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THE EFFECT OF THE GLOBAL ENVIRONMENT ON RETAIL TRADE

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Abstract. The success of businesses depend on the approach business managers use to address different global environments impacting business ventures. In the context of international business, the global environment definition can be explained as the environment found in any self-governing state that originates exterior to the local environment of an organization that impacts the decision making capabilities of such an organization and resource utilization matrix.
Keywords. PESTEL; Retail Trade; Global Environment; Task Environment; Local Environment.
Introduction. This article learns the definition of global environment that can be understood from the multivariate environmental factors, which impact the entire planet. These factors include competition, political influence, legislation, economic_factors, and consumerism trends.
Method. This paper included review of multiple studies, comparisons and analysis of the global environment in the world focusing on data research. This study is a compilation of data obtained from these multiple sources and is concentrating on journal and textbook information together with the researchers' experience preparing for, and internet websites.
Analysis and results. In the article, there is given data that elucidates the term PESTEL, which can give superiority and effective usage of the resources for the enterprises or companies globally.

The global environment is at the core of the operations of business organizations. The factors of the global environment affect businesses in their daily transactions, but they are generally beyond the control of management, plus they constantly change. Businesses that align with global environment factors' requirements achieve increased performance, elevated morale to their employees, and ultimately a higher profit margin for individuals and their businesses. A practical example of an organization that has felt the impact of the global environment is Apple company. Apple company faces importation constraints of some of the essential production items and constraints to sell their products both in local and international markets, primarily due to trade disputes between the United States and China. Apple, however, enjoys opportunities, due to the global environment, such as improved trade policies and a stable trading environment provided by stable political states in developed countries[1].

To understand better, lets delve the Global Environment into 2 categories:
1. General Environment
2. Task Environment

For the General Environment decision-making process, businesses can use the PESTEL analysis to analyze the general environment of a business using the following six parameters (Figure 2.10.):

[1] Global Environment | Definition, Components & Importance - Lesson | Study.com

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Figure 2.10. PESTEL analysis[2]

Below given are the PESTEL analysis's factors are clarified:

- **Political** — This factor either increases opportunities or registers threats to the progress of organizations. It poses threats to a company's potential growth and revenues. Political factors may lead to a raise or lower corporation tax, which impacts profits, increased value-added tax on products, and increased business rates.
- **Economical** — Most of the economic factors, for instance, in Apple, have been sources of opportunity and growth. Stable economies of countries enable a better business environment enabling rapid growth. Most importantly, a stable economy gives ample lucrative business opportunities, increasing disposable incomes among the target customers.
- **Sociocultural**— Socio-cultural trends affect businesses due to influences from consumer behaviors and expectations. Consumer perception, religious backyard, level of consumerism, among other socio-cultural factors, affect sales of products.
- **Technological** — Intriguing technology and funding levels to research potential ever-competitive cutting edge technologies are technological opportunities for businesses. Apple company has gained from different advancements, like the ever-growing cloud computing technology, integration of technology into business, and the ever-growing mobile market. However, the company has received equally substantive threats from other competitive firms in the electronic industry.
- **Environmental**— The 21st century policies on the environment, including concerns of safe and renewable energy sources, obligate companies to use extra costs in planning and implementing the policies. Business sustainability trends are an opportunity that can be tapped into by business organizations.

[2] How to conduct an effective PESTEL Analysis? - SpringWorks

- **Legal**— All operating businesses must abide by the government legislation, which may come with extra cash or time resource costs. Apple company in the past has faced threats of legal challenges against its policies and practices. Increased privacy regulations may present as both threat and an opportunity.

The definition of **local environment** can be seen in the realms of the factors that affect a business within its local settings, e.g., within a country or the region. These local environmental factors are the regional or government policies, local competition, economic, legal, and political conditions in the region in which the business is located.

Concerning the **Task Environment**, it is the external environment that impacts an organization's ability to reach its goals is described as a task environment. Task environment comprises of several factors in the external business environment, which influence the ability of a business to manufacture, sell and deliver their products, and they include:

Competitors— Competition from an alternative product provider affects the business's ability to get maximum sales in a given market. However, competition between businesses is good for customers since they can have a chance to settle for top-quality goods and services at the right price. Companies can establish a strong brand, clarify the unique selling points of goods and services, and make top-quality goods to eliminate competition environment impact.

- **Suppliers**— They are essential in linking production companies with the ultimate product delivery system. Supplies from suppliers form the basic resources required to produce goods and services. Any halt in the supply environment a company's marketing strategy and production units.
- **Government regulations**— Economic policies and market policies often imposed by the government can influence business operations. The government can regulate business in different areas, like consumer protection through advertising restrictions, safety, and health policies to protect the employees, environmental impact legislation to companies, employees and labor protections, data security, and privacy protection.
- **Consumers**— A company that relies on few customers is at serious risk of reducing revenues and profits if some customers withdraw. A vast customer base significantly impacts the company since it can sell more and improve its value. A company loses its best employees when the customers are not satisfied with products and services. This arises since whenever a company has customer service issues, the best employees find themselves bearing the fault of irresponsible employees, promoting dissatisfaction and burnout.
- **Special interest groups**— Global environment factors may arise from small groups of individuals in the general, political, economic, or health sectors with concerns about a company's specific services and products. For instance, certain special religious groups against organ transplant procedures which depends on organs cloned in animals like pigs, or dietetics concerned about the nutritional values of certain food products.

Conclusions and recommendations.

The global environment plays a critical role in the sustainability of global_businesses and nations and it can be understood as the environment within which international business operates and is characterized by influential factors beyond administrative control. The local environment are those factors affecting a business within its country or region of operation. The two main components of the global environment are the general environment and task environments. The general environments are political, environmental, socio-cultural, technological, economic, and legal (PESTEL analysis). Task environments are competitors, consumers, special interest groups, government regulations, and the labor force.

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The international global environment is beneficial in enabling growth to Retail Trade businesses by expanding markets worldwide. Business entities must have a well-defined operations strategy that may enable them to align to the global environments and enjoy its benefits. Businesses in line with global environments may enjoy trade factor benefits like reduced costs of production, increased demand for goods and services, more market opportunities, export demands, and unconstrained import protocols. In addition, the global environment reduces the risk of an inadequate customer base and local competitions, hence, allowing international businesses to stay afloat in the business. Taking an example of Uzbekistan, in terms of International global environment terms, it is getting attractive and lucrative for business and investments. Currently, Uzbekistan is developing relationships with Central Asian, Independent Commonwealth countries together with Europe and overseas countries providing good atmosphere for business opportunities as well as investments. A good example of this can be BPO programs and its effect on the influx of the foreign companies' investments and IT residents. Finalizing this chapter, we elucidated that global environment plays a pivotal role in the development of businesses and PESTEL analysis can be a good tool to check the conditions in world business environment. In the case of Uzbekistan, our country is developing fast and can be a role model for investing prospective business investments.

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