

Analysis of External, Peer, and Internal Measures of the Enterprise

Tianze Huang^{1,a,*}

¹Grey college, Durham university, Durham, DH1 3LG, United Kingdom

a. 2195705591@qq.com

*corresponding author

Abstract: In the current society, if a company needs to become strong, it needs to achieve the following three key points: analyzing the external environment of the company, comparing policies between companies, and solving internal problems within the company. This paper investigated the business environment and internal management issues of British enterprises in recent years by using the environment analysis model (PESTEL model). Many companies are collected as research samples, among which Sainsbury Supermarket was used as an example to explore the role of PESTEL factors. Nestle and Coca-Cola were used as a comparison to horizontally analyze management decisions between enterprises. Coca-Cola and Nestle both introduced ESG policies, participated in establishing principles and summarized KPIs, but different people undertake the same tasks and different responsibilities. Moreover, financial reasons would lead to turnover. The worse the financial problem, the higher the turnover rate. The improving policies are conducted through monthly cross-department meetings, wide newsletters and Open-door policies.

Keywords: PESTEL model, ESG policies, newsletters, open-door policies

1. Introduction

When analyzing the external environment, other analysis methods such as SWOT and Porter's Five Forces model were not included. This paper takes these three directions as the main points of analysis and studies the following issues through four different company examples: the impact of various factors in the Environmental analysis model (PESTEL model) on Sainsbury, the horizontal comparison between Nestle and Coca-Cola's policies on external factors such as the environment, and the personnel management challenges within Trend Apparel. This paper is mainly to provide a reference idea for the future survival and development of enterprises, and as the key point for enterprises to focus on investment, especially the first two years when COVID-19 swept the world, how can enterprises better stabilize their position so as to minimize the impact of external factors on the enterprise.

Sainsbury is one of the largest channel retailers in the UK, founded in 1869, the company continue to grow with a focus on convenience and value offered to customers [1]. The following analysis on Sainsbury was developed based on the external environment using the PESTEL framework.

Changing the Prime Minister and changing policies resulted in confusing policies and difficulties for businesses to forecast future operating environment [2]. Overall, it poses a threat to business and require a business to cope with an unstable business environment.

2. Economic Factors

2.1. Fast-Changing and Confusing Policies on Tax

The tax rate has a great impact on business profitability. The ex-finance minister's "mini-budget" pledged billions of pounds of unfunded tax cuts making the pound tumbling and borrowing costs soar [2]. Overall, it posed a threat to business as it challenged business and increased environmental hostility.

The food and retailing sectors of Sainsbury are one of the largest sectors in the UK. Sainsbury is one of the leading businesses in the sector [3], with the fact that consumers will need to purchase everyday necessities, created an opportunity for business since it could have enough consumers and maximize the profit of Sainsbury.

2.2. Raising Inflation and High Living Costs

The data from the Office for National Statistics displays that the inflation of the UK in January experienced a decline from 11.1% to 10.1%, while the price of goods and services seemed to rise more quickly, especially for food and fuels [4]. Raising inflation means higher cost for business, which would also lower Sainsbury's profit, also inflation reduce consumer budget spending consumers would turn to lower-cost alternatives [5]. Therefore, it posed a threat to businesses because high living costs may decrease the profit of Sainsbury.

2.3. Increasing Interest Rate

In battling with rising inflation, the central bank increased interest rates, a senior Bank of England policymaker has said interest rates should be held at 4% amid signs of cooling inflation [6]. Higher interest rates encourage saving and increase the cost of borrowing; therefore, it increases the difficulties for Sainsbury to seek financial support when needed and people may not want to borrow money to spend, making the demand for goods decrease which may lead to the sales of Sainsbury shrinking. A senior Bank of England policymaker has said interest rates should be held at 4% amid signs of cooling inflation [7]. Overall, it creates a threat to business.

3. Technological Factors

3.1. AI Adoption

Technology advancement encourages businesses to use new methods or systems in business operations, for example, AI adoption in business to replace customer services, therefore, it created an opportunity for Sainsbury as it could improve business efficiency and lower operating costs for business [8].

New technology also introduced new payment methods, such as Apple Pay and other methods through smartphone payment, this allowed chained grocery stores and supermarkets to introduce self-checkout in-store [8]. It offered Sainsbury an opportunity to improve operating efficiency, where customers no longer need to wait in line and reduce personal contacts in times of pandemic.

3.2. Online Shopping

High technology could increase the quality of the product and may attract more consumers and increase the profit. Overall, it posed an opportunity for business.

The consumption habits and requirements of consumers are imperceptibly affecting the entire market. This year, the government gives a discount in January [9]. which makes people more eager to shop. Overall, it posed an opportunity to the profit of Sainsbury.

4. Environmental Factors

Along with the improvement of people's quality of life, consumers will also pursue more environmentally friendly products. The research says that currently popular branded environmentally friendly merchandise are wheat straw coffee cups, cotton bags, promo wooden pens and recycled notebooks. A consumer group also emphasize that Sainsbury lacks evidence for green claims. Sainsbury can take measures to consider product offerings to ensure that their products are environmentally friendly so that they can not only gain public praise but also increase sales. Overall, it posed an opportunity for the business since it could increase the profit [10].

5. Labor Protection and Labor Strike

The British Labour Policy and Regulation says that the British government encourage labour with high education and special skills. This law could make those who have comprehensive management skills and sales skills employ this job and sometimes the dividend makes them more stimulated. Overall, it posed an opportunity for businesses since it may be more efficient. Based on the current economic environment, it can be seen that the company have staff retention issues and high turnover among shop managers and supervisors. Therefore, it is needed to collect some information below: wage rate, management style or employee job satisfaction, employee complaint, whether the JD matches the role or not and exam in the COVID impact.

Firstly, low wages might lead to high turnover, the business should investigate its wage rate and compare it with the market rate. The case scenario also mentions about that there are a lot of jobs available and make almost the same money. Therefore, employees would seek higher wages and leave the business. Thus, the business should investigate rival companies and the labour market, compare the wages and other non-wage factors then take action to make labour loyalty result in higher production efficiency such as increasing wages or giving overtime wages.

Apart from that, stress management style or poor employee job satisfaction may make employees less motivated and can result in high turnover [11]. Some of them may report that employees report information to their supervisors, but it might not be reported in time and catch management's attention. In this case, the managers can review past employee surveys if they have, view employees' resignation application content or do a survey to find out what is going wrong.

In addition, employee complaint is also a serious reason, and it makes a detrimental effect on changing jobs. Some workers may not bear of series of miserable job experiences. For example, some of them may not satisfied with excessive overtime, few holidays, poor employee welfare etc. The method for collection is that the company could check the resignation instructions of past employees and understand the main reasons.

Besides, JD matching plays an important role in labour retention since the JD does not match with the role or issues in the hiring business, it may decrease the efficiency of the companies. At the same time, employees may find that it is hard to integrate into the working conditions. The company may search those job descriptions in the past years if possible and select some typical ones for discussion.

Finally, the message of COVID-19 is crucial to the high turnover since it has high infections which has a pessimistic effect on going to work. Workers refuse to work for fear of infection and companies have ceased to operate. Although now most of them are back to normal, still not really convenient. Few companies ask workers to do COVID tests before work every day or to wear masks during work. This makes workers troublesome and some of them may switch to other jobs where requirements will

not be so strict. In order to collect this information, the company could go to the hospital to ask whether the data on which people caught COVID in the past two years is possible.

6. Comparing the Policies of Nestle and Coca-Cola

Nestle and Coca-Cola HBC are the two companies in the food and beverage industry, both of the companies have sets of ESG policies with UN EDG goals.

Coca-Cola has six focuses on sustainability: decreased discharge; water use and management; packaging (no waste); source of ingredients; nutrition; and social. Nestle focus on nutritious and sustainable diets; protecting, updating and restoring natural resource; enhancing communities; and taking responsibility for running. The two companies set similar goals, but have minor differences within the key aspect areas. Both Coca-Cola and Nestle introduced ESG policies on transformation, one of the key focusing areas is carbon emission, which the two companies set targets to meet in 2025. Water and packaging recycling is also the key point for both companies to improve at the same time. The difference between the two companies is that Coca-Cola reduces water use in order to reduce the risk, and Nestle tries to increase the quality of water. In addition, Coca paid attention to nutrition, with 100% of key agricultural ingredients in line with sustainable agricultural principles, while Nestle focuses on nature and biodiversity which means delivering on climate commitments can bring intrinsic co-benefits for nature and biodiversity through activities such as planting 200 million trees by 2030. For the youth opportunities, Coca set up the plan that it will train 1 million people cumulatively in 2025 and Nestle will try to help 10 million young people by 2030.

The policy development in both companies was a joint effort with stakeholder groups and the sustainability committee, and the policies were approved by the board of directors. The board of directors in both companies participate in establishing principles, in this one Coca approves the sustainability strategy, commitments, targets, and policies and Nestle respects to food systems. Besides, the CEO of both companies play a crucial role which accounts for performance against the sustainability and environmental goals and stakeholders carried out materiality assessment to identify the risk of the management. However, there are many differences at the same time. The two companies have different people who undertake the same tasks. For example, board directors in Nestle create a sustainability committee which means reviewing the plans and actions with regard to climate change, plastic and packaging, water management and responsible sourcing, while this commitment is made by the CEO of Coca. Furthermore, one company's position will take more responsibilities than another. BU General Managers (GMs) in Coca have frontline responsibility. They monitor Coca's sustainability performance regularly, localize sustainability strategy for their market/BU, prioritize the initiatives, and together with the local leadership teams are responsible for the execution of sustainability goals. Employees in Coca are the key enablers for integrating sustainability principles into our business. Nestle did not mention too much about BU, but the ESG and sustainability council provides governance, strategic leadership and execution guidance and makes recommendations to the executive board and decisions on behalf of the executive board within its delegated authority.

Coca-Cola and Nestle both have summarized KPIs, however, Coca-Cola has more detailed indicators. It will make short-term and long-term plans. The company sets out what it needs to achieve by 2025. For example, it will achieve 50% of the refrigerators in customer outlets will be energy efficient or 50% of the total energy used in plants is clean energy and can be renewed. Every year it collects the result for this year and compare whether they reach the target. As it did in the case of reducing carbon emission in 2021(-36%), which already reached, while PET material used from recycled PET did not achieve (10%), this can help the company know where their weaknesses are and encourage them to take action in the future [12]. In Nestle, there are not enough policies to collect and summarise whether they follow them, but they summarized the KPI of 2021.

7. Conclusion

This paper mainly discusses how to judge whether a company is strong. The conclusion is that there is a comprehensive external environmental system, and there is more than one; A complete set of methods to cope with peer competition, learn from their strengths and innovate, and properly handle various relationships and contradictions within the company and reserve multiple solutions. Among them, some models of the external environment have not been explored, some analysis methods are relatively single, and the number of literature references is relatively small. Multiple perspectives can be analyzed, multiple sets of models can be used, and professional classical literature can be added to enhance persuasiveness. Looking forward, both the natural and social environment in the future will be more severe than now, and it should focus more on external environmental protection. From a natural perspective, a sharp decline in the environment, will not only affect the quality of raw materials for enterprises but also have higher requirements for waste disposal. From a social perspective, cooperation between powerful enterprises is becoming increasingly important. By utilizing the advantages of the external environment and collaborating more with peers, one could better develop own firms.

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