

# A realistic pestel analysis showing relevant factors essay



**ASSIGN  
BUSTER**

Now I am going to conduct a PESTEL analysis for Autoliv setting up a satellite plant in turkey. The PESTEL analysis is going to contain the following:==>

Political==> Economic==> Socio-Cultural.

==> Technological==> Environmental==> LegalPoliticalTurkey is a developing country which is an anxious country which wants new firms to locate there. However, there are some reforms being carried out, many leading to riots which are threatening stability in Turkey. There are very high security in the businesses because of these riots and particularly important because of the terrorist alerts. EconomicTurkey's dynamic economy is a complex mix of modern industry and commerce along with a traditional agriculture sector that in 2001 still accounted for 40% of employment. It has a strong and rapidly growing private sector, yet the state still plays a major role in basic industry, banking, transport, and communication.

The most important industry - and largest exporter - is textiles and clothing, which is almost entirely in private hands. The other industries in Turkey are food processing, autos, mining (coal, chromites, copper and boron), steel, petroleum, construction, lumber, paper. In recent years the economic situation has been marked by erratic economic growth and serious imbalances. Real GNP growth has exceeded 6% in many years, but this strong expansion has been interrupted by sharp declines in output in 1994, 1999, and 2001.

Meanwhile, the public sector fiscal deficit has regularly exceeded 10% of GDP - due in large part to the huge burden of interest payments, which account for more than 50% of central government spending; inflation has

remained in the high double-digit range. Perhaps because of these problems, foreign direct investment in Turkey remains low – less than \$1 billion annually. In late 2000 and early 2001 a growing trade deficit and serious weaknesses in the banking sector plunged the economy into crisis forcing Turkey to float the lira and pushing the country into recession. Results in 2002 were much better, because of strong financial support from the IMF and tighter fiscal policy.

Continued slow global growth and serious political tensions in the Middle East cast a shadow over prospects for 2003. Socio-Cultural. In Turkey there are 98% Muslims, so the company responded by putting a mosque in every factory so workers could pray on their break rather than leaving and going to a mosque further away, which will make them late for their shift. In Turkey, there were two different types of people. There were the rich westernised people and the poor traditional people.

From the rich westernised people the company could get the highly skilled workers and also could get managers. They weren't able to recruit the uneducated poor people because they would not know what to do. It would take a long time for them to get used to the work, unlike the skilled workers who could get started straight away and would know what to do. The firm responded to this and employed double the number of workers they needed on a short term six week contract.

After the six weeks they would get rid of the poor traditional people and keep the skilled. In Turkey, every man has to do either an 18 months national service or a 6 months service depending on if they have a degree. Because

of this Autoliv only employed men after they had done their national service, otherwise they would interrupt the working environment. A lot of the work is done by women. In the UK women usually do work with their hands e. g.

cleaning, cooking etc. In Turkey culturally, women don't work. Autoliv don't hire women because of the cultural aspects. Friends and family come and see their loved ones doing work.

They don't ask anyone, they just walk in. Now Autoliv have security so no one could get in without an I. D. they didn't want to get the family or friends angry by doing this but it was something they had to do just in case if a bomber had come in and planted something in the factory.

The workers in Turkey were hard working and were willing to learn.

TechnologicalThe country had a poor infrastructure and electronic development. The ports were underdeveloped and basic. But, although it was less technically advanced than Western Europe it is improving and is becoming more up to date and is also investing in improvements.

EnvironmentalBecause Turkey is a developing country, there are fewer restrictions and planning estates for building estates. It has less rigid controls on pollution than there are in Western Europe countries and is less strict. It has reduced cost for looking after pollution. LegalAutoliv hired a consultant, who was highly recommended by Autoliv France.

He worked with the company accountants and other specialists. He also helped government bureaucracy in anti fraud measure and worked permits

e. g. obtaining government insensitive and also set up factories to give jobs to other people.