achieve the aim of the organization. The company uses PESTEL analysis to identify the changes and the process that needs to implement as to make profit. Current international economy provides huge opportunities to create small markets, it helps to increase the market share and selling rate. Network helps to build a platform to interact with people as to expand the business system, the global business environment helps to interact with people in different countries.

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