



Evaluation of Business Environment

Presentation

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Welcome

Introduction

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A business environment is defined by a number of writers to refer to the combination of economic, social, political, and institutional characteristics that exist in an area where a company conducts its operations and the circumstances under which they do so. We face a number of difficulties that are unique to our situation as a developing nation in a highly competitive global economy. This particular issue is being dealt with by Nike. The majority of Chinese products are manufactured since the country is expanding its economy. China offers both challenges and opportunities when conducting business in this fast-growing nation (Peredo et al., 2004).

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Definition of Business Environment

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All external and internal factors that affect an organization are included in the term "business environment." Employees, customer needs, the supply and demand of the organization, management, customers, suppliers, the owners, the activities of the organization, the government of the organization, technology developments, social trends, market trends, and economic shifts all play a part in this equation (Hitchcock & Willard, 2015). There are a number of factors involved in this equation. These factors include the employees, the needs and expectations of the customers, the supply and demand of the organization, and the management. Indirectly or directly, the aforementioned factors influence a company's activities and operations. An organization's setting and conditions may be affected by the interaction of these components. In addition to suppliers, competitors, the media, government, customers, workers, investors, and other external organizations, the operational environment of a corporation is composed of many different factors (Škerlavaj et al., 2007).

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Importance of Business Environment

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A company's performance can be improved by taking advantage of the many opportunities presented by its surroundings. Companies that recognize opportunities early on may be able to capitalize on them before their competitors (Kwon et al., 2014).

- Assisting with growth
- Continuous Learning
- Meetings with competitors
- Advantages and opportunities
- A threat or early warning sign
- Resources it taps include
- Enhances performance

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Assisting with growth: The degree to which a company interacts with its environment determines its ability to expand and develop. Depending on the business environment in which a company operates, its response to questions of this kind might differ.

Continuous Learning: Environmental changes and modifications are always occurring. Consequently, managers are motivated to update their knowledge and skills. These activities prepare employees to meet the challenges of a changing business environment, whether they are anticipated or unanticipated.

Meetings with competitors: Businesses can gain insight into their competitors' strategies and actions through watching the market environment.

Advantages and opportunities: A company's surroundings can improve the effectiveness of its operations in several ways. A corporation may be able to capture opportunities before their rivals do, allowing them to remain ahead.

A threat or early warning sign: Identifying potential dangers in the future is one of the company's tasks. Knowing the environment helps managers take early preventative measures when they are aware of it.

Resources it taps include: Businesses and industries utilize environmental inputs to produce outputs for society. Taxes and products ordered by customers are delivered.

Enhances performance: It is important for businesses to adapt to changes in the environment. A firm's performance is improved by examining and implementing best practices.

Nike Environmental Assessment

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An analysis of Nike's environmental impact is conducted using the five forces model (Angeles, 2014):

- Rivalry today
- Potential Forces of Rivalry
- Replacement candidates
- Power of the buyer to purchase
- Negotiating power of suppliers

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Rivalry today: This group is concerned primarily with market competitiveness. It is important to consider both the number and the quality of competitors when evaluating them. A number of major sports brands compete for consumers' attention in this market, including Adidas, Under Armour, Reebok, PUMA, Umbro, and ASICS.

Potential Forces of Rivalry: Market competitiveness is the primary concern of this group. It is important to consider both the number and the quality of competitors when evaluating them. There are several major competitors in this field, such as Adidas, Under Armour, Reebok, PUMA, Umbro, and ASICS.

Replacement candidates: The task force makes switching between products and services easy for customers. Competitor companies are analyzed in terms of their costs

and levels of excellence. Even though Nike's products are of exceptional quality, the company has kept its costs reasonable. The primary producers of athletic footwear are China and other emerging nations.

Power of the buyer to purchase: Buying power depends directly on the buyer's ability to shape a transaction according to his or her wishes. Firms are making fewer profits.

Negotiating power of suppliers: Branches of the production industry and manufacturing industries depend on suppliers for their success. While Nike uses higher-quality materials, its suppliers remain strong despite their use of higher-quality materials.

A developing country's key business issues

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Multinational firms face a variety of different risks when doing business in developing countries (Li et al., 2010).

- Population growth
- Capital and resource shortages
- Progress in finances
- Infrastructural failures
- Violence in the region

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Population growth: Poverty is a problem facing developing countries' economies in part because of their growing populations. The government liberalized their economy and allowed the public to participate (Ng & Kee, 2012).

Capital and resource shortages: Lack of access to necessary resources has directly affected the economies of many countries.

Progress in finances: In order for economic growth to occur, goods and services must be expanded. Producing goods and services can be a measure of economic expansion.

Infrastructural failures: The slow economic growth of developing countries is caused by their lack of infrastructure. The cost of infrastructure investments is beyond the reach of low-income countries.

Violence in the region: There is a possibility that regional disputes may arise when doing business in undeveloped nations.

China's Business Opportunities

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Business opportunities can be found in emerging markets in a variety of ways (Armanios et al., 2016).

- The educational system
- Travel and tourism
- Investing in finance and providing services
- Development of infrastructure
- Service Providers
- A technological approach to information and communication

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The educational system: There were 11.7 billion Australian Dollars (AUD) in exports from Australia to China in 2018. Nike may be able to find more productive workers if they invest in their employees' further education.

Travel and tourism: Among inbound tourists to Australia, Chinese tourists are the second most frequent, both in terms of numbers and expenditures. A direct result of it is the emergence of new commercial opportunities.

Investing in finance and providing services: Australia can provide services to the Chinese middle class. In addition to financial planning and consulting, banking, insurance, investments, and insurance will expand. There are a number of businesses that provide financial services on a large scale.

Development of infrastructure: The Chinese government has invested heavily in infrastructure since the 1970s in order to improve the standard of living of the Chinese people and increase economic growth. Urbanisation in China has a wide range of consequences for the economy, the environment, and society.

Service Providers: As the first foreign law firms to compete in China's legal market, Australian law firms benefit from the China AFTA. Having this option would be beneficial for the company.

A technological approach to information and communication: The \$1.33 trillion in Chinese e-commerce could benefit Australian information technology and telecommunications. There may be benefits for China from foreign companies offering assistance.

Dealing with China's challenges

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China may be difficult for Western investors to launch businesses due to opaque cultural norms. Chinese people's commercial drive and traditional values have been revealed by twenty years of research. Western companies can engage these cultures more effectively by understanding their nuances and contexts (Anglès, 2019).

- Awareness of culture
- Climate of the law
- The bureaucracy
- Personnel Employed
- The entry into the market

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Awareness of culture: China's long cultural history contributes to the way of life in the country today. There is high expectation of compliance on the part of China's executive leadership.

Climate of the law: An Obtaining skilled staff and meeting overhead costs quickly are essential for Nike to succeed in China.

The bureaucracy: The rules and regulations that apply to businesses in China may be challenging for foreign companies. There are many business owners who are aggrieved by the licensing procedure because they do not understand it completely.

Personnel Employed: There is a talent gap in China, according to studies. The Chinese labor market is short of skilled workers. Long-term employment in China is difficult to maintain.

The entry into the market: It has become more difficult for Chinese consumers to buy products. The consumer needs solutions that are exceptional and inexpensive. Businesses' growth strategies are influenced by consumer expectations.

Overcoming challenges with preferred aids

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- Competitor analysis
- Recruit competent personnel
- Choose the right legal market
- Orientation
- Affiliations
- Obstacles to trade

Competitor analysis: A reliable distribution network is needed by Nike China. Find out who your target audience is by conducting market research.

Recruit competent personnel: It The talent and motivation of Nike's employees are crucial to the company's success. It is the workers of a company who represent the company.

Choose the right legal market: It would be wise for Nike to investigate the tax consequences of entering the Chinese market before entering the market.

Orientation: Culture is Nike's focus. Their business is hindered by a cultural divide.

Affiliations: A holistic approach must be taken by Nike.

Obstacles to trade: It Entry into a market is controlled. As Nike's priority, this needs to be addressed. Local businesses may benefit from changes in trade restrictions in developing countries. The difficulty arises from being unfocused (Thukral, 2021).

Conclusion and Recommendation

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A number of obstacles arise as a result of globalization. Certain occurrences are sometimes beyond our control. It is imperative for corporations seeking worldwide expansion to keep the global environment in mind. The circumstances that affect each organization are different. Developing nations are where Nike produces its products, according to this article. The following factors should be considered by those wanting to do business in developing nations. A competitive market, a productive and efficient team, and legal problems are some of the considerations highlighted.

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