

# [Pest analysis for nokia essay sample](https://assignbuster.com/pest-analysis-for-nokia-essay-sample/)

The Political factors relates to the factors which the government also affects such as government instability or rules and regulations which the business must follow. Nokia have recently moved one of its manufacturing facilities to India, and because of this it is important that Nokia follow the rules and regulations that are set in India, so that they can operate as efficiently as possible. The types of things they will have to be aware of is the minimum wage, the maximum hours a week employees can work and especially the Health and Safety regulations; this is to avoid any bad press or revolt from employees that will ultimately damage the reputation of Nokia both short term and long term. As well as foreign government it is vital that Nokia have a good relationship with their government in Finland, as any political instability such as a change in government or coalition may result in new laws being implemented, which will affect Nokia a lot

Economical

Nokia are vital to the Economy in Finland as it currently occupies a third of the market on the Helsinki stock exchange. The organisation is so important to the economy of Finland that the government had to step in when the business, earlier this year Nokia planned job cuts in Finland and with fears of what that would do to the economy the Finnish government stated they were prepared to help find jobs for those who are sacked (Reuters, 2011).

Nokia will also have to be aware of changes in exchange rates, as they operate on a global scale and drastic changes in rates can have a devastating effect on the financial operations of the company if the business do not take appropriate steps to ensure the effects are minimum. The threat of recession on western economy has also had an effect on the interest rates in banks, which means the cost of borrowing money for business activities has increased and Nokia will need to be aware of the changes in interest rate.

Social

With Nokia mainly operating in the Western market it is important for them to fully understand the social factors in these markets and the main factor they need to understand is the culture of the society; which is to have the latest and most up to date phone, is considered a key fashion icon. Consumers are always after the most innovative and best looking Smartphone because in today’s culture people are judge on how fashionable they are by their choice of mobile phone.

The increasing trend in Smartphones means when consumers purchase new mobile phones less and less consumers are choosing the standard mobiles phones over Smartphones because of the social trend in today’s society. Nokia will be aware of this and may now spend the majority of their efforts developing a Smartphone that can compete with their rivals’ products, in order to keep up with the trends of their consumers.

Technological

The technological advances in the industry are vital to the success of any new Smartphone in the market that is continually growing, as the level of competition rises Nokia must ensure that their Smartphones are at the highest level of innovation. With functions such as camera, internet, social networking and email all necessities on Smartphones Nokia will have to think of other functions to help differentiate and stand out from its rivals. As well as function more and more consumers are looking at the software running all the functions as a key indicator of the success and quality of the Smartphone, so Nokia’s alliance with Microsoft for their latest Smartphones seems a very good move as everyone are aware of the technological capabilities of Microsoft and the value they can add to any technological product.

In the past Nokia were the market leaders in innovation in the mobile phone industry, however in recent times they have seemed well off the mark and struggle to compete with their rivals. This is why Nokia must consider their position in the industry and attempt to once again become the market leader by offering a new innovative capability and get to the market before its rivals.

Legal

Intellectual property is the key to any technological business and must be cared for and protected to the fullest amount to ensure the business does not lose out to rivals. Nokia operate in an industry where it is very difficult to have a product that is different to its competitors, when they do release a product with an innovative capability it is vital to protect the rights to it through patents, copyright, trademarks or design to ensure they are not “ stolen” by their competitors. Not only are competitors a threat of intellectual, but Nokia must ensure they do not fall victim to counterfeiters who claim to be a Nokia products but are cheap knock-offs.

As Nokia have manufacturing plants in a various countries it is extremely important that they abide by the laws and regulations set by the different countries as the laws will differ depending on the country, these can be employments laws, Health and Safety or even trade restrictions.

Environmental

In today’s culture it is very important for organisations to be seen as environmentally friendly and ethical with its manufacturing, because of the global effect it has on global warming so Nokia must ensure that they operate in an appropriate manner. With mobile phone recycling organisations becoming more and more popular, this demonstrates how important people are regarding it. The main issue with mobile recycling is the disposal of the batteries in the phones as these can become dangerous if not disposed of appropriately.