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MODULE ASSESSMENT

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Part 1: Literature Review

Introduction

The structure of international businesses is constantly changing due to the shift of the global landscape in 2023. This change has brought in certain challenges in the political, economic, and legal domains. Along with these challenges such shifts have also provided opportunities in the technological, social, and environmental domain. This study is aimed at finding the challenges and opportunities that originated in the industrial sector owing to the change in the global landscape of 2023. The company chosen to represent such change is Sainsbury and its operational changes in the UK. Sainsbury's approach in the global market has always been including a wide array of food products and beverages at affordable and consumer friendly prices. The study is going to conduct deeper in finding the issues and room to manoeuvre in that changing global landscape.

Background to Theme

Identified Problems

Sainsbury's faces different types of problems related to the globalisation process such as growing competition and an increasing unemployment rate. The unemployment rate in the UK is 3.7% and the globalisation process is a significant reason behind this issue (Gov.uk, 2023). There are present a lot of global companies such as Tesco and Wm Morrison Supermarkets Ltd, that make a strong competition to Sainsbury's.

Importance of Issue

The identified issues of Sainsbury's during globalisation are growing competition in the global platform and unemployment issues. Tesco and Wm Morrison are the global competitors of Sainsbury's. Tesco always focuses on the loyalty care strategy and this company customises its products according to customers' feedback (Inaudi, 2020). Global competition increases the unemployment rate in the UK's Sainsbury's. The unemployment rate of the UK in 2022 is 4.53%, which is extremely high (Gov.uk, 2023). On the other hand, Wm Morrison supplies better quality grocery items at low cost. Hence, a lot of customers started preferring other companies more than Sainsbury's. Sainsbury's annual loss was £261m during the COVID pandemic situation because at that time Tesco and Wm Morrison supplied products at low cost (Sainsburys.co.uk, 2023). Globalisation loco motes the production of this company from one country to another but employees cannot follow as easily (McGreevy *et al.* 2020). This leads to the problem of unemployment in this company.

Thus, due to these issues, Salisbury has been facing significant issues in gaining economic sustainability and operating effectiveness.

Sub Themes

This study identified two important sub-themes to discuss which are related to the globalised business of Sainsbury's. The first sub-theme is the impact of the political stability of the UK on the economic condition of Sainsbury's globalised business. The other effective theme is the effect of the legal approaches of the UK on the economic state of Sainsbury's globalised business.

Focused Sub Theme: Impact of Legal Approaches on Economic Conditions in Globalised Business

This company faces supply chain challenges which make a negative impact on the economic condition of Sainsbury's. Legal approaches of the UK are an important reason behind this economic issue of the globalised business of Sainsbury's. The government of the UK legally provides a vast amount of incentives to Sainsbury's which can help in the economic growth of this company in its globalised business (McGreevy *et al.* 2020). Nevertheless, this company uses this money to produce high-priced products, and those costly products cannot be affordable by the common customers of the UK. This issue has a negative impact on the economic state of the UK. The business tax rate of the UK rises by 19% to 25% in 2023, which impacts the economic conditions negatively of companies (Gov.uk, 2023). As the legal tax rate of the UK's business is extremely high, hence the tax rate of Sainsbury's increased by 14.2% to 20.7% in 2022 (Sainsburys.co.uk, 2023). This makes a negative impact on the economic condition of Sainsbury's.

Relations between Sub Themes

The globalised company Sainsbury's faces economic challenges, which are impacted by the legal approaches of the UK and the political stability of this country. Political stability and legal approaches are interrelated because political stability will be maintained if the legal approaches support political factors. Legal laws can help to maintain political stability in the country and these are interrelated. Hence, it can be stated that the legal approaches and political stabilities both make negative impacts on the economic condition of Sainsbury's

Key Challenges

The pivotal changes of international businesses came through the reforms that companies and the industrial sector as a whole had to adapt to the post covid 19 scenario. These

changes that came through affected the industrial sector on a global level causing challenges in the Political, Economic and Legal sectors of the same. The growth percentage of the retail sectors have been approximately 6% and above since 2021, owing to the change that came through in 2023 (unido.org, 2023). The landscape primarily shifted due to the conflicting rift among politicians, voters, consumers and retailers in the picture. Based on the research by Petein (2020), food democracy integration opportunities post covid 19 increased and helped supply chains to grow. The trade flow and the complexity of supply chains changed its nature owing to the change in political context and the change in UK's trade policies.

Political

The reforms of 2023 came with Rishi Sunak's domestic speech on trade policies, reforms and the updating of the country's ideologies. It mainly centred on the structure that UK has also been harbouring domestic challenges regarding the echoing of Brexit problems (instituteforgovernment.org.uk, 2023). This affected the political scenario of the UK on a global scale. The tensions relating to the Conservative Party also added to the existing issue on a massive scale. In the context of Sainsbury's Chief Executive Officer Simon Roberts in accordance with the new changing policies made a festival offer on not curbing the prices (theguardian.com, 2023). He instead concentrated on resuming initiatives to perform in the market by adding qualitative growth and adding the new price and product regime to the market aiding Sainsbury's involvement in the political upgradation of the country. This resulted in the sales boost of the company giving it an edge over its rivals like Asda and Tesco.

Economic

The prevalence of quality living faced a massive hurdle due to the inflating prices of commodities and that directly impacted the cost management of goods and services on a daily basis. The cost of living is related to the buyer's affordability. This was majorly affected by the constant soaring of prices in the year 2022. The annual rate reached approximately 11.1% in general and nearly 11.6% in the retail sector. This rate directly affected the retail sector owing to decrease in sales for many companies (commonslibrary.parliament.uk, 2023). The fluctuation rate of this inflation saw a decrease to 10.4% by February 2023, but that did not bring the cost curbing into effect. The rise of consumer demand pushed these rates to either be stagnant or increase at a rapid rate therefore owing to an economic hurdle for most retail based companies including Sainsbury's.

Legal

The rising inflation and increase in consumer spending due to lack of affordability made it imperative for the government to introduce bills and policies that does not lead to cash flow disruption. The increase in various compulsive trades-offs also added to the complexity of business operations of retailers and companies. This forced them to adjust to newer legal bills introduced to curb product prices. Many companies resorted to mergers to pacify the inflated structure of the company's products. Based on the research by Cummins *et al.* (2021), impact of covid-19 impacted the urban food system causing the dietary inequalities and legal issues in the UK. This complicated the legal structure of the company on a global level. Sainsbury's retail ownership also suffered due to the new legal barriers introduced by the UK government.

Identified Opportunities

The world is constantly shifting through changes in ideologies. It is also undergoing changes in its structural socio-economic and geopolitical reality thus catering to newer agendas in force. Such agendas create opportunities through the evolution in technological inventions. These inventions help social responsibilities and sustainability to bloom creating pathways to progress.

Technology

The increase in technological advancements for companies has become a daily affair especially in the retail sector. The reason for that allows engagement of customers in product buying and consuming. Sainsbury's have taken this technological boom to stabilise their existing market strategy and place. The optimism of technological advancements gave way to a regular chain of supply the boost to pave the way for product innovations. The UK government initiated protocols and expenditure of almost 91.2 billion to aggravate the usage of artificial intelligence (AI) and Industry 5.0 (ons.gov.uk, 2023) These technical growth impacted sales and product placements in the market smoothly for all retail companies globally especially in the UK. The combination of legal requirements to run the retail sector gave the advancement in technology the vision and narrative to benefit structure and reach a profitable growth (deloitte.com, 2023). Sainsbury's retail advancement therefore, saw the introduction of machine led packaging that is also sustainable to the environment.

Social

The positive social factors of any global shift in technology and geopolitics stand on the creation of job opportunities and manpower growth for the companies in general. The eviction of uncertainty in the market also contributed in the creation of normalcy, accessibility, affordability, attractiveness and polarisation of earning groups in general (pwc.co.uk, 2023). The optimism in the market created a strong chain of command and understanding among the companies and its suppliers. These benefitted customers to achieve a successful Black Friday Sale and Thanksgiving offers were equally thriving. This attests to the positive social growth and inclusion of public interest in the retail sector. The country also saw a steep rise in employment rates of almost 75.7% which gave the country stability to address the social dangers of unemployment (ons.gov.uk, 2023). This employment influx gave Sainsbury's growth in the market owing to the steep increase in employment in the UK.

Environmental

The rising cause of global warming and impactful erosion of the environment has caused the customers and consumers to demand products that are not pressing or harmful for the environment. This response has prompted the retailers and companies including Sainsbury have to jointly engineer and manoeuvre products that pivot sustainability. Almost 35% of retail spending on sustainable retail products has taken place in the UK alone since the increase in sustainable retailers. Surveys conducted in the UK have demonstrated an approximate 35% of retail consumers who have access to spending their money on sustainable products (consultancy.uk, 2023). This gave companies including Sainsbury's to acknowledge the need for products that cater to a safe environment.

The inclusion of engineering products that are sustainable come from actively incorporating few methods such as, restricting and lowering carbon emissions, operating with sustainable raw materials, encouraging recycling habits, inclusion of diversified and ethical policy making and most importantly good governance (consultancy.uk, 2023). This prompted consumers to contribute to an ethical suspension of harmful products from the retail market across all demographics and make a slow but uniformly steady habit of giving access to engineering of sustainable products.

Conclusion

Sainsbury's collective business profile in the retail market has been unpredictable post covid 19, showing growths and declines from time to time. But the company has consistently

promoted quality delivery as opposed to its competitors. The study attests that the political, legal and economic factors address the social, environmental and technological benefits of Sainsbury's giving them an edge in the market. This utilises technological sense in driving a range of products for consumers to avail the products. The quality products have coordinated a positive impact on the retail market by influencing consumers to avail them. Their policies of making investments in engineering products not only met the demands of the consumers but also add to the integrity of the planet helps in creation of market growths. On the other hand, the company in recent years has shown lack of competition which can lead to loss of awareness about the competitive strategies in the market. The structural accessory of any company is to have their products be at the market to engage customers offering them an edge over their competitors. Losing that place and awareness cuts that system to work for Sainsbury's. The company needs that sense of market competition to thrive and hold relevance in the retail market.

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