

Assignment 2

The Global Business Environment

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INTRODUCTION

Market is wider and broader in which wide range of enterprises exist. In business sector, it is essential to focus on business environment so that goal as well as objectives are achieved in proper manner. Global environment is to be defined as environment in foreign countries which impact upon environment of home country. Main aim of this report is to understand

the importance of global business environment in contemporary businesses. Tesla, an electrical vehicle firm headquartered in U.S. Firm has wide range of products such as electric cars, battery energy storage etc. It has many competitors such as Toyota, MG Hector, Kias, and many more. This report comprises of recent changes made by organisation in pandemic situation and PESTEL analysis with arguments of sustainable changes.

MAIN BODY

Critically analyse the changes that company have made in the last few months in light of the COVID 19 Pandemic.

COVID 19 situation has changed the business sector at wider scale. Many organisation have taken measures and implemented changes within their functions and operations deal with this situation. There are many businesses have changed their overall organisational structure to get protected from such uncertain situations. It is crucial to be aware about market analysis so that decisions are taken accordingly (Tallman, Luo and Buckley, 2018). Moreover, it is analysed that it is crucial to have appropriate market information to deal with such situations. Tesla which is an American based electric vehicle company has also affected by this pandemic situation at larger scale. Many new strategies and tactics have been implemented within business sector. Also, these are adopted with proper considerations so that better results are achieved.

There are various changes that have been made by Tesla & are mentioned below-

Minimum basic operation's- Tesla has its plants and operation base in many countries. Due to this ongoing pandemic situation, they will run minimum basic operations and wages will be given to all employees during this suspension period. For example- they are developing their electric cars with minimum requirements. With their minimum basic operations, they will protect their employees and their family members from COVID 19.

More new electric vehicles to safeguard environment- Environment has been impacted by pandemic situation at wider approach. To protect environment from pollution, Tesla has made changes in their electric vehicles as they will use more short batteries and resources as they are planning to enter into India by year 2021. Also, cheap cars of Tesla are being at producing stage with price of \$25000 with more half cut batteries shortage and parts. With use of less resources, it will assist in providing of access to longer future stability and protection to environment at wider approach (Fabus, 2018). Therefore, EV sector has gone with many changes to safeguard environment and provide peace within community.

Work From Home extension for employees- It is another which has been made by Tesla in which they have extended period employees of work from home. Moreover, it has been also seen that with this change, retention period of employee increased for longer period. Through this change, Tesla is able to provide better work opportunities to subordinates.

Enhanced activities on digital sales- It is another change which is made by chosen firm within their electric cars (Doh, Luthans and Slocum, 2016). As, due to occur of pandemic situation, more new digital activities has been increased by company and they are enhanced their digital business activities by promoting their brand to more new e-commerce sites and digital display within international countries. Company also sell their electric vehicles products and equipments through their website to customers and clients. The digitalisation has impacted and adapted by business sector at wider scale.

New supply chain of EV- The demand for electric vehicles has increased within year of 2020. To properly manage these demands it is essential for enterprises to have simpler supply chain management system so that needs or demands are fulfilled in appropriate way. So, in context of selected organisation, they have changed their supply chain network and distribution channel due to COVID and trade war with China (Keivanpour, Ait Kadi and Mascle, 2017). Due to this change, it has made easier to deal with suppliers in most effective manner.

From above discussed changes, it is analysed that it is essential for entity to focus on external as well as internal analysis so that objectives are achieved in proper manner. Moreover, decision making is taken in most efficient manner. Manager of firm make assures that these changes are being adopted with proper considerations. The crisis of pandemic has made it difficult for entity to carry out execute their business activities in correct way. In auto mobile manufacturing industry, they are have been affected by this situation at larger scale.

Sustainable changes after COVID -19:

A global business environment of an organisation is affected by various factors that influences decision making of many sovereign countries on use of resources and their capabilities. Tesla is one such international companies whose global business is both affected by its internal and external environment. The company has gained good popularity worldwide with its sustainable changes taking place post COVID-19 (Bhagra and Sharma, 2018). The vehicle structure introduced by Tesla rely more on electricity than petroleum or any fuel resulting in reduced carbon footprint. Given below are the major findings of the organisation with the help of its PESTLE analysis:

Political factors: The growth of environment friendly Tesla electric cars has undergone a lot of stances such as qualification of tax credits, electronic stations for refilling for Tesla drivers etc. The cars introduced have tried eliminating use of abundance of fuel by introducing hybrid engines too that uses both gas and electricity. (Aithal, 2017) Government has taken various political steps to help improve development of electric and hybrid cars initiative. Expansion in other countries too like India or other countries, Tesla is also introducing short batteries for making available affordable cars to many economies entering into global auto-mobile industry.

Economic factors: Growing sales of electric cars has let the world economy also grow leading to more and more electric developments. The popularity of such long lasting cars among public has broadened its market. Therefore for more availability of such cars, its material prices and battery cost is lowered bringing great advantage to Tesla in creating more cost-effective

cars for public. Today's consumers are quality specific and aware about brands preferring to buy luxurious cars such as BMWs which makes it more of an opportunity for Tesla (Veselovsky and et.al., 2017). As the company is showcasing new gadgets and technology into their luxury vehicles attracting maximum consumers. Not just the rich but making electric vehicles available for middle class at cheaper prices is also a smart move to take in future. Hereby, with reduced battery costs, decrease in renewable energy price company has been focussing on ensuring economic stability.

Social factors: People who love environment friendliness are definitely in support of electric vehicle idea as it helps reducing pollution with less usage fuel requires by traditional vehicles. The cars are also tested and come out to be environmentally sustainable in future. Also with not much competition Tesla have been successful in boosting its power with his limited few cars providing such luxury. (Akhtar and Sushil, 2018) Therefore, buying such a luxury car is one of the best options for eco-friendly consumers of the society. The socio-cultural factors of the company consist of popularity of less-carbon lifestyles, renewable energy preferences and improved wealth distribution in markets that are developing for enhancing the opportunities of multinational companies growth of automotive business.

Technological factors: COVID-19 has made consumers aware of using digitisation and technology more. Less contact and safety is kept at huge importance giving chance to new technologies that can be used entering into the market industry. Tesla in such situation has got an easy arrival into technology of artificial intelligence and automation. This technological change help the corporation maintain a competitive edge and digitais its supply chain soon for more expansion into global market. The automation and AI adopted by the selected company allows it to be more fuel efficient ensuring rise in usability and sustainability in future. The electric cars introduced are designed in such a way that they can easily adopt to new technologies irrespective of traditional cars currently available in industry of auto-motives.

Legal factors: International patents is one thing that companies like Tesla before entering into other markets need to keep them up-to date. As patents on global level may face legality issues if taking much time in expansion. Also, we know since the company is focusing on electric cars that are environment friendly should be also abide by environmental regulations on an international level. The company following its legalities should keep in mind it fulfils all its statements done such as promotion of their cars as being energy- efficient. The company therefore following legalities regarding, patent protection, regularities of energy consumption, dealership sales regulation of US etc.

Environmental factors: The brand image and recognition of Tesla lies with its environment friendly vehicles using less of gas and more of electricity. This is the strength of organisation where compared to other traditional cars, it has barely resulted in any emissions of carbon. The company after COVID-19 crises ensured proper use of waste management techniques for hazardous disposals, discharges of waste water etc. Also introduction of air pollution control equipments for workforce, storage areas for chemical products and safe supply chain delivery systems were done for start-up plans and executions. Use of latest technology did not just included electric cars but also use of temperature screening tools for employees, eye washing stations and availability of PPE supplies etc. Social distancing being key rule was defined by making many control points where checks were done related to masks, sanitisers scanning and six foot distance maintained. To overcome climate changes, there has been adoption of various environmental programs for rising standards on waste disposal.

About sustainability of Tesla in future, people are aware that technology can go anytime obsolete with its latest upcoming upgrades or updates of gadgets, new applications etc. The company relying on automation and technology may face both positive and negative challenges in the form of advancement in Artificial intelligence and technology. Therefore consistent development of products and anticipation of advancement is must for selected entity. However, Tesla is a future oriented company that is already one-step ahead in applying automation to its vehicles as many companies still are not ready for such transformational advancements.

The company also has good scope in improving its operations by the help of porter's Five Forces model. This includes knowing the actual competition the company may face, new entrants who can beat the new innovation in coming years, Power of how much supplies company can offer, the consumer market aware and interested to buy the newly automated vehicles, and threat of substitutes if any may arise in future should be properly analysed and worked upon. The five forces can be utilised in guiding the company make good business strategies increasing productivity and provide a competitive advantage to the organisation.

CONCLUSION

After a brief analysis of above report, it has been concluded that it is essential to have appropriate information regarding market so that all business activities are carried out in effective manner. So, discussions have been made about changes made by Tesla during COVID 19 and sustainable changes in pandemic situations. It has been evaluated that it is crucial to be active & adopt reliable changes in this flexible market so that sustainability period of business increases for longer period of time. It is responsibility of manager to analyse changes that can impact on functions or operations of business. There are a lot of sustainable solutions that took place keeping into consideration the pandemic conditions such as no-touch digital technologies, up-gradation of studying menus of many companies over application scanner on mobile devices, scanning of

temperature tools, hybrid and electric vehicles etc. Teams working remotely in the cloud has been one of the advantageous benefits for a better global business environment of an organisation. At such conditions the new start-ups that took place by chosen company also increased employment opportunities around the world.

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