

Running Head: [Global Business Environment]

University of Wales Trinity Saint David LONDON

Name: Biserka Dimitrova

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Lecturer: Olusoyi Ashaye

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Task 1. Business Environment Analysis and Strategy

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1. Introduction

1.1 Rationale

Businesses are constantly looking for new ways to expand their operations into unexplored markets in the hopes of growing their client base and, as a result, their profits. To be able to carry out an efficient environmental analysis, firms need to first establish distinct goals and then carry out extensive research regarding both the external and internal variables that affect the target market for the items they offer. In addition to this, the company needs to conduct thorough market research and analysis to determine whether or not the people in its target market will be interested in the goods that it offers. In this post, we'll take a look at how one firm, Tesla, is adjusting its business strategy its product selection to the business Indian market. Specifically, we'll be focusing on electric vehicles.

1.2 Company Overview

We decided to work with Tesla Motors on this Business Environment Assessment task because of the company's recent expansion into a new market. This made them an ideal candidate for the role. The corporation has made the decision to enter the market for electric vehicles with several innovative, cutting-edge new features in an effort to satisfy the growing demand throughout the globe. Because the company is able to successfully incorporate cutting-edge technology and design into its products, particularly its environmentally friendly and self-sustaining electric vehicles, Tesla Motors is widely regarded as one of the most forward-thinking businesses in recent history (Mangram, 2012).

1.3 Developing Country Overview

While it has the world's fourth-largest economy, India's is widely regarded as the fastest-growing economy. Business and trade in India have been gaining a lot of attention as of late, and with good reason: the country has a massive consumer base for all types of goods and services, so any multinational corporation with a top-tier offering can break into the Indian market with relative ease. If your company is looking to expand into new markets, India may be a good option because to its large consumer base, welcoming business community, and supportive government regulations (Sharma, 2016).

2. Business Environment of Tesla in India

Tesla Motors must undertake a business environment analysis to succeed in India. To plan Tesla's entry into the Indian market, we must research the market and environment.

2.1 Pestle Analysis

According to the PESTLE analysis, the macro environment for Tesla Motors' business and trade in India is favourable. This is because the present government as well as the overall economic conditions portray a good perception for new investors and businesses in the region plotted in Figure 1. (see below).

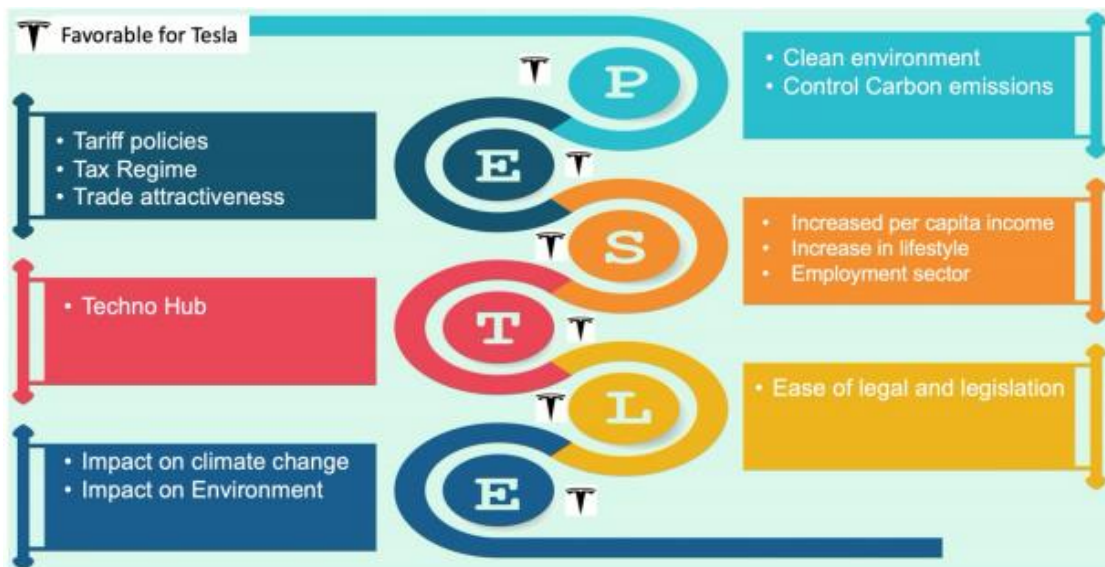


Figure 1 - Pestle Analysis of Tesla in India

Political	India is amongst the most reliable democracies on the planet, and its government is often regarded as one of the most reliable in the world. In order to achieve its goal of creating a cleaner environment, the present admin is considering providing financial support to automotive manufacturers that are working on the development of vehicles that run on alternative fuels or electric vehicles (Van, 2015).
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Table 1 - Political Factor of Tesla in India

Economical	The state of the national economy continues to show signs of recovery. When compared to the economies of other countries, India's is being one of those one of the highest rates of expansion and has shown a huge amount of potential for expansion. Current economic policies of the government are in line with global growth and advancement norms, and the administration is fully dedicated to making the economy open and accessible to anybody who want to come or invest in its future.
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Table 2 - Economical Factor of Tesla in India

Social	India is home to a diverse collection of cultural processes and social standards from all over the world. The countries per income per capita is growing, which has led to an increase in living standards. The dynamic labour market, inhabitants' solid earnings, and the area's high living standards all work in favour of Tesla Motors in terms of the area's social and cultural aspects.
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Table 3 - Social Factor of Tesla in India

Technological	India has emerged as a nation that has eagerly embraced technological advancement over the course of the past three decades, and its government has made a significant number of efforts in this area. This nation is home to a significant amount of technological invention, and its people are usually recognised as some of the most forward-thinking thinkers in the world (Mangram, 2012).
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Table 4 - Technological Factor of Tesla in India

Legal	India's standing in international rankings measuring how straightforward it is to start a business there is continuously improving. Because the current government has alleviated various legal and legislative hurdles in the trade and commerce arena to allow new foreign firms to establish themselves in India, Tesla is in a fantastic position to relocate down to India and invest.
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Table 5 - Legal Factor of Tesla in India

Environmental	The environmental rules and policies that have been in place in India have not been very rigorous. However, the administration is slowly but surely coming to terms with the fact that climate change and other environmental challenges pose significant threats to their ability to continue existing, and as a result, they are preparing stringent legislation to address these issues (Montabon et al., 2016).
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Table 6 - Environmental Factor of Tesla in India

2.2 SWOT Analysis

It is an essential tool to analyse the microenvironment of a business within a particular country. It emphasizes on analysing the internal strengths and the weaknesses of an organization while keeping an eye on the underlying threats and growth opportunities. Figure 2 highlights the macro environment for Tesla in India.

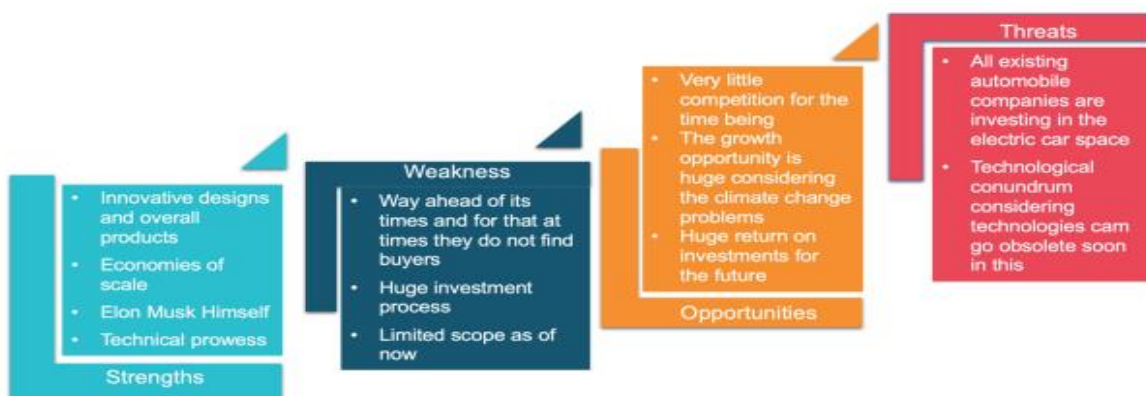


Figure 2 - Tesla SWOT Analysis in India

The SWOT analysis reveals one thing that the current competition in this space and particularly for Tesla Motors is very less. Since the company has adopted the blue ocean strategy for their organization by creating a whole new market for themselves in the automobile space that provides ample space for them to grow alone and certainly has disrupted the entire automobiles space. Elon Musk is their biggest strength, and Tesla is riding on the skills and visions of their CEO towards a sustainable future (Ragunathan, 2013).

2.3 Innovation Adoption Curve

The innovative electric automobiles produced by Tesla Motors, which are led by Elon Musk and are changing the face of the automotive industry. Tesla is a pioneer in many areas when it comes to the development of electric vehicles and advancements in this field, like solar panels that can be put on automobiles so that they may charge themselves.

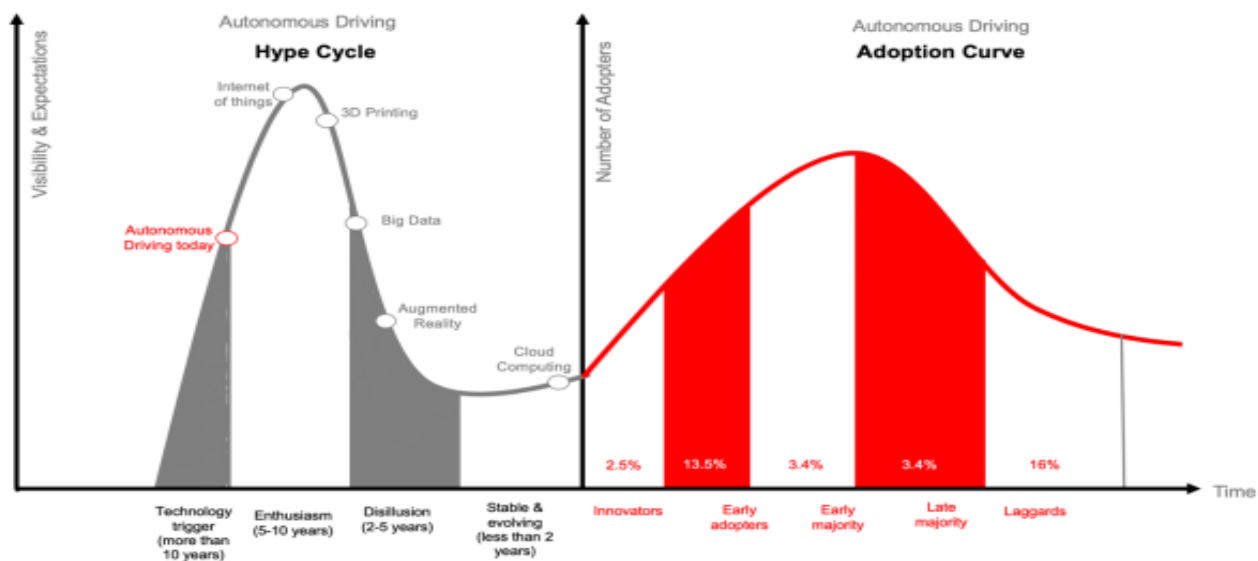


Figure 3 - Innovation Curve

In recent times, Tesla has released a total of 117 versions of its software, including 5 major announcements, 23 minor ones, and 89 maintenance updates. When looking at the distribution of the overall number of variations (117) across the entire time period (1344 days), it becomes clear that Tesla introduced a new variant of the Model S software, on mean, every 11.5 days. Tesla Motors was founded on the principle of innovation, and it remains dedicated to providing customers with cutting-edge goods on a continuous basis (Amankumars, 2020).

3. Opportunities and Challenges for Tesla in India

3.1 Opportunities for Tesla in India

The way that people have always thought about autos is shifting as a result of Tesla Motors. In 2003, a group of engineers saw an opportunity inside the growing interest on green electricity around the world established the company that bears their name. Tesla demonstrated that there is no need for anyone to make any sort of accommodation in order to drive an electric vehicle. There is a possibility that driving an electric vehicle will be more pleasurable than operating a gas-powered automobile at the same level of efficiency. In 2019, the company that dominates the market for electric passenger vehicles is also the industry pioneer in terms of battery capacity.

Tesla Motors is a company that is on the cutting edge of technology in every aspect. Musk, a technician by training, has also always prioritised creating a most electronics manufacturing possible. His interest was initially aroused by technological devices. Because Tesla is so much ahead of the pack when it comes to technology, it is forced to rely on competitors that manufacture automobiles. His critics have no choice but to admit that the company is miles ahead of its competitors when it comes to research and development (R&D), technology, and innovation (Meyer, 2018).

Mode of Entry



Setting up an **assembly facility** can boost domestic demand by bypassing the problem of import duties and make Tesla more competitive on price-basis



Joint Venture:

- ☐ Efficient Market Entry
- ☐ Risk / Reward Sharing
- ☐ Joint Product Development
- ☐ Enables to achieve marketing or manufacturing presence with local partner in a new market
- ☐ Comparatively Higher Risk, Higher Returns

Figure 4 - Mode of Entry of Tesla

"The superiority of Tesla's technologies has led to their adoption by competitors in the automotive industry. General Motors has even gone so far as to form a dedicated department whose primary responsibility is to keep track of Tesla's activities." In the book, *zero to One*, Peter Thiel was an early investor in Tesla Technology and helped the company get off the ground. Early on, Tesla came to the conclusion that now the pack is the most important component in the design of electric vehicles. The outcome could either be successful or unsuccessful. In addition, Tesla established the Nevada power plant that it refers to as the "Giga factory" with the intention of manufacturing 500,000 automobiles by the year 2020.

In addition, Tesla does not utilise dealers for the distribution, servicing, or repair of their products. Superchargers are Tesla's own charging stations that allow for the rapid replenishment of vehicles and were first launched in 2012. This effect can be found in Tesla Stations, which are located in the desert. The market capitalization of Tesla, which is currently at \$140 billion, is far larger than that of General Motors, Ford, or Chrysler in the United States combined. It is incredible that the corporation has not already disbanded at this point. Given that General Motors, Ford, and Nissan have all met with tremendous disappointment in the electric vehicle industry, Tesla's achievements in this arena are all the more impressive (Yuing, 2018).

3.2 Challenges for Tesla in India

Tesla has established itself as the unchallenged leader in the global energy sector, with global annual sales of 1 million autos predicted to occur by October 2020. They estimate that by the year 2030, they will have reached 20 million. Musk made these remarks in response to Tesla's announcement of its earnings for the third quarter: "I am not certain we can get 20 MN cars." On the other hand, if one considers that one percent of the nation's fleet is retired each year, then it would appear that the target has been achieved. The question that needs to be answered relates to whether Tesla can achieve these numbers in India before making significant effort. In India, there is a sizable and, for the most part, untapped market for electric vehicles. The plan for a million dollars' worth of Tesla work can almost definitely become a reality.

Kenneth Study projects that the market for electric vehicle infrastructure in India would expand at a compound annual growth rate (CAGR) of above 40 percent during 2019 and 2025. (CARG). The key question, though, is how many electric vehicle carriers India would need in order to achieve its objective of having 15 percent electric vehicles on that road by the year 2030. In order for India's infrastructure to be able to serve one million electric vehicles over the course of the next decade, it will need to be able to tolerate a wide array of battery types with varying life lengths. However, there is a shockingly low demand for electric vehicles in India at the moment. This may be attributed to a number of factors, including hefty initial expenditures, low retail worth, a lack of adequate infrastructure, and poor car starting to sell battery efficiency.

From April till November of this year, a total of only 1,309 electric vehicles were sold. Tesla's meteoric ascension to the perch of leading manufacturer of cutting-edge electric car technology throughout the world can be attributed to a number of different factors. Tesla is Nissan's most significant rival in the market for electric vehicles by a significant margin. The Leaf, which is manufactured by Nissan and is the world's largest fully-electric car, is much more affordable than any vehicle that Tesla has ever produced. The Tesla model with the lowest price tag is the most effective model. It does not mean that they have limited potential simply because they have not yet developed a superior electric vehicle. Tesla's major sector of expertise is energy, and the business has created high-efficiency lithium-ion batteries as well as photovoltaic arrays that collect electricity for use in a variety of applications in addition to its electric vehicles.

4. Strategies and Recommendations

It is a normal protocol for businesses to provide their employees with a handbook that outlines the standards and expectations that are upheld by the organisation. The manual written by Tesla is remarkable in every respect. In contrast to most business handbooks, which tend to be lengthy and legalistic documents, Tesla's is concise and places a greater emphasis on the firm's values, mission, and culture.

Despite being just four pages long, the Tesla guidebook contains every guideline that the company has ever implemented. It is not the intention of this paper to provide employees with instructions on how to perform their duties; rather, the goal is to interact with employees as they were personal mates. According to the anti-handbook handbook (2020) that the firm provides to its employees, it is exceedingly rare for a corporation of Tesla's size to permit its employees to set their own hours but also be directly to blame for their own profitability within the company. This is something that is made clear to employees by the company. In furthermore, Tesla was inspired by Apple's Help Desk, which is a place where any employee of Apple may go to get assistance with any facet of the company's operations (Bapal, 2020).

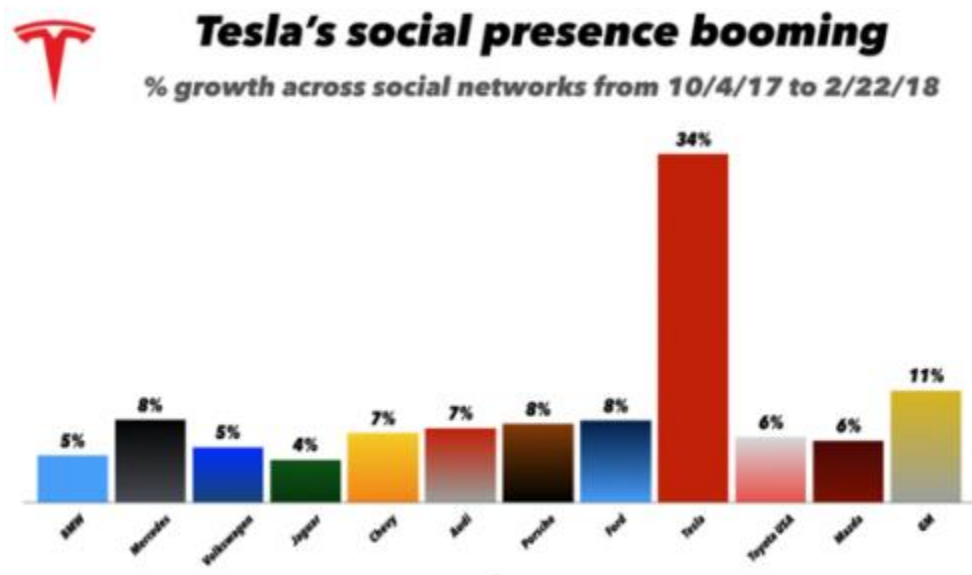


Figure 5 - Tesla Social Presence Booming

"Answer Bar" was established at Tesla in order to improve the efficiency of communication between staff members as well as the Human Resources department. Employees are able to obtain information about benefits for which they might be entitled and provide feedback on any choices that are being made here. The unconventional design of the Handbook, along with the inclusion of an Answer bar, is intended to promote conversation among Tesla employees and to help create a more collaborative atmosphere in the workplace (Zhou, 2021).

5. Conclusion

In order for Tesla Motors to become the dominant player in the market for automobiles, the company must build on its many achievements, notably in the fields of technology or customer service. Because of its cutting-edge technology solutions and forward-thinking management, Tesla Motors and its talented engineers have a promising future ahead of them. These engineers are working to develop automobiles that run on affordable but also renewable energy sources in preparation for the end of the automobile, a well-known "green technology." Their most recent triumph, which was against a car with a model year of 2021, places Tesla Motors squarely on the international arena. As a result of Tesla Inc. expanding its usage of reducing electrical systems including alternative energy sources, the company's profits have climbed consistently and dramatically over the past three years. At the moment, Tesla controls approximately 29% of the total market for vehicles worldwide. This is reflected in Tesla in a significant way. Tesla, on the other hand, has been experiencing consistent financial losses due to the high manufacturing costs and materials, which could be offset by the company's maximum performance. The corporation is committed to boosting production numbers in order to drive down the cost of each individual unit, despite the fact that R&D expenses are currently quite high.

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