

Norway pest analysis



**ASSIGN
BUSTER**

According to the authors of the book “ Exploring corporate strategy” the environment “ is what gives organizations their means of survival.” In the private sector, satisfied customers are the ones that keep companies in business. Nevertheless aggressive shifts in market demand, changes in technology, laws, or entry of new competitors are threats to the companies within the market, which can be fatal for organizations. Therefore it is vital to analyze the external environment constantly, in order to foresee and possibly influence changes. The macro environment consists of broad factors; political, economical, social, technological, environmental (green) and legal; that have impact more or less on almost all organizations.

Political forces

Political factors might influence company’s efficiency and effectiveness either in a positive way in terms of means of power or in a negative way in terms of abuse of power. It is important for companies and owners to be aware of the country’s political situation and also of various regulations.

Analyzing economic and political statistics of Norway we can say that Norway stands at a better footing than any other country when it comes to economic and political stability. Norway has always been a monarchy with absolutely no opposition pressures. This is evidence of political satisfaction among its masses and a stable promise for the future as well. The preference of living in a country is scaled on one’s personal security and the spectrum of opportunities available for social, financial and individual growth. Norway is a country that best fulfils these demands of a prosperous life. It has the lowest crime rate in the world and no serious transnational disputes, affirming the earlier statement about personal security.

Norway is seen as one of the most stable countries in the world and it scored in the top ten among 181 economies in the World Bank Group's Doing Business 2009 report on ease of doing business, registering property, trading across borders, enforcing contracts and closing a business.[2]

Norway is a member of the European Free Trade Association (EFTA) and participates in the European Union (EU) single market through the European Economic Area (EEA) accord. Norway grants preferential tariff rates to EEA members, and as an EEA signatory, Norway assumes most of the rights and obligations of EU member states. Although Norway maintains a liberal trade and investment regime with respect to industrial products, the EEA doesn't apply for agriculture products.[3] As a potential owner of a chocolate cafe, it is important to acquaint yourself with regulation about agricultural products, especially the difference between raw material vs. processed products and domestic vs. foreign. For example, the owner is eligible for price reduction in case of preferring and using domestically produced chocolate and other sweets.[4]

Economical forces

Economical environment consists of factors that affect consumer purchasing power and spending patterns.[5] Global economy is slowing down and Gross Domestic Product (GDP) is decreasing in the advanced countries, East Europe and Asia.[6] Global consumption for goods and services increased tremendously since the 60's, meaning that people have more money to spend on what they want rather than what is needed, but have slowed down during the two last years.[7] Due to the financial crisis, also the global GDP growth has slipped from 2.5 percent in 2008 to 0.9 percent in 2009.

Developing countries' growth decline from 7.9 percent in 2008 to 4.5 percent in 2009. The global economy has shifted from “ a long period of strong growth” led by developing countries to a time of “ great uncertainty.”[8]

Norway has a stable economy with a long-standing record of political stability and fiscal responsibility, and boasts a sizeable petroleum surplus, a sound banking system and a healthy stock exchange. Although facing challenges in the current economic environment, the country, the Government and the people of Norway are confidently prepared to continue the positive economic progress of the past years.[9]

Norway's oil resources and fish stocks continue to boost its economy along with others sectors offering employment to 2.5 million[10]people with an unemployment rate of 2.4 per cent[11], being one of the lowest in the world. After lacklustre growth of less than 1.5% in 2002-03, GDP growth picked up to 2.5-6.2% in 2004-07, partly due to higher oil prices. Growth fell to 2.3% in 2008 as a result of the slowing world economy and the drop in oil prices. [12]To curb growth in unemployment, the Government proposes to increase the spending of oil revenues by a further NOK 9.5 billion to a total of NOK 130 billion during the 2009 fiscal year. This amounts to NOK 39 billion in excess of the estimated return on the Government Pension Fund – Global. The overall fiscal stimulus in 2009 is estimated at 3.0 per cent of non-oil GDP. Unemployment is estimated to increase to 3¾ per cent in 2009 and to 4¾ per cent in 2010.[13]

The World Economic Forum listed Norway as the 15th most competitive economy among 131 countries in the 2008-2009 edition of the Global Competitiveness Index. Here the country scored high on areas such as protection of minority shareholders' interests, public trust of politicians, ethical behaviour of firms, government surplus, ease of access to loans, venture capital availability, technological readiness, higher education and training, cooperation in labour-employer relations, and reliance on professional management.[14]

Social-cultural forces

Technological forces

In the early 1990s, use of the Internet by the public became common. Today, surfing the net and e-mailing are part of our everyday lives. Information and communication technology (ICT) evolves quickly and is now used by enterprises, the public sector and households. According to the “ Information Society Development Committee” every third person in the country is using Internet. The biggest groups that use the Internet at all times are persons within the age group of 15-19 (82, 5%) and from 20-29 (55, 1%).

[15]Companies are using the Internet as a distribution channel. From 2007 up to 2008 there was an increase in using the Internet at work of 4, 5 %.[16]

Today there are more and more cafes, restaurants and bars that are creating their personal web-pages to give a nice first impression to their customers. In relation to that, Norwegians can find any café or bar in the portal (e-catalogue) like [www. gulesider. no](http://www.gulesider.no) and www. visitoslo. com, where a lot of dining and relaxing places can register. According to [gulesider](http://www.gulesider.no) there are over 310 cafes in Oslo and around 22 in St. Hanshaugen area. However most of

<https://assignbuster.com/norway-pest-analysis/>

them have no web-page. Therefore it is an advantage for them to use a portal like gulesider. no to advertise themselves to the whole country.

Legal forces

“ Norway has a legal system that you can trust,” said Tor Steig, senior economist at the Confederation of Norwegian Enterprises (NHO), Norway’s main business and employer organization. “ We have better regulation in general, such as in the banking sector, and we have competent people on an egalitarian wage scale.”[17]