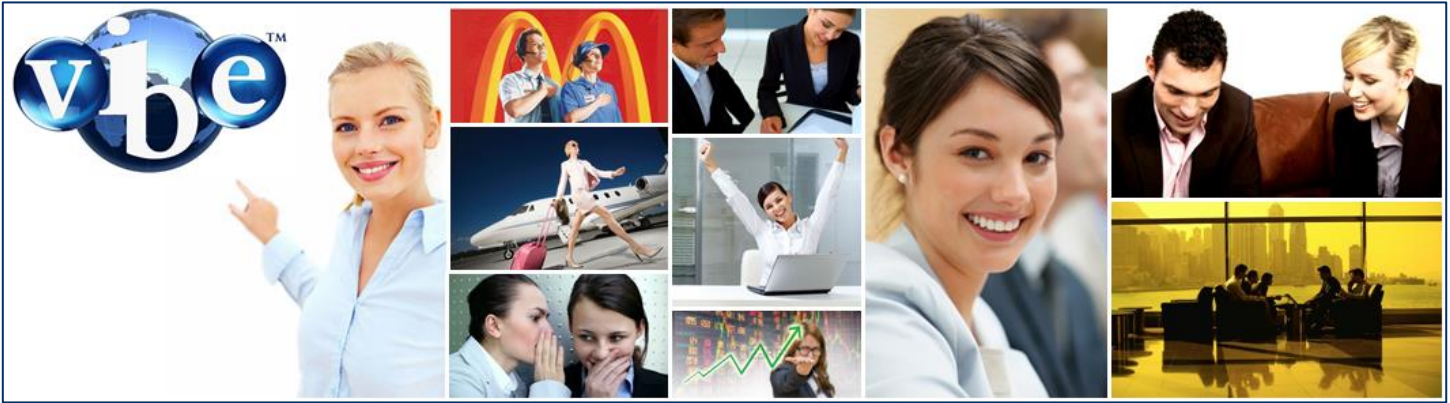


Radeki de Dovnic Manufacturing – Summary PEST Analysis



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IB BUSINESS MANAGEMENT – PRE-RELEASED CASE STUDY MAY 2019: SUMMARY PEST ANALYSIS

Political:

- Changes to company taxation laws could reduce after tax profitability.
- Changes to investment laws may make it more difficult to find foreign investment partners.
- Changes in the regulations governing an IPO may make this finance option more difficult.
- Employment law changes may make redundancies more difficult in recessions.
- Healthcare product regulations may make development, testing and certification of healthcare products more burdensome.
- AI regulations may increase compliance costs to the firm.
- Trade barriers such as increased tariffs on imported raw materials will raise the cost of production to the firm.
- Reduced public funding and/or reduced tax incentives/credits associated with R&D programmes.
- Environmental regulation such as regulations around carbon credits for large manufacturers.

Economic:

- Recession in key markets reduces sales revenues.
- Increase in interest rates makes loan finance increasingly difficult and lowers the NPV of investment opportunities.
- Price volatility associated with the raw materials (e.g., aluminium) that RDM uses in production.
- Depreciation of the euro will increase the cost of important imported raw materials such as aluminium.
- Tightening labour market for skilled workers such as the engineers that RDM is reliant upon. Can increase the wage and salary costs of labour and reduce company profitability.
- Large healthcare providers combining to negotiate supply contracts for healthcare products. Increases the negotiating strength of RDM's customers and may reduce prices the firm receives, lowering profitability. Sales may fall if other healthcare product competitors can match the lower prices demanded.

Social:

- Aging populations increase demand for healthcare products.
- Increased rates of dementia increase demand for healthcare products.
- Better health and nutrition would lower the demand for healthcare products.

Technological:

- New developments in AI increase the productivity of both RDM and its competitors.
- New developments in big data and machine learning increase the productivity of both RDM and its competitors.

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| <ul style="list-style-type: none">▪ Growth of personalised medicine could increase the demand for customised healthcare products.▪ Career attitudes of the younger generation. For example, the push to get students into STEM careers could increase the size and quality of the future talent pool (e.g., engineers) for the firm.▪ Increasing globalisation increases global competition for skilled workers. This can make it more difficult to retain current staff and may make it either easier or more difficult to recruit new talent to the Czech Republic, depending on perceptions of general working and living conditions in this country. | <ul style="list-style-type: none">▪ New developments in cloud computing and mobile devices increase the productivity of both RDM and its competitors.▪ New developments in Robotics and connected manufacturing increase the productivity of both RDM and its competitors.▪ New developments in additive manufacturing increase the productivity of both RDM and its competitors.▪ Product innovation in healthcare products.▪ Process innovation in the mass customisation production process.▪ Breakthroughs in medicine and healthcare may reduce demand for current healthcare products. |
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Source: www.BusinessManagementIB.com