

Pestle analysis and the marketing mix



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The strategic management principles and concept will be used in this essay to verify the concepts and factors that affect the business activities of Guangzhou Zhujiang Iron & Steel Company a steel producing company operating from or within the Republic of China. It will debrief on the environmental market forces influencing Zhujiang Iron & Steel Company (ZISCO), together making an Industrial analysis to understand the positioning of the firm in the Industry. This will be achieved through Internal Factor Evaluations and External Factor Evaluations which will show the strategic positioning and differentiation of the firm. Industrial analysis will also be conducted using Michael Porters Industry Life cycle.

Company Profile Guangzhou Zhujiang Iron & Steel Co., Ltd is a large steel manufacturing holding company presided by Mr Zhang Ruosheng who has been Chairman of the board in Guangzhou Iron and steel company limited since December 2005. He is also the Chairman of the board in Zhujiang Iron & Steel Co., Ltd group where he used to be Chief Engineer and deputy general manger. The company is involved in the manufacture of steel in the Guangdong province of the People’s Republic of China. The company is based in Guangzhou, China.

Environmental Analysis Pestle analysis is a technique or tool used to analyse the surroundings and the factors that affect an organized body in that location. It is an abbreviation for Political, Economical, Social, Technological and legal environment. PEST assesses a market, including competitors, from the standpoint of a particular proposition or a business. Political “ This will analyse the ecological/environmental issues, current and future legislation

home market, regulatory bodies and processes, wars and conflict and government policies.”

These factors in China will directly impact businesses especially the large scale company's such as ZISCo. Politicians in the structure had large control of the firm and company policies focused much on the political environment involving Communist Youth Leagues and Workers Union. All leaders of SOE's were affiliated to the ruling party and had political party positions as secretaries. There is constant coordination between politics and management in SOE's of the Republic of China. There was a change in political policy after 2007 which changed the economic policy too.

Economic The economic analysis will focus on the International trade and monetary issues, the taxation, interest rates and the exchange rates in China. The country however uses the Renmbi officially and has the Yuan also in effect locally. The Chinese government usually set the prices for most Industrial products. Traditional Chinese State Owned Enterprises Operated as workshops under the planned economy. Government assisted State Owned Enterprises with finance for sustainability and to maintain competence and banks also offer loans to companies.

Technological The technological analysis pinpoints the level of technology used by the firm and the rate at which the technology is improving in the environment. The Chinese environment is one market that is experiencing a fast paced change in technology and is regarded as one of the global leaders in technology. There is high competition in technology in China. There is Innovation potential, technical consumer buying mechanisms in the supply

chain, technology legislation and high level use of information and technology.

Social The third aspect of PEST focuses its attention on forces within society such as family, friends, colleagues, neighbours and the media. Social forces affect our attitudes, interests and opinions. Population changes in China which has a high population also have a direct impact on organisations because it makes manpower readily available if not cheap. Changes in the structure of a population will affect the supply and demand of goods and services within an economy and the Chinese population has been stable lately due to birth controls that have stabilized the birth rate.