Global Business Environment Individual CA

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**You are required to analyse the key points in the named article. (500 words approximately)**

Globalisation has increased economic, financial, social, cultural, political, business, and environmental interdependence among nations in the past twenty years. This study has carried out the research necessary to pinpoint the effects of globalisation and produce an empirical test on the relationships between each of the main effects of globalisation and the performance of exporting firms in two different economic conditions.

The four different components that effects the increase in globalisation are 1). Macro-economic factors. Some of these factors include, a fast spike of population in emerging economies and technology transfer becoming more common. 2). Political factors. Many nations agree to free flows of trade and investments have political factors. These are privatisation, and trade deregulation. 3). Technological forces. Rapid globalisation is also fuelled by technological forces such as advancements in communication and transportation technology, which foster growth in international business transactions. 4). Organisational factors. This is when a global mindset is emphasised to the attention of an organisational strategic. There has been a massive change in the global marketplace in the last 40 years. Global markets for goods, services, labour and financial capital have burst onto the global scene. Due to the massive progression of transportation and communication technologies, there has been a massive increase in international business transactions. The two main effects are global market opportunities and global market threats.

Macro-environment, in this case its globalisation, is the focus in this study. It is the highest degree of environmental study, encompassing all lower stages. The difference between survival and growth of the company heavily depends on the environment it operates in. The environmental munificence is referred to if there is a lack of important assets in the company to help them operate in their environment. There are three parts to environment munificence: 1) growth/decline 2) capacity 3) opportunities/threats. The opportunities of globalisation play a part in the firm’s performance. ‘H1: Firm performance is positively influenced by global market opportunities.’ Global market threats are divided into two parts, one of those being global competitive threats. Globalisation has had a massive impact on the competitiveness between companies in both emerging and developed economies. The hyper competitiveness (firms competing against other on a domestic, regional, international and global stage) leads to a scarcity of resources as it is easy for consumers to find a cheaper alternative meaning less accessibility to price changes. ‘H2: Firm performance is negatively influenced by global competitive threats.’ Global market uncertainty is the other part of global market threats. It has become more and more difficult for businesses to predict the demand in their economies due to the massive amounts of companies in the global marketplace. Technology has allowed customers to research products and find cheaper alternatives which affects the predictions of demand. ‘H3: Firm performance is negatively influenced by global market uncertainty.’

The two countries which were used in this study are Thailand and the U.S. There is a major difference in both of their economies which provided this study with great findings. Thailand is less globalised than the highly globalised U.S. They are both on different ends of the competitiveness scale, U.S. being highly competitive and Thailand having little competitiveness. From the research, evident in the study, it is concluded that the firm’s performances operating within the economies of both the U.S. and Thailand are very similar. This study has proven that globalisation can, very easily, go from one extreme to the other for a company. It can either help the company massively in growth and success or it can be very damaging for the company.

**You are also required to describe and analyse the key business functions of one of the following Organisations. Key business functions and activities can include the company’s product offering, their approach to expansion and their strategy for growth in a Global Environment. (500/750 words approximately).**

**2. CRH plc**

CRH plc is one of the world’s best building materials companies. It is spread across 32 countries and covers all sections of construction industry demand. CRH has 3,700 locations around the world employing over 90,000 people. Their sales reached €26.8 billion in 2018. CRH’s major firms are in Europe and North America. They also have growing firms in Asia and South America. The company’s operations are focused on three main businesses. These are, primary materials, value-added building products and building materials distribution (Hill, 2011). The company develops, supplies, and delivers a broad variety of high-quality, value-added, creative products and solutions that aid in forming and improving built environments for present – day communities (CRH.com).

***Product offering***

The products of CRH plc play a crucial role in the completion of construction projects. Their products range from glazing systems in windows to the brickwork of walls. The main area of products that they specialise in are: Architectural products, Glass and Glazing systems, Infrastructure products, Construction accessories, and Network Access Products (CRH.com).

Architectural Products

Their architectural products are cinder blocks and hardscapes which include kerbs, retaining walls, pavers and other patio associated products that may be used in commercial, household and public construction projects (CRH.com).

Glass and Glazing Systems

CRH is one of the world’s best suppliers of glass and glazing systems. Their products range from glazing systems, architectural glass, storefront systems and engineered curtain walls. These systems are seen in both renovation and new build projects. The main values of these systems are to increase the space of inside of the building, minimise the structure of the building and make the building accessible (CRH.com).

Infrastructure Products

CRH’s infrastructure products are based off a variety of precast concrete and polymer – based products. These involve drainage pipes and structures, utility cabinets and modular precast systems, and underground vaults. These are then given to all relevant markets such as water, energy, transportation, building and communication markets (CRH.com).

Construction Accessories

Their construction accessories are a wide variety of engineered anchoring, overcoming and integrating solutions, along with lifting systems and everyday accessories used in construction. These accessories are high quality creative products which are produced to complete any construction project (CRH.com).

Network Access Products

These technical systems, designed and manufactured by CRH, allow access to utilities infrastructure which include safety systems, retention sockets and metre boxes. These save time for companies as they have easy access to these systems (CRH.com).

***Strategy for growth***

In 2018, CRH plc generated a profit of approximately €2 billion, however, most of that will be put towards paying off dividends and re-investing in the company. But this still gives them the opportunity to spend around €650m-€700m each year on assets, however, they currently have no plans to adjust their acquisition-led growth strategy for decades to come. CRH’s chief-executive, Albert Manifold, has stated that the acquisition pipeline for CRH remains solid, but the company can afford to be ‘selective’ about the deals they pursue. He has also stated that the company would continue to add bolt-on acquisitions, €700 million worth were added in 2017, but that the group would likely concentrate in 2018 on incorporating its major purchases from the previous year into the current group structure and beginning to achieve synergy goals. Mr Manifold has said that the company, after investing in acquisitions, has grown over the past few years and he believes that this strategy still has ‘many years to run’ (Percival, 2018).

***Approach to expansion***

In 2020, CRH suspended their share buyback programme. They said that they are going to be more careful with mergers and acquisitions in the future. The company received $1 billion in cash in the first half of 2020, however, they had to return $800 million to shareholders through dividend and share buybacks from the start of 2020 to the half way point. Since 2018, CRH has given shareholders $2 billion through their share buyback scheme. They will always be looking for mergers and acquisitions but at this moment, the future is unclear (Donnelly, 2020). CRH were quickly to turn against the idea of acquisitions.

**What implications or significance does this article have for your selected organisation as it competes into the next industrial revolution and on a global basis?**

The fourth industrial revolution is upon us. It refers to the ways in which smart, connected technology is being increasingly integrated into businesses and people's everyday lives. This industrial revolution is creating a lot of new opportunities for companies, but it is also creating a lot of threats at the same time. Instead of solely using technology to follow the same old ways of doing business, the fourth industrial revolution allows organisations to take advantage of network-based, data-driven, independent, and cognitive digital and physical technologies to develop genuinely creative business solutions. It is important for businesses to note the important connections within their firm. These include the connections between, business and social needs, productivity in the work place and staff morale, financial outcomes and innovative strategies, and coming up with new ideas and using existing technologies. Companies around the world are setting themselves up for the fourth industrial revolution. There are four main opportunities for businesses to increase relationships that will benefit their firm as a whole: 1) Social Impact. There are many different methods for companies to influence the promise of the fourth industrial revolution which is to create a more fair and secure world. 2) Strategy. A holistic approach is necessary for strategic planning to create new ideas and products. 3) Talent and workforce. Employees should research and understand the process of the fourth industrial revolution. 4) Technology. Should be the most important factor of the fourth industrial revolution. New technologies should be implemented and not to be limited to just one part of the company. There are new ways of doing things now and companies need to understand this. Businesses need to change and adapt to this new revolution in order to succeed in it (Deloitte Insights, 2018).

This article focuses a lot on the opportunities and threats of businesses who have experienced globalisation. An example of a company who has globalised is CRH plc. Previously I talked about their key business functions. I am now going to talk about their opportunities and threats as they prepare for the fourth industrial revolution (CRH.com).

In CRH’s sustainability report 2017, they describe about building solutions for a changing world. CRH provide the materials necessary that builds this quacking changing world. With such a large global footprint, they have the opportunity and responsibility to create sustainable communities for the future by providing building solutions for the changing world (CRH.com).

There is a constant rise in cities across the world. It is estimated that 2.5 billion people will be living in urban areas within the next 30 years. CRH provide the building materials that build the houses, roads, work buildings and infrastructure in these cities. It is important for CRH to provide unique creativity to make sure that all these buildings that sustain jobs and homes without the abusing land and resources available (CRH.com).

Innovation is a massive part of CRH and there are three main areas in which drive innovation at the company. 1) Global Influence. It is important for CRH to keep up to date with the global trends and issues. They must educate themselves on these and take any necessary action. 2) Local market-led. The markets in all the different countries in which they operate in each have different opportunities and needs. These could be determined by building directives and public orders. CRH overcome these needs by offering innovative ideas that relate to specific markets. 3) Customer-led. Customers are the main area of focus for CRH. Whether they are construction companies, architects or public bodies, it is crucial for CRH to meet their needs (CRH.com).

CRH are committed to providing sustainable building materials, innovation and promoting sustainable growth with their customers and partners. They work together with their customers by developing some of the best innovations in the market which benefits both sides through business growth. CRH are always trying to minimise the carbon footprint of their products and it is something that they take very seriously. They take a whole-life cycle approach to every product they make, from raw material procurement to design, construction, and end-of-life waste management (CRH.com).

A major challenge for CRH is a safe working environment. They must ensure that their employees a working in a safe environment. They also need to keep up to date with new technology advancements as new safety measures may be required. Every year, CRH organise a complete review of the health and safety performance of all firms within the organisation, including joint ventures and connections. The results are reviewed by the board and action may be taken if necessary. It is critical for stakeholders to participate in improving the safety in the workplace. Management organised safety meetings with employees, in 2017 83% of employees took part. Eliminating hazards in the workplace is crucial to CRH’s development. So much so, they heavily invested in safety accessories such as machinery guarding, mobile plant safety upgrades, platforms and fall protection measures were improved and electrical system improvements (CRH.com).

The elimination of fatalities is CRH’s top priority. They have implemented a mandatory ‘Fundamentals of Fatality Elimination’ across every firm within the organisation. The main causes of fatalities are being his by falling objects, mobile plant movements, and falls from height. Other movements such as ‘Fundamentals Safety alert’, ‘Construction project safety protocol’ and ‘Construction safety manual’ have been implemented within the organisation and have been practiced in every day situations. However, in 2017, ten people lost their lives on the job. The amount of accidents over the past 10 years has reduced from 12% to 10% per year. This is due to the improved safety precautions undertaken by the company (CRH.com).

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