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# Analysing the Role of Macro Environment Analysis in Business Success of Ford

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**Abstract:** Managers frequently use strategic analysis to help them make decisions. It's necessary for developing strategic plans because it considers both the company's internal and external settings. The company's situation is examined in light of a variety of market conditions as well as potential dangers. Additionally, the business's strong and weak points are evaluated and either improved or eliminated. Today's market-leading businesses are founded on a sound strategic analytic foundation. Depending on the organization's focus on the external environment, industry, or internal environment, a variety of methodologies can be employed for strategic analysis. Strategic planning Ford's purpose with this initiative is to create the theoretical foundation for strategic analysis by emphasising the importance, meaning, and technique of marketing environment research.

## I. INTRODUCTION

Companies must examine both internal and external challenges to be successful in today's global business world. The company's internal and external effects are considered in strategic analysis. The conclusions of this study could aid in the development of a future company plan. The corporation takes into account both its own strengths and limits, as well as the market and competitors, in order for this plan to function. As technology advances, globalisation occurs, and customer wants evolve, the concept of marketing strategy changes, according to Krizanova et al. (2013). Companies must do strategic assessments as part of their normal operations in order to compete successfully in today's market. Companies can respond more quickly and seamlessly to changing consumer demand thanks to new digital technologies like the internet, smart devices, and networked gadgets. The basic goal of any business is to be the most competitive in its field. Because the environment has a huge impact on every organisation, it is vital for any firm to stand out from the competitors. A strategy plan based on strategic analysis is necessary for a company to prosper.



Figure 1 - External Environment Analysis

An external analysis is when a company looks at the outside environment to identify what opportunities and difficulties it may encounter. Companies can improve their performance by capitalising on positive external trends and changes (opportunities). Threats include things like negative trends and external events that can harm a company's performance. Strategic managers must be adaptable and ready to seize every new opportunity that presents itself in order to be effective. They must first solve the current problem before they can turn a deficit into an asset. Only by planning ahead of time and adapting as conditions change will you be able to do this. "The pessimist regrets the wind," says another Maxwell quotation. Things will become better in the future, according to the optimist. If you're the captain, you have the ability to change the sails. Everything in the planning process must take global conditions into account. The global influence of a corporation is determined by a combination of internal and external factors.



Figure 2 - Business Environment

## II. LITERATURE REVIEW

A strategy is usually the consequence of strategic management. to achieve one's goals in a way that gives one a competitive edge. The process of dissecting a vast, complex fact into smaller, more manageable components is known as analysis. Strategic analysis is used to identify, analyse, and appraise critical aspects that may have an impact on a company's final strategy. The company will prosper and succeed as a result of its strategy and efforts (Kourdi et al., 2011). A strategic analysis considers both internal and external elements. According to Lukasova (2014), the purpose of strategic analysis is to find and analyse the factors that drive businesses and how those factors interact with the organisations' capabilities. As part of the strategic analysis process, both the external and internal environments are thoroughly analysed. External environment study addresses both the big picture and the finer points. When we talk about the macroenvironment, we're talking about things like social trends and the ability to respond to business moves, but we're talking about the intricacies of an organisation when we talk about the microenvironment. The second major strategic assessment focuses on the company's internal resources and competencies. Kliestikova et al. suggest that customers are forced to interact with a company for both internal and external causes (2019). The internal environment of a company includes things like links and relationships. Depression is influenced by psychological, social, cultural, economic, and personal factors, according to Valaskova et al. [9]. To uncover links between a firm and its external environment (industry, competitive forces), as well as the market, a variety of analytical approaches can be applied (competition). According to Sedlackova and Buchta, strategic analysis includes all of these methodologies (2015).

In a market setting, businesses sell their goods and services (Lee et al., 2011). This encompasses everything from manufacturing processes and technology to market and customer behaviour for a company. It is necessary to design a comprehensive marketing plan. SWOT analysis determines a company's benefits and drawbacks, as well as prospective threats (Zeeman et al., 2019). The corporation should make this inquiry a top priority in order to determine which commercial operations should be funded (Grasseova et al., 2010). In the external marketing environment, there are several opportunities for the organisation, but there are also numerous threats.

The importance of a comprehensive marketing environment study is that it displays the company's assets and liabilities in respect to the external environment. The organisation should also use technologies to aid in the discovery, identification, and analysis of the numerous components. As a result, the organisation will make a more informed strategic decision. The bulk of businesses are in the midst of their marketing campaigns. The surrounding environment is analysed first, followed by the company's own development, and ultimately, market development potential. As a result, it considers a company's current and historical position before speculating on what it might become in the near future. A company's strengths and shortcomings can be determined based on the findings, and marketing targets can be set to address these concerns.

#### A. PEST Analysis



Figure 3 - PEST Analysis

A PEST Analysis, according to Blokdyk, is an assessment of external environmental aspects such as politics, economics, society, and technology (2018). A PEST (Politics, Economics, Societies, and Technology) Analysis is used to evaluate an organization's performance and commercial operations. The following are the specifications of the PEST elements:

- 1) PEST Analysis shows how a wide range of formal and informal government laws, regulations, and environmental constraints can affect an organization's core operations. Political concerns such as political stability, laws, regulations, and legislation have a significant impact on organisational success. It's important to keep in mind that educational political issues can range from federal educational policy to state educational legislation and decrees, and everything in between.
- 2) Welfare and public purchasing power are classified as external elements that affect the business' economic environment in the PEST Analysis. Economic factors, globalisation, development equity, natural resources, and human resources must all be considered. In the service sector, notably in education, both economic growth and the quantity of charges provided are significant.
- 3) Social factors (PEST) These studies examine how customers and service users see a business from the outside. Social elements include things like culture, demographics, education, employment, health, family, ethnicity, religion, era, and gender. Social and cultural norms influence human behaviour, including opinions, purchasing decisions, and business practises. Social dynamics have a significant impact on operations management. When developing plans and strategies to improve an organization's efficiency, it's important to keep social progress in mind.
- 4) Technological improvements that are incorporated in the PEST Analysis might have an impact on raw materials, operations, commodities, and service organisations. For a company's goods and services, new technologies present both opportunities and hazards. In today's technical and digital age, processes can be enhanced. putting technology and the internet to good use (IT) providing consumers with excellent service To improve speed, efficiency, and quality, functional abilities can be integrated with the speed of the process.

Governments provide an example for technical advancement by implementing a variety of rules and regulations. It is vital to continue to develop and adapt new technologies in today's world of information and communication technology. When it comes to providing goods and services, technological infrastructure, procurement expenses, and technology applications all have an impact on an organization's value capacity. Novel patterns and systems for processes, as well as new materials, designs, and methods, are all instances of "technology" (Gupta, 2013).

### B. 5 Forces Michael Porter Analysis

To build a plan and analyse the industry, one option is to apply Porter's five-force model. Professor Michael E. Porter of Harvard Business School devised and published this technique. A new entry will be evaluated to see how replacement products or services, supplier negotiating strength, and consumer bargaining power affect the company's long-term viability. A business competition environment evaluation is carried out while building a competitive strategy with the purpose of connecting the company to its surroundings. If a combination of these variables has a negative impact on overall profitability, an industry may become "unattractive." Porter's study took into account the threat of new entrants, supplier power, buyer power, threat of substitution, and rivalry (or Porter's five factors).

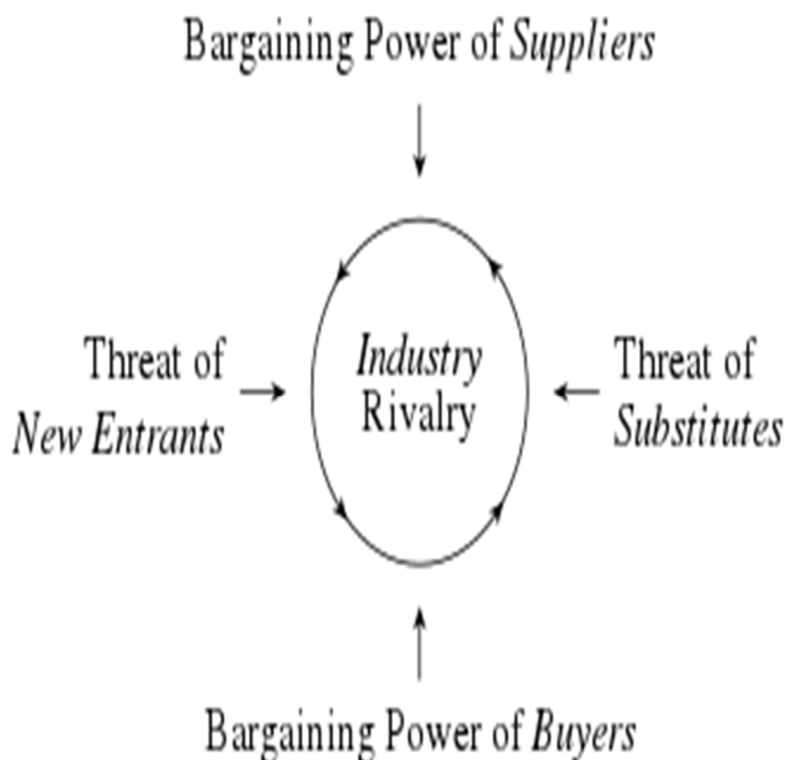


Figure 4 - Porter Five Forces

### III. RESEARCH METHODOLOGY

Because this was a qualitative study, the data was gathered and analysed utilising theme analysis. PEST and 5 forces information can be found in the following sources: Researchers used data from academic journals, government and nonprofit organisation publications, as well as newspaper and magazine articles and books about the UK automotive sector, as well as the internet and other online resources, to produce Michael Porter's analysis. This would help to build a good knowledge basis on the subject.

### IV. RESULT AND DISCUSSION

External analysis can help proactive managers improve their forecasting and preventative planning skills, giving them time to intervene before an issue emerges. Managers must do an external analysis in order to conduct an acceptable analysis and take appropriate action. Consumer brand loyalty is decreasing in value, customers are becoming more demanding, and technological advancements have increased competition, among other factors. It's critical to go beyond your company to comprehend these issues. The extent to which the external environment influences a company's activities will determine the necessity for external analysis. Companies with a strong market position or a steady socioeconomic standing are less dependant on the environment, hence environmental studies aren't as important. When an organization's success is based on a dynamic and uncertain external environment, managers must focus on environmental analysis.

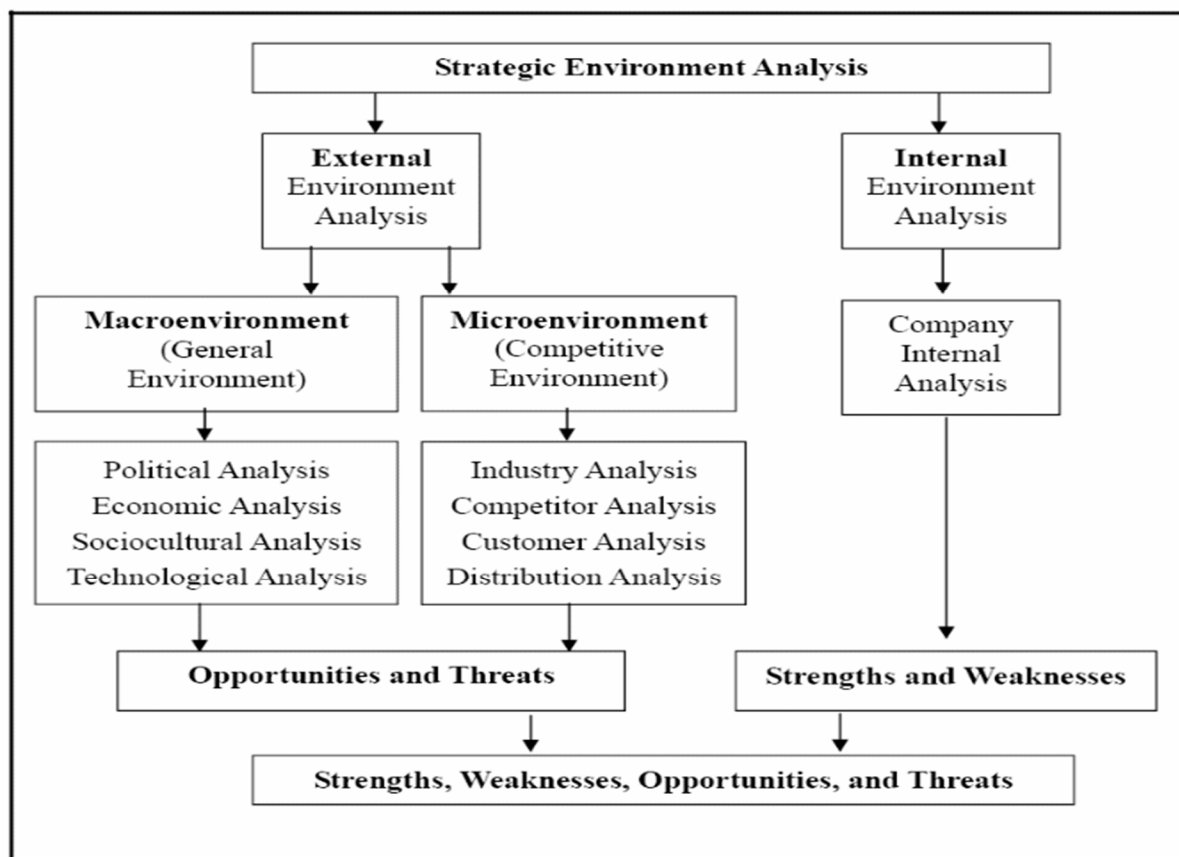


Figure 5 - Strategic Environment Analysis

Many industries, particularly the technology industry, see too much change and development for many businesses to stay up with. If there are too many operations and jurisdictions to consider, management may find the time required to evaluate the external environment to be an issue. It is unable to undertake an external analysis due to the division of labour and the manager's responsibilities. Businesses that have well defined jobs and duties have plenty of time to evaluate the external environment. External analysis can identify many predictions and trends, but their accuracy cannot be judged only on the basis of accessible data. We'll see if the study's predictions and trends pan out.

Managers must use any and all accessible information about their environment, including any potential competitors. When it comes to compiling their expertise, they have a vast range of resources at their disposal. All data from these sources should be evaluated, including official statistics, assessments, trends, projections, and expert opinions. Only by making full use of all available significant information can quality external analysis and acceptable outcomes be achieved. Managers may collect data using a number of strategies, including formal, scientific procedures as well as informal, non-scientific ones, in order to make informed decisions. Managers should integrate a variety of strategies and draw on their informal knowledge to achieve the greatest results (using information collected by scientific methods). You will have a better grasp of the situation as a result of this strategy, and you will be in a better position to make informed decisions.

Everyone, not just managers, benefits from a third-party evaluation. Supervisors in small and medium-sized firms are excused from keeping track of and accounting for environmental changes. Managers require access to all of the data they collect and obtain through formal and informal channels in order to conduct a comprehensive study. In large corporations, the situation is different. Due to the huge number of sectors, managers in these sectors must maintain track of any changes in the environment (departments). They are responsible for obtaining information from the environment through formal and informal means, as well as ensuring that it is given to the manager in charge of developing the organization's strategy on time.

The frequency with which data is collected for external scrutiny varies in a dynamic and sophisticated situation. In environments where there are frequent and significant changes, the frequency with which firms undertake external analytical processes must rise.

## V. CONCLUSION

Managers can use strategic management to conduct in-depth analysis to acquire the information they need to help their businesses develop and prosper. Management at a strategic level. External analysis, which gives a thorough picture of the potential and hazards facing the organisation in question, is included in strategic management. The global financial crisis has impacted nearly every industry. Managers working for multi-functional organisations are continually developing or revising organisational strategy in response to micro and macro events. Because of the current economy's volatile marketplaces, human resource managers are having a difficult time finding skilled staff. This organisation must discover and hire workers with a wide range of abilities, talents, and the ability to adjust swiftly to changing conditions in order to be successful. A shortage of certain fundamental minerals has come from rapid technological developments and the rise of new markets. A number of difficulties and modifications are currently affecting major global corporations and other players in the global economy. The world's most powerful corporations face the problem of changing their strategy to changes in raw material supply, climatic variables, population increase, and political upheavals in their roles as global drivers and players in economic development. The future success of this organisation is dependent on managers who are currently being trained. Their education and training are invaluable, as their choices will have long-term consequences for the economics, politics, culture, and social well-being of the entire society.

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