

Media summary analysis – economic environment

[Business](#)



To counteract the lower prices, ROI Tint has sold a large number of sets, totaling up to \$12 billion, and cut \$5 billion of costs. Because China is ROI Tint's biggest customer, Iris's economic outlook in the near future will remain volatile if the economic growth continues to decline. Application of Concepts By reporting the reduction of profits as a result of the low demands of the Chinese economy, this links to the economic environment, in particular the free market forces of supply and demand.

According to Y (2011) and Granule, Petersen and Poetesses (2009), the prices of raw materials are often determined by consumer demand, or the company's ability to supply the product. Due to the low demand of metals in China, this has a negative impact on Roll Tint as they are forced to lower the commodity prices, which inevitably reduce the overall profit of the company.

A link is made between the excessive investments made by ROI Tint and the impact it has on the company as China's economic growth declines, thus connecting ROI Tint to the effects of the economic environment.

For the last 3 decades, China's economic growth has been driven by its Investment Interactions with global businesses (Davies 2013). However, according to Pettish (2013), consumers are unable to provide additional demand on goods unless wealth is redistributed to Chinese households. As a result, the economic growth must slow down so that the economy can be rebalanced. In the process, companies with large investments in China also suffer consequences, as gains in the factory output slow down due to the reduced demand by the Chinese steel mills for raw materials (Bloomberg 2013).

Analysis The medium-term outlook of ROI Tint remains unstable, as China, their largest customer, continues to decline in their economic growth. In the early sass, China's government had enforced policies to ensure they were able to secure supplies of raw terrestrial (Humphreys 2013). ROI Tint's reliance on China's purchase of the raw economic growth slows down in the transition from an investment based to consumption-based economy (Hang 2013 and Davies 2013). However, ROI Tint has taken extensive measures to counteract the volatile economic outlook. By selling " non-core" assets, totaling up to \$1. Billion, and enforcing 2, 200 job cuts (Rowley 2013), the company has been able to lessen the impact of the profit loss.

Tulle© (2013) claims that the continued ' arbitration of China's interior and western provinces combined with sustained industrial production will continue to rive steel demand', thus the company will be more secure. Nevertheless, because China buys around four to ten times the amount of raw materials, in comparison to other countries, ROI Tint's outlook will remain volatile as China encounters the slow economic growth stage in the economic cycle (Pettish 2013).

Moreover, there is no guarantee that China's transition from an investment to consumption-based model will succeed, as increasing the income wealth of Chinese households at the expense of state-owned companies may be opposed by the Government (Hang 2013). This in turn means that the Chinese economy will intention to decline, thus reducing the demand for commodities and lowering the price of raw materials. As a result, global companies such as ROI Tint, who have benefited from China's investment, must re-evaluate their strategies for the future.

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Corporate Social Responsibility and Sustainability ROI Tint's approach to sustainable development, which allows them to 'manage risks effectively, reduce environmental impacts and decrease operating costs' (ROI Tint 2013), demonstrates that their corporate social responsibility regime aligns with the triple bottom line approach of economic, environmental and social aspects (Nikolas, Evangelists and Allan 2013).

However, whilst ROI Tint addresses the basic dimensions of CARS, they are only classified as having a CARS grasp on the continuum (Conakry 2013), as they are only doing what is legally required of them.