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THE GLOBAL BUSINESS
ENVIRONMENT

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Table of Contents

INTRODUCTION	1
TASK	1
a) Assessing environment of the Global Auto mobile industry using PESTEL analysis.....	3
b) Assessing the environment of Global Auto mobile industry using Porter's Five Forces analysis.....	6
CONCLUSION	8
REFERENCES	11

INTRODUCTION

European auto mobile industry is one of the largest industries in the world. The turnover generated by this automotive sector represents 6.8% of EU GDP (EU_US, n.d.). The present report is giving brief talk about Auto portable industry of eastern Europe. It is obviously delineating the auto versatile industry which has progressively outstretching influences all the economy, supporting a big inventory network. In a similar arrangement it is condition of worldwide Auto versatile industry.

The European automobile industry is a worldwide player which is conveying quality administration and items around the globe. Display report will center around "Auto Production Surges in Eastern Europe" and its effect on the auto versatile industry. which influences them by PESTLE investigation additionally assesses focused examination by Porter's Five Forces.

TASK

a) Assessing environment of the Global Auto mobile industry using PESTEL analysis

PESTLE analysis is a process, which is used to analyse the external environmental factors, which can affect the entire organization to a large extent. Factors that are included in this analysis include political, economic, social culture, technological, environmental and legal factors respectively (PESTEL Analysis for Automobile Industry in Europe, 2018).

Political Factors	This includes the political factors related to governmental policies for auto mobile industry. Some political factors, which can affect the Eastern European auto mobile industry are as follows: • There are many rules and regulations, which can influence this industry. For example, during economic and financial crisis, there were different government norms that helped this industry. • There are different incentive schemes, which were also launched by the government (Belton, 2017). • Implications of different government foreign policies and taxes also play a crucial role in auto mobile industry. • Government subsidies are other political factors which must manage by this industry
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	to work effectively in the market. • The import and export laws that vary across nations can also be a headache for auto makers in case of the nations where import laws are stiff (Belton, 2017).
Economic Factors	There are various factors, which are included in this economic factor that can affect this industry such as, • The main factor, which affects the auto mobile industry, is fluctuation in the economy, for example financial crisis. • High gas prices in the West have also encouraged consumers to start shifting from big cars and S.U.V.'s to compact cars that have become a specialty in Eastern Europe. • Inflation rate is also a factor, which affects the entire auto mobile industry (Brinkman, Navarro and Harper, 2014). • Excess auto generation expands showcasing income and additionally planning new items. • The size of the economy and the monetary conditions all around, majorly affect the benefit of the car business in different markets.
Social Culture Factors	These factors include customers taste and preferences in selecting vehicles for them such as, • There is a huge change in buying behavior of the consumers, for example, customers prefer more luxurious cars as compared to basic one. • Sudden change in the buying pattern of their customers has also affected their production rate (Checchinato and Hu, 2018). • Different laws and regulations related to the government are also impacting them. • Customers concern related to high fuel efficiency and reduced emission has also affected their business. • Social trends also keep changing continuously affecting the popularity of brands and models (Damijan, Kostevc and Rojec, 2018).
Technological Factors	These are those factors which have a huge impact on the auto mobile industry as it is very

	important for them to update their system with the latest tools and technologies, which can help them to increase their business. To deal with these situations, they have implemented different strategies in their industry such as, • The auto mobile industry in Eastern Europe is producing vehicles which are energy efficient by using modern technologies. • They are also ensuring safety parameters of the vehicle, which they are manufacturing for their customers. This will help them to increase their production rate (Frynas and Mellahi, 2015). • Introducing vehicles with the latest technology has huge positive impact on the overall performance of the industry. • There is a huge increase in the purchasing of fuel efficient and high mileage factors which attracts customers.
Environmental Factors	These factors are those which are related to safety of the environment. For this they have applied various steps, for example, • Eastern European auto mobile industry has enhanced awareness related to global warming, greenhouse effect etc. • They have introduced variety of different vehicles in their production system such as, hybrid cars, fuel cells cars and environmentally friendly cars, which helped them to attract more customers (<i>PESTEL Analysis for Automobile Industry in Europe</i>, 2018). • Due to the implementation of strict application of EURO norms in curbing pollution in few countries has also affected this industry. • The contamination tests have become stricter and the vehicles breezing through these tests just are permitted.

Legal Factors	One of the most important legal factors which is affecting the auto mobile industry is the restrictions and laws that are aimed at curbing pollution. This has also affected the overall performance of industry. • Vehicles selling in the international market are subject to laws related to product quality and safety. • The vehicles being exported overseas have to pass strict emission controls. • There are various laws related to the customers safety which has to be strictly followed by the auto mobile industry (Top Legal Issues Facing the Automotive Industry in 2017, 2017). • The pollution law has been implemented very strictly.
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Importance of PESTLE analysis for auto mobile industry in Eastern Europe

There is a huge importance of this process in the auto mobile industry of Eastern Europe as it will help to study and evaluate the external factors, which is very important for them to grow in the industry and in expanding their business (Hamilton and Webster, 2015). For auto mobile industry it has a huge significance as with the help of this analysis it becomes easier for them provide the best services to their customers in the market and make them satisfied.

b) Assessing the environment of Global Auto mobile industry using Porter's Five Forces analysis

It is also considered as the ways for evaluating attractiveness of any specific industry. It is a presence of forces which is considered as determinants of profitability of industry.

The five forces are as follows:

Threat of new entrants: In the context of auto-mobile industry, there is presence of huge barriers for entering in this industry, as it makes threat of new entrants as low aspect. There are various factors for tracking all threats, which consists of entering those barriers like requirements of upfront capital, legislation and government policy, brand equity and capability for distributing product (Kew and Stredwick, 2017).

There are various multi-national competitors, which provide advantages in context of scope and economies of scale, as it replicates difficulty for any new entrants for providing pricing that is very competitive in nature.

The issue of safety, durability and reliability is referred as salient features due to base of buyers according to their past performance with the specific problems. With reference to Eastern Europe, it is not manufacturing only cheap small cars but also working on the quality of their products. Volkswagen is assembling Touareg S.U.V and Audi big Q7 is directly affiliated with Slovakia (Kew and Stredwick, 2017).

Therefore, it could be justified that there is absence of threat for entering new auto mobile manufacturers on global or domestic scale in Eastern Europe. On this basis, it had been articulated that there is a need of significant capital, expertise in technical and managerial aspects for absorbing market acceptance, which would be generating sales and revenue efficiently.

Threat of substitute products: In Eastern Europe, threat of substitute is existing to large extent. The prices of fuel had been raised for pushing various drivers for implicating public transportation. There is a presence of different vehicle owners who are convinced for using their personal vehicle but it is affected by the raise in prices of fuel; if this specific trend is followed continuously, then the manufacturers of auto mobile industry would be not be capable for giving solution which are cost efficient, so it will directly reflect increment of threat (Muža, 2014). In last year, Volkswagen, Fiat, Suzuki, general Motors, Kia and Toyota had plans for expansion or building specific assembly plant in similar region. So, for this purpose in Eastern Europe, market should be closed and flexible for any specific and certain reorganization.

The local auto makers were championed by local governments such as Dacia in Romania and Skoda in Czech Republic. In same series, prices of gas were very high in the west have motivated customers for shifting to those types of cars which are compact and is considered as speciality in Eastern Europe.

Bargaining Power of Buyers or customers: In the context of power of specific buyers, the capability of an individual consumer is to negotiate with prices, which extracts margin from sellers. There is presence of very low cost for purpose of switching or it could be justified as competition threat with reference to buyer. The end consumers do not have bargaining power due to individuals who directly buy from manufacturer via distribution system which is franchised (Pavlínek, 2018). This can impact the overall performances of the overall auto mobile

industry. The price had been directly influenced by individual consumers which provides proper dealership, but minor authorities had been provided to manufacturers. There could be easily switch on other auto dealers by customers along with little cost.

The bargaining power of buyer is high due to low switching cost and proper differentiation of new designs because of possibilities of market tend and huge shares of buyer of specific market with perspective of single auto maker to any other whose net impact is giving outcome of high power of bargaining power. The volume of buyer is concentrated in appropriate format. This industry is growing in huge aspect in eastern Europe. Usually it does not face any shortage during process of operation. Basically, rivals are not diversified but presence of product differentiation which must give competitive edge because it is termed as key to success (Peng, 2016).

Bargaining Power of Supplier: In the context of auto-mobile industry, this force has a huge impact on them. In this factor, supplier of the raw materials for the manufacturing of the vehicles has power to manipulate the pricing of the products which they sell to their customers. i.e., owner of the industry. This depends basically on how strong the position of the seller is in the industry. Availability of the substitute can pose threat to the supplier in this industry. Eastern European auto mobile industry does not rely only on one supplier to buy their raw materials. These buyers help them to supply parts, tires, components, electronics, etc.

The suppliers tend to gain profitability of industry at huge extent. There is presence of very fewer substitutes because of qualitative products. The whole manufacturing industry of automotive industry gives reliance on suppliers. In the context of competitive advantage, it provides products of unique service as in this specific industry, it is dominated by various new business entity. The whole production line is totally dependent on suppliers. There is presence of huge cost for switching, especially in eastern Europe. If there is availability of substitute but it is very difficult for opting any substitute for purpose of assembly line of different product which is dependent (Perry-Kessaris, 2016).

Threat of established rivals or competitive rivalry: This factor is related to the present competition in the market which can affect the overall performance of the auto mobile industry. This can

help them to increase their business and improve their services and products in order to compete with their competitors. Due to this factor, there are so many factors which has been applied in the industry there are so many changes in the functioning of this auto mobile industry as well. For example, they have invested more to introduce cars according to their customers preferences and liking which can help them in staying strong in the competitive environment. Customers are opting for more luxurious cars as compared to normal budget car which has a huge impact on their manufacturing of vehicles (Wetherly, 2014).

The automotive industry is becoming too much intense on basis of industry to be competitive in nature with two attributes such as price and non-price as well. There is presence of different companies in eastern Europe which gives huge incentives for attracting consumers for buying their own and separate vehicles. Different organizations attained huge success in context of scale and volume because of proper anticipation for becoming highest player with reference to specific auto mobile industry. This specific industry is referred as mature which signifies fierce competition and it would raise rivalry. The growth of automotive industry in eastern Europe in flat which consist of huge number of competitors along with its market share. The players of this industry in eastern Europe has capital leverage of huge extent (Facts about the Automobile Industry, 2016). Its competitors has various benefits of cost leadership and its cost advantage is refereed as paramount to such manufactures to remain competitive in nature.

Porter's Five Force Analysis	
Threat of new entrants	Moderate
Threat of substitute products	Moderate
Bargaining Power of Buyers or customers	High
Bargaining Power of Supplier	Weak
Threat of established rivals	High

CONCLUSION

From the above report it can be concluded that it is very important for the auto mobile industry to understand their business to provide the best services and products according to the customers' needs and preferences. This report explained about the external environmental factors which has affected the overall performances of the auto mobile industry which is analysed by applying PESTEL analysis which helped them to understand all the different factors, such as, political, economic, social culture, etc. This report also discussed about different forces which has a huge impact on auto mobile industry by analysing Porter five forces. Further it could be summed up by analysing that Automotive industry had huge contribution in economy of eastern Europe with its adverse impacts.

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