

UWTSD

GLOBAL BUSINESS ENVIRONMENT (LCBB4005)

ASSESSMENT 1

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TASK 2- EVALUATION OF BUSINESS ENVIRONMENT

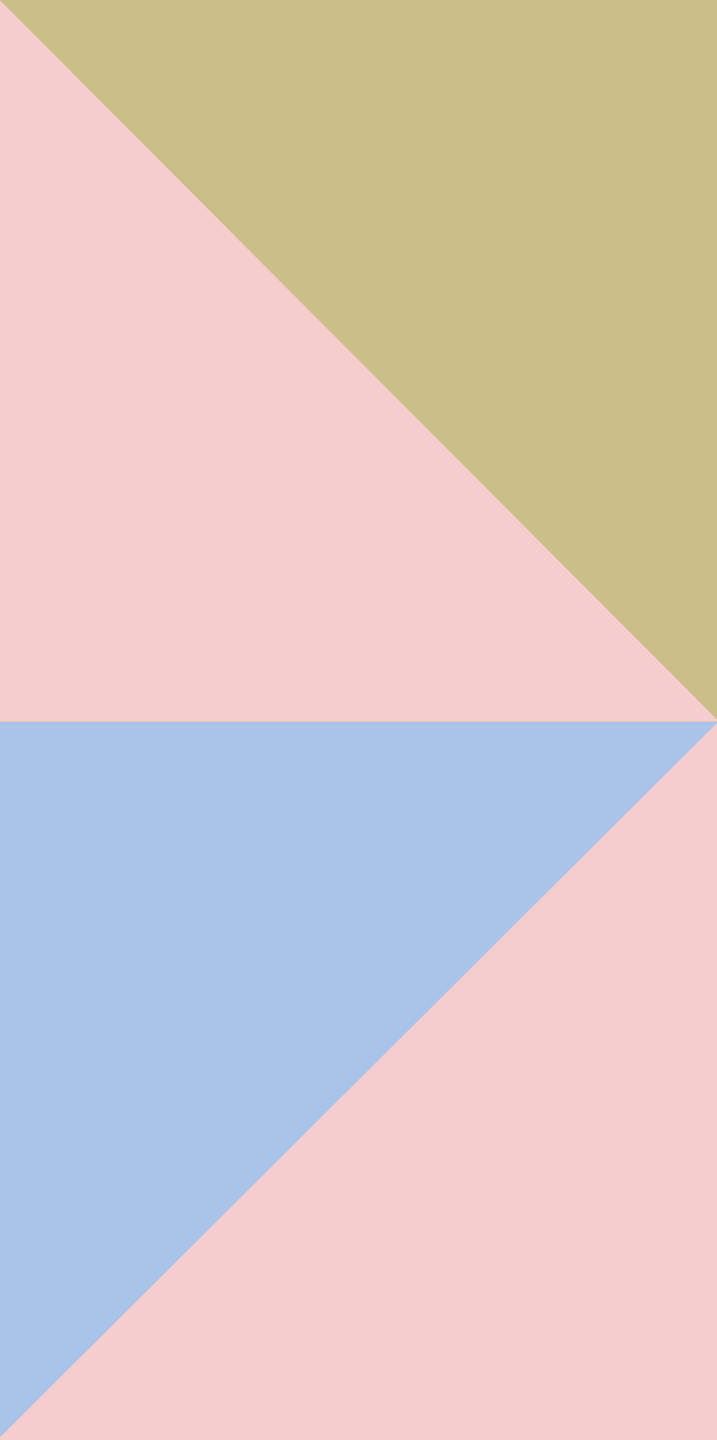
A STUDY ON CHINA

UP NEXT

- INTRODUCTION
- GLOBALIZATION
- CHINA'S ECONOMIC CONDITION
- PESTEL ANALYSIS
- FIVE FORCES MODEL OF CHINA
- OPPORTUNITIES VS. THREADS
- STRATEGY RECOMMENATION
- CONCLUSION
- REFERENCES

INTRODUCTION

- China has become one of the world's fastest-growing economies (Ajami, 2020).
- China has the second world's most populous economy with a GDP of 14.72 trillion U.S. dollars in 2020
- Focus Economics panelists projected 4.4% GDP growth in 2022



GLOBALIZATION

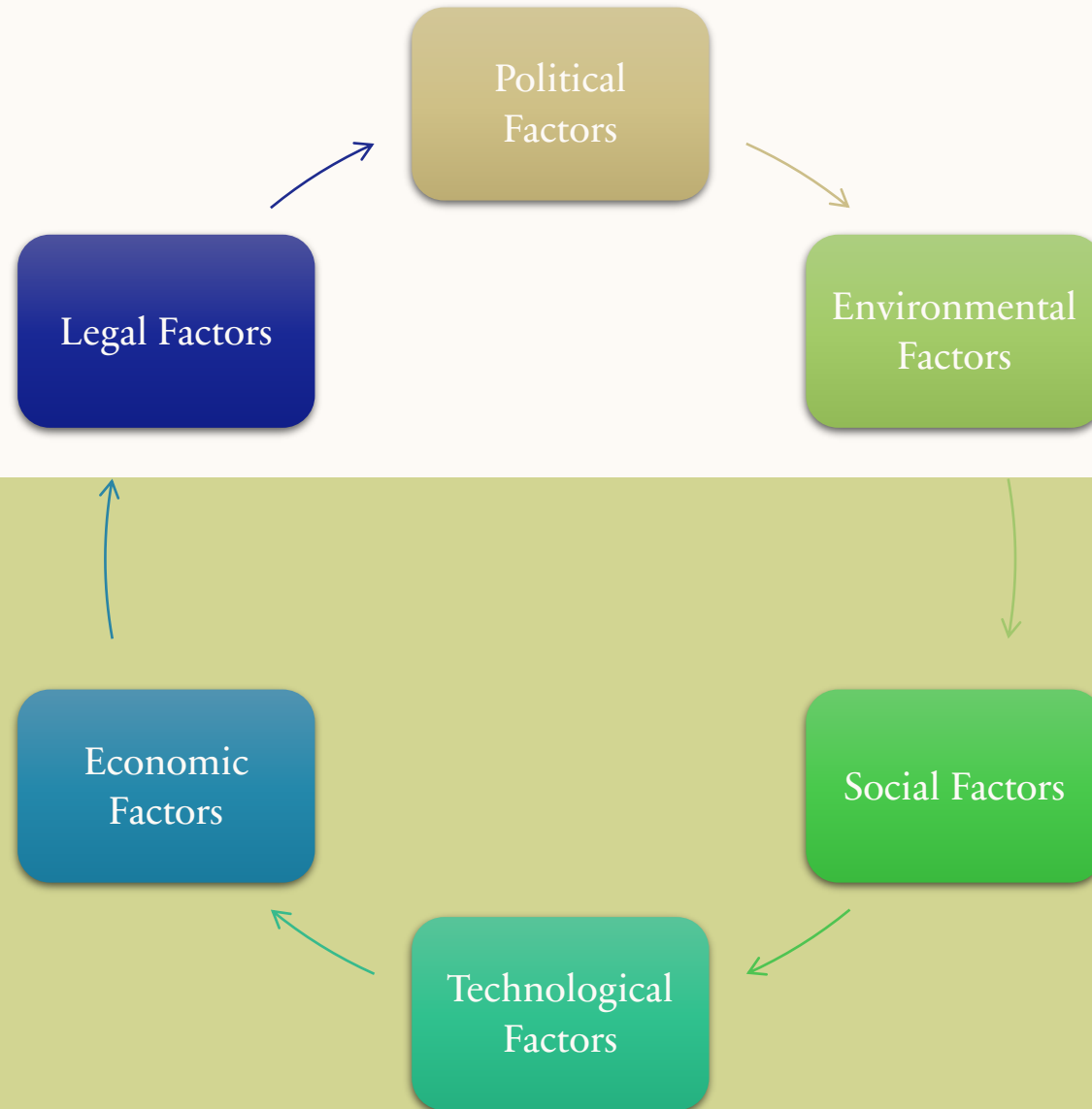
Globalization is the process of interconnecting enterprises, people, and governments of other nations.

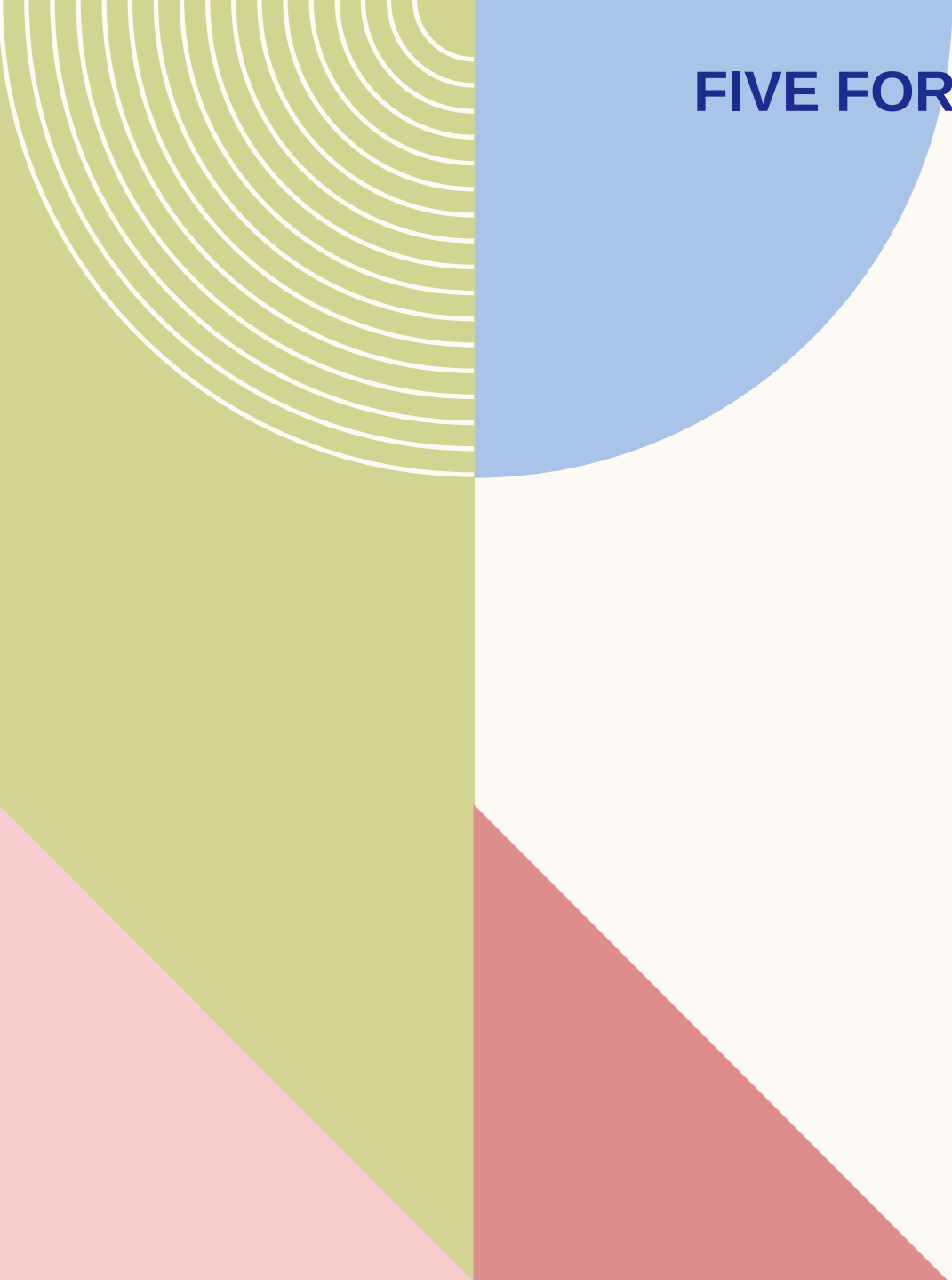
- Globalization brings changes
- This creates opportunities as well as threats
- Globalization reduces cost and helps to expand the market

CHINA'S ECONOMIC CONDITION

- China's nominal GDP rose from USD 214 billion in 1978 to USD 9.2 trillion 35 years later (Capobianco et al., 2021).
- China has the world's second-largest economy by nominal GDP and the largest by PPP (purchasing power parity)
- It's economy grew 10% annually over three decades

PESTLE ANALYSIS





FIVE FORCES MODEL OF CHINA

- Threat of New Entrants
- Threat of Substitutes
- Supplier's Negotiation Power
- Bargaining power of Buyers
- Industry Rivalry

OPPORTUNITY VS THREAT



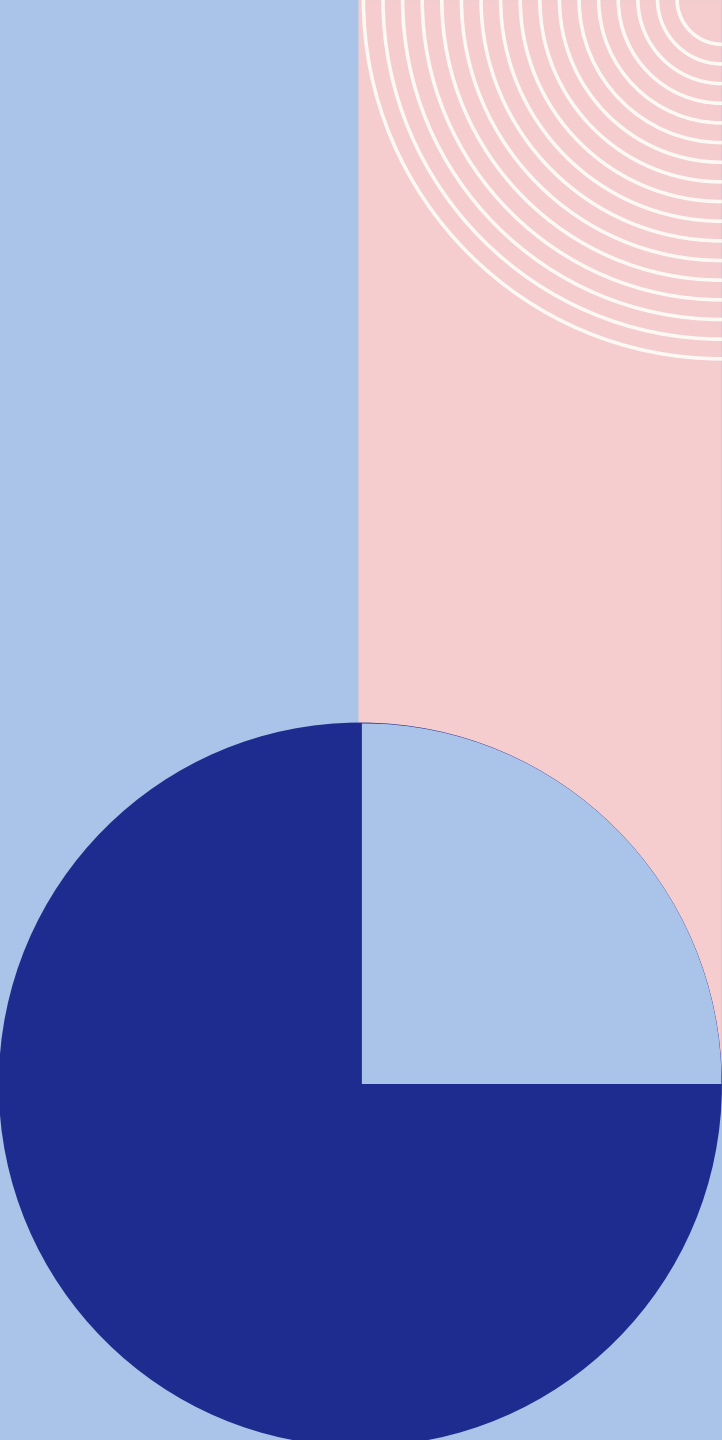
OPPORTUNITY

- Enhancing the service industry
- Promoting urban migration.



THREATS

- Industrial worker abuse
- Poor Environmental Condition
- A totalitarian state by foreigners



STRATEGY RECOMMENDATION

CONSOLIDATE INDUSTRIES

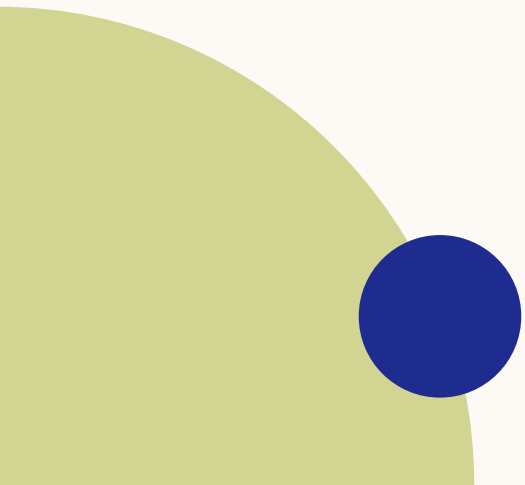
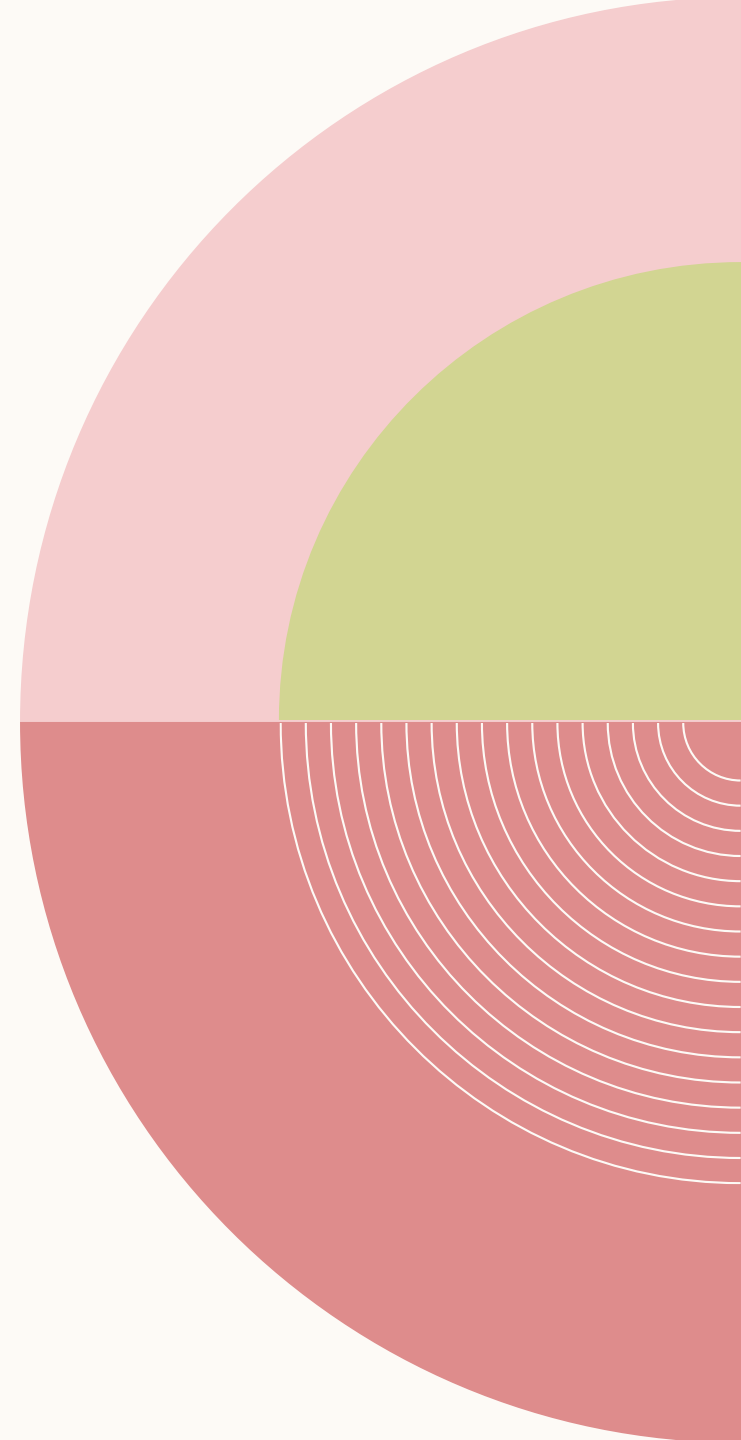
Fragmentation will impair economies of scale, excess capacity and price competitiveness will continue, and even fundamentally good enterprises will struggle to achieve appropriate returns.

SIMPLIFY DISTRIBUTION

Multinationals were formerly barred from direct distribution and retailing. Due to legislative restrictions on core sales and distribution, Canon has forced to utilize its Hong Kong headquarters to serve China.

CONCLUSION

Strategic analysis tools like PEST Analysis, PESTEL Analysis, and SWOT Analysis will help business managers and decision-makers identify environmental factors, assess their impacts, and develop a strategy to mitigate or capitalize on them to improve the company's performance.



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