

BMA6104 Organisational Strategy
INDIVIDUAL CASE STUDY REPORT

Executive Summary

In order to evaluate the current strategic position of the business, Frasers Group, which is one of the leading British retail, intellectual property and sports group within the UK, use several frameworks. To identify the strategic position of the business, it is crucial to analyse the internal and external factors. The selected organization is identifying the macro environment factors with the help of the PESTLE model. The political stability of the UK is strong, which positively impacts the Sports Company. To determine the internal capabilities of the organization, use the SWOT model. The chosen organization is growing into several geographies and new markets, which is its biggest opportunity.

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Introduction

Organisational Strategy (OS) is defined as the long-term strategic plan which roadmaps the route towards the vision and goal of the firm (Grainger-Brown and Malekpour, 2019). In other words, OS refers to the long-term plan of the company, which demonstrates how the organisation uses its capabilities and resources in order to attain its goals and to support its business activities.

The following report is based on FRASERS GROUP, which is a British retail, intellectual property and sports group. It was established in the year 1982 and headquartered in Shirebrook, UK (Frasers Group, 2023). The selected business was named after its ownership of the store chain department, House of Fraser. The Frasers Group (FG) is well known for trading under the Sports Direct brand, which operates both online and physical outlets.

The present report discusses the current strategic position of Fraser Group through Pestle Analysis, SWOT, Porter's five forces framework and many more. It also highlights the stakeholders' perspectives of the selected company.

Current strategic position

PESTLE Analysis

Political Factor

Political stability is regarded as one of the key strengths of the country. However, Brexit has developed many political debates and uncertainties for the nation.

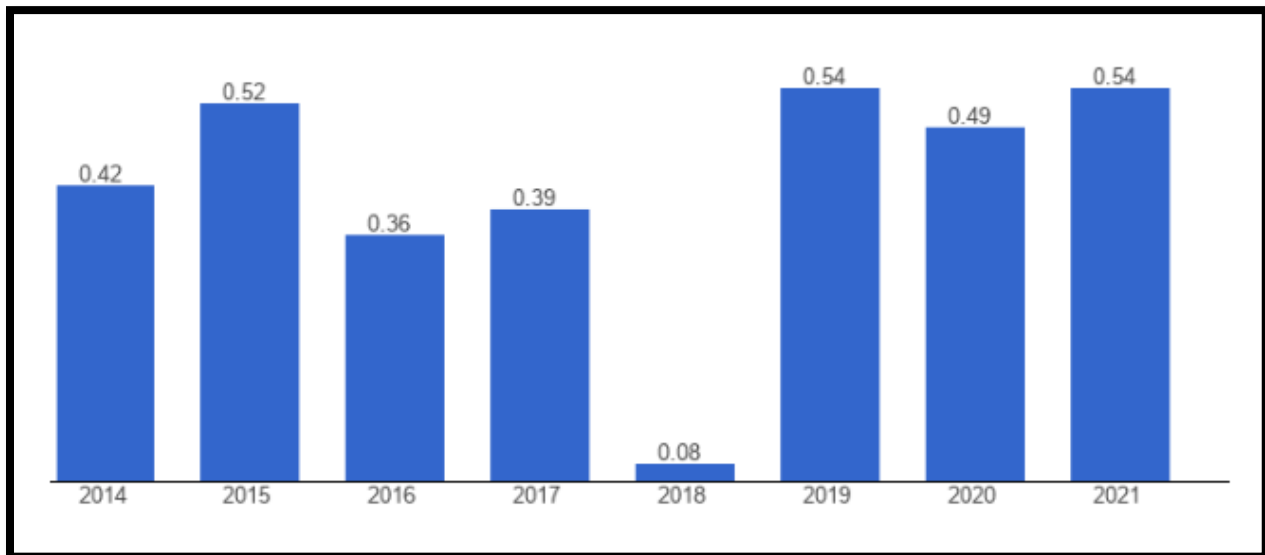


Figure 1: Political Stability of the UK

(Source: The Global Economy, 2021)

The above figure reflects that the UK is politically stable because the political stability of the country in the year 2020 was 0.49 and in the year 2021, it has become 0.54 (The Global Economy, 2021). This shows that there is an increase in the political stability of the UK and this is carried out as beneficial for the selected firm. The impact of political factors is positive on FG as due to an increase in the political stability; there are higher chances for the firm related to investment and support from the government.

Economic Factor

The UK is a highly developed and market-based economy as well as it also plays a significant role in international trade.

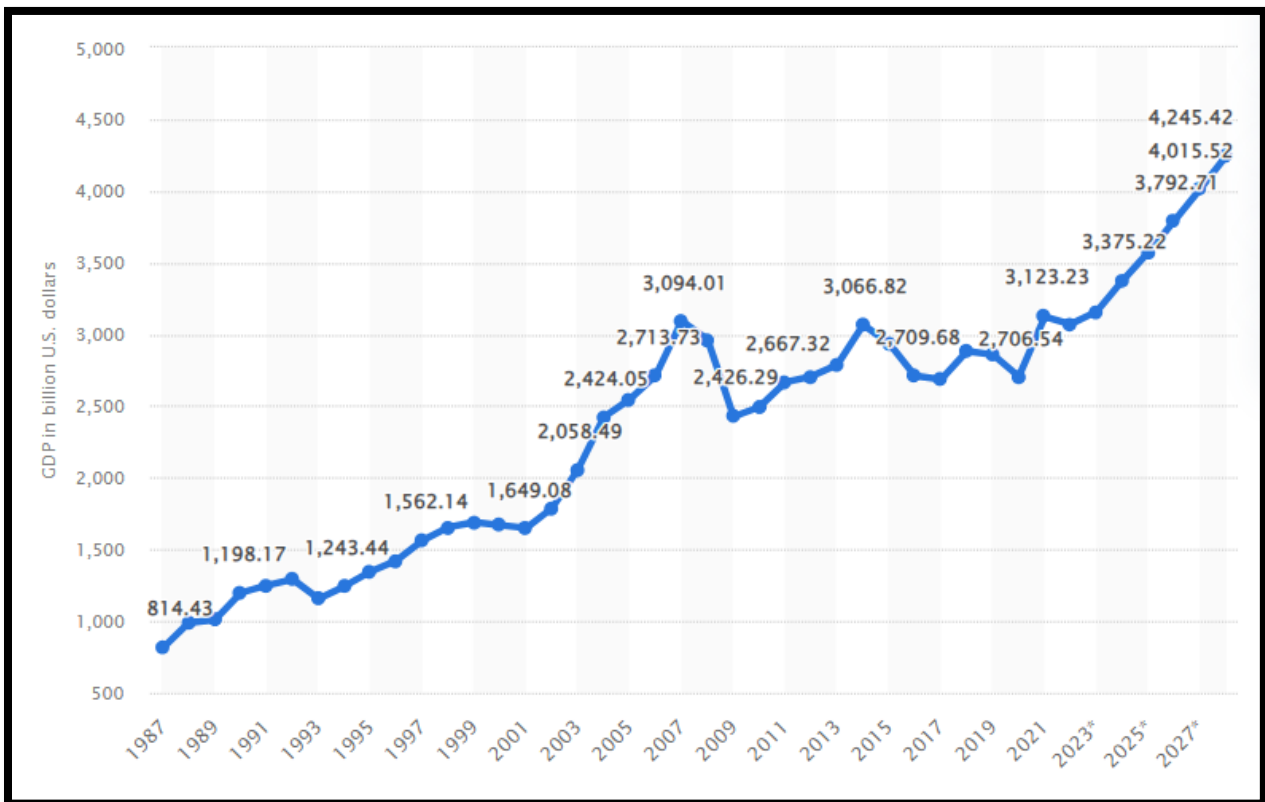


Figure 2: GDP of the UK

(Source: Neill, 2023)

The above figure shows the GDP of the UK from 1987 to 2021 with projected until the year 2027 in the US dollars. The GDP of the UK in 2019 was 2,858.73 Billion US dollars, in 2021 was 3,123.23 Billion US dollars and in 2023, it was 3,158.94 Billion US dollars. The GDP of the UK is forecasted to be 3,573.61 in the year 2025 and 4,105.52 in the year 2027 (Neill, 2023).

This reflects that the GDP of the UK is increasing rapidly and this is considered advantageous for the company. The impact of the increase in the GDP of the UK is positive on FG. This is so because, by increasing GDP, a company has higher opportunities related to its growth and development.

Social Factor

The population of the UK is growing steadily as in the year 2020, its total population was 67.26 million and in 2022, it was 67.95 million.

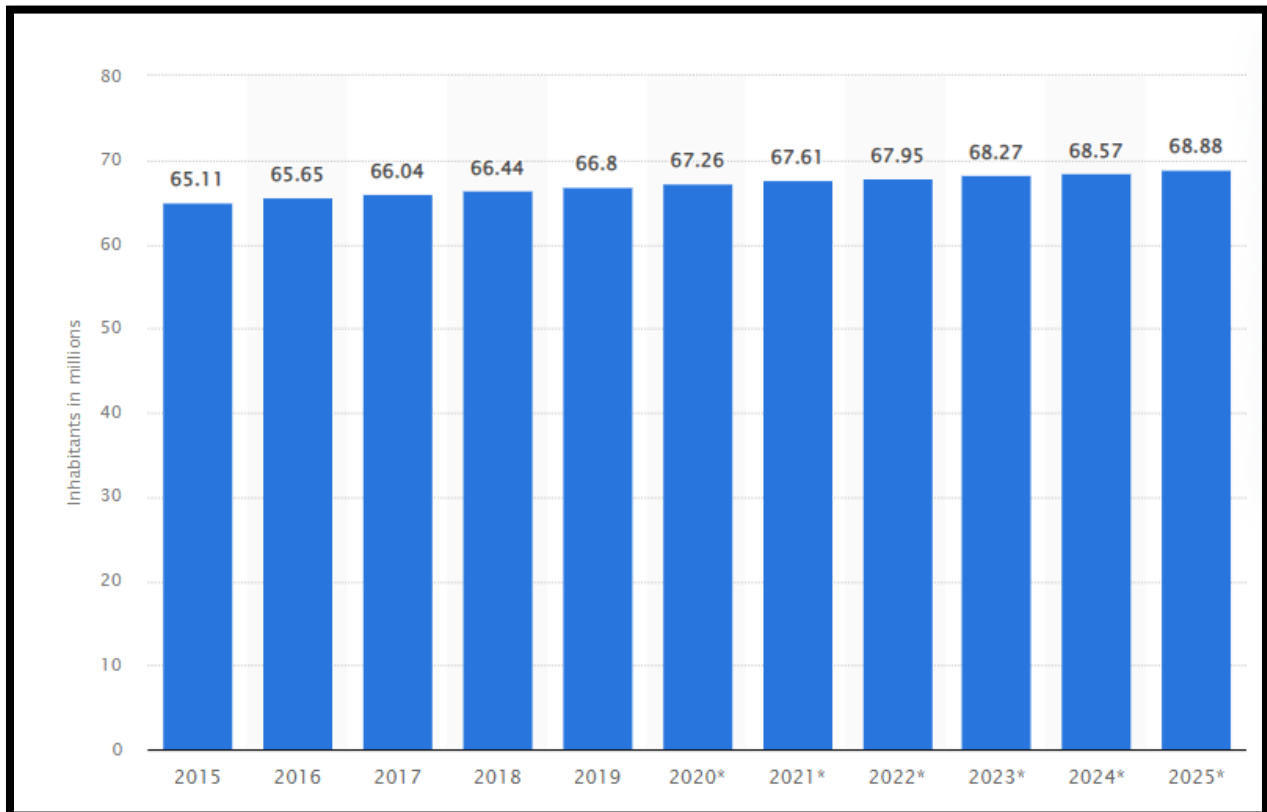


Figure 3: Total Population in the UK

(Source: Pletcher, 2021)

The above statistics shows the total population of the UK between the year 2015 and 2023, with forecasted until 2025. The population of the UK is projected to be 68.57 in the year 2024 and 68.88 in the year 2025 (Pletcher, 2023). This reflects that the population of the UK is growing continuously. This is considered as beneficial for the firm because they can hire numerous employees, which can help them in offering effective services to the customers and this also

facilitates the organisation in gaining a competitive edge over the competitors. The social factor has a positive impact on FG as it assists them in increasing their customer base.

Technological Factor

The UK is regarded as one of the most innovative and advanced country in all over the world in terms of technology.

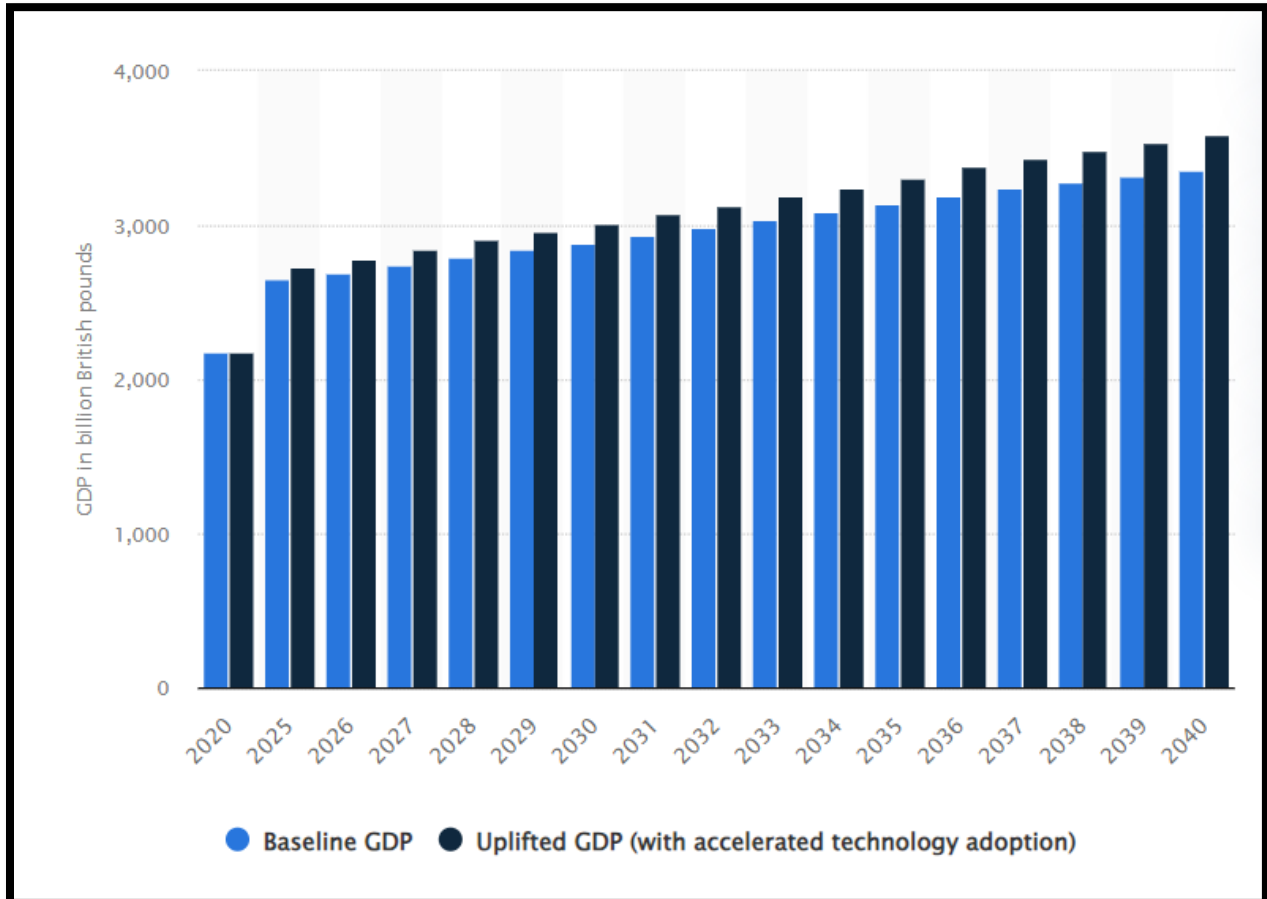


Figure 4: Long-term GDP growth from investment in digital technology in the UK

(Source: Statista, 2023)

Through the above statistics, it has been noticed that the GDP of the UK is rising in terms of investments in digital technology. It is forecasted that the GDP of the UK will rise by 2.8 % in the year 2040 and the reason behind that is the increase in tech investment in the nation (Statista, 2023). The impact of technology factor is also positive on FG because it offers diverse opportunities to firm, which facilitates them in increasing their creativity and innovation among the products and services offered by them.

Legal Factor

From Appendix 1, the legal spending of UK companies has been increasing and in the year 2021, it turned out to be 23.0% in the overall legal spending (Thomson Reuters, 2022). It is essential for the companies of the UK to follow The Employment Act 1996, which protects the rights of the employees in the organisation. The Law states that it is important for the firm to offer paid leaves, sick leaves, maternity leaves and holiday pay to the workforce. The impact of this factor is positive on FG as it helps them in having a maximum level of employee satisfaction.

Environmental Factor

The key environmental issues faced by the UK are pollution, Flood, Biodiversity, Air pollution and climate change and this creates many issues for the country. The impact of this is negative on FG because this can create huge losses for the firm.

Industry position

The industry position of FG has been done by implementing the Porter Five Forces framework and it includes certain elements which are mentioned below (Appendix 3):

Bargaining power of customers

The bargaining power of the sports industry has moderate force, which negatively impacts the strategic position of Frasers Group because it makes it easy for customers to buy from its competitors. The customers easily received the same price and quality. The moderate force of customers is reducing the profitability and the customer base, which ultimately impacts its strategic position. The chosen organization has a wide range of competitors, such as Nike and Adidas, so the customers are easily attracted to them in order to purchase similar products at low prices.

Bargaining power of suppliers

In sports companies, the bargaining power of the suppliers is a weak force. The suppliers affect the chosen organization's access to materials. In Frasers Group, several external factors create the weak bargaining power of the suppliers, such as high supply accessibility for sporting products manufacturing. The weak bargaining of the suppliers positively impacts the strategic position of the chosen business because they easily switch towards the other suppliers to purchase the raw materials in order to manufacture the sports goods (Gonzalez-Porras, *et al.* 2021).

Threat of substitutes

The sports industry has moderate force in regard to the threat of substitutes and its negative impacts on the selected organization's strategic positions. The alternatives can reduce Fraser's

group market share. From the moderate force, the customers have the option to purchase alternative sports products from the competitors. The alternative products have a moderate price-performance ratio, which means the substitute sports products have considerable performance and quality in order to satisfy the customers. If the products have alternatives in the market, then the customers easily switch towards them, which adversely impacts the profits, sales and strategic position within the market.

Rivalry

The competitive rivalry of FG is carried out as HIGH because there are various brands which own high market share and revenue in particular sectors and nation. The key competitors of FG are JD Sports Fashion Plc with \$12.5B revenue, Big 5 Sporting Goods with \$995.5m revenue and Foot Locker with \$8.8b revenue (Craft, 2023). This reflects that the level of competition for Frasers Group is very high.

The threat of new entrants

The threat of new entrants is moderate for the selected company. This is so because in order to gain the same reputation and revenue in the retail sector of the UK, the new company requires high capital and it can be very difficult for a new organisation to come up with a large amount of capital. Another reason behind the moderate threat of new entrants is that FG is well established in the retail sector of the UK and it is very hard for another company to compete with it.

Internal capabilities and stakeholder perspectives

Internal capabilities of the business are regarded as a set of resources that can be used by them in order to meet the organization's needs and requirements. Fraser Group analyses its internal capabilities with the help of SWOT analysis.

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Frasers Group is one of the leading sporting goods retailers in the UK. ▪ This organization has strategic partnerships with several famous brands such as Adidas, Nike, Hugo Boss, etc. ▪ The selected business has a multi-channel elevation strategy in order to 	<ul style="list-style-type: none"> ▪ The chosen business is majorly focusing on the development of the stores, which leads to distraction from establishing the brand. ▪ Frasers group has continuing reputational risks because of negative publicity.



increase customer offerings (Fraser's Group, 2023).	
Opportunities <ul style="list-style-type: none">▪ The selected company is focusing towards increasing awareness of health, which drives exponential growth in the market of sports.▪ Growth in several geographies and new markets.	Threats <ul style="list-style-type: none">▪ The cost of raw materials increases, which can slow the production of sports items.▪ This sports organization develops its online presence, which can increase the threat of cyber-attacks.

The selected organization has a strong strategic position within the market, and the internal capabilities of Fraser's group have a significant impact on its current strategic position. This organization makes a partnership with popular brands in order to enhance its position within the highly competitive market (Fraser's Group, 2023). On the other hand, this organization also has several weaknesses and threats which adversely impact its strategic positions.

In addition to this, Fraser's Group considers the perspectives of all its shareholders in order to make effective decisions and enhance its position because their interest affects all the functions of the business. This organization uses a power-interest grid framework in order to consider the perspective of its stakeholders and manage them in an effective manner.

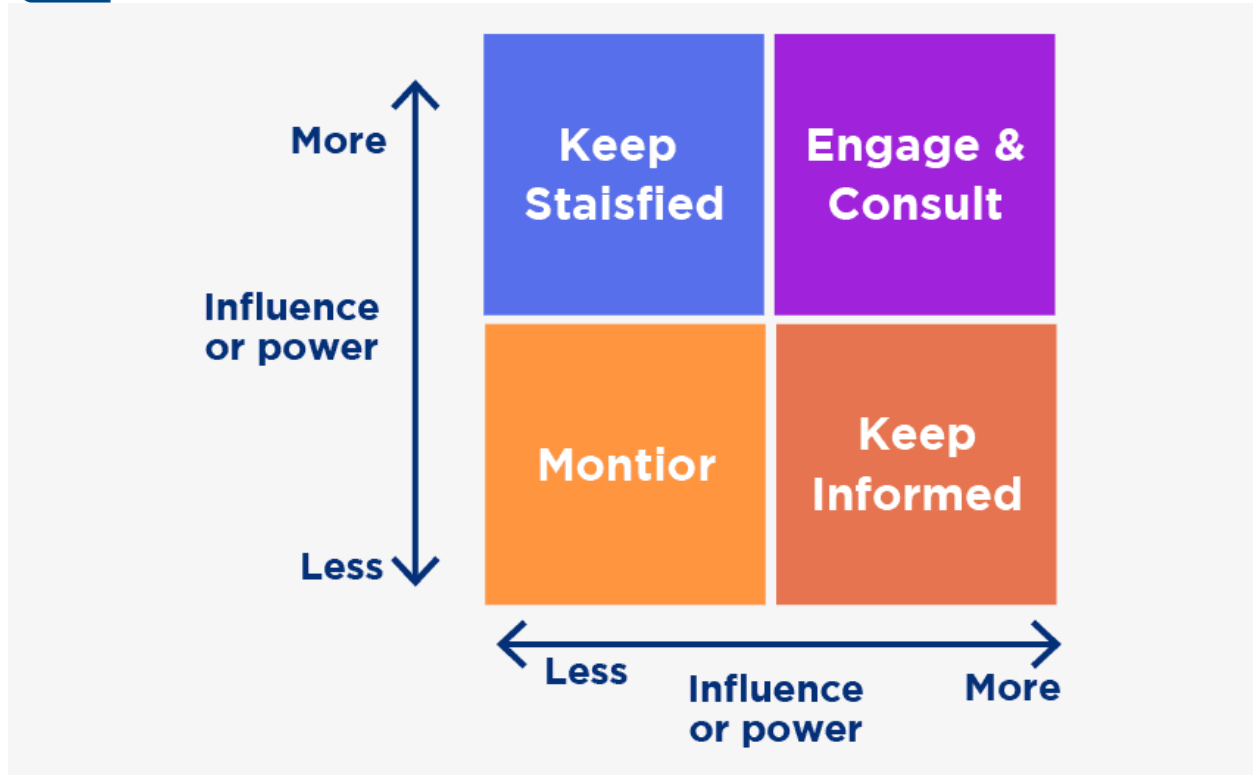


Figure 5: Power Interest Grid

(Source: Davis, 2023)

In the organization, if the stakeholders have more power, then they are regarded as satisfied and more engaged as well as consulted. Along with this, if they have less power and are less satisfied, then the selected organization has to monitor them and provide timely information for management (Munodawafa and Johl, 2019). This framework is crucial for the chosen business because it helps them to manage the resources and time as well as effective communication.

Individual future options

Fraser’s group will have various future options in order to build a strong strategic position within the market. In order to improve the position of the employees within the business, the selected organization will have to provide opportunities with accountability and responsibility. It is vital for the organization to provide training and development to the employees from which they learn something new and develop innovative products as compared to the competitors that will help in establishing the strategic position. If the individuals have a strong position within the business, then they will be highly engaged and put all the effort in order to develop innovative sports products in comparison to Nike, Adidas, etc., and achieve the target goals and objectives (van Heijster, *et al.* 2021). Additionally, negative publicity is one of the major weaknesses of Fraser

Group, which harm the reputation and strategic position of the business, so it will be crucial for the business to train the employees in order to use social media to advertise the products within the market. The organization will require offering several employment opportunities to the employees to build the strategic position.

In addition to this, it is vital for the employees to engage with the customers so that they are likely to make repeat purchases and become loyal to the company, which ultimately impacts its and employees' strategic position. Developing professional relationships within the business will allow them to establish a powerful network of occupational contacts. By representing their teamwork capabilities, the employees will inform the company about their communication skills and position themselves for a promotion. Developing professional relationships will be the best option for the employees to build a strategic position in the business.

Collaborative future options linking with other businesses

The collaboration of the business is considered a process of working together in order to share goals and accomplish particular goals and objectives. Collaboration with other businesses will be the best option for Fraser Group to build its strategic position and gain a competitive advantage within the market. Collaboration with other companies will be beneficial for the chosen company because it helps increase the capability to expose the employees to develop new ideas (Falci, *et al.* 2021). Collaboration with other brands also helps them to improve relationships, increase productivity, and build innovative solutions in order to provide better sports goods to the customers and increase their satisfaction as well as improve their experience.

The chosen organization will have various options to link with other brands, which will help them to build a strategic position and gain a competitive advantage. Frasers Group will collaborate by connecting with the local business owners. This organization is regarded as one of the leading sports companies in the UK, so by linking with the local business owner, it will develop its brand and earn more profits. In addition to this, to connect with the business, the selected organization will partner with companies for events and promotions.

Collaboration with the events will be a useful option for the company in order to develop its position in a highly competitive market because it helps reduce workload, share expertise, and save time and money, which positively impacts the overall performance of the business (Russo, 2019). With the help of sponsorship, Frasers Group will be connected with the other business.

This option will also be helpful for the chosen business because it helps increase return on investment, develop business relationships and promote a positive reputation. Collaboration with the sponsors helps in gaining valuable insights, generating leads and gaining competitive advantage within the market.

Conclusion

From the above report, it has been concluded that organizational Strategy is the long-term strategic plan which roadmaps the route towards the vision and goal of the firm. It is vital for the companies to analyse its current strategic position by evaluating the external and internal factors which have massive impacts on the overall management and functioning of the company. Frasers Group evaluate the macro environment factors with the help of the PESTLE framework. In addition to this, the selected organization uses the SWOT model to analyse its internal capabilities. It also uses the power interest grid in order to consider the perspective of its stakeholders.

This organization can also have several collaboration options to build a strategic position. This organization can also analysis its industry position with the help of porters five forces framework that helps in evaluating its current strategic position. Collaboration with other brands also helps them to improve relationships, increase productivity, and build innovative solutions in order to provide better sports goods to the customers and increase their satisfaction as well as improve their experience.

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Appendix 1

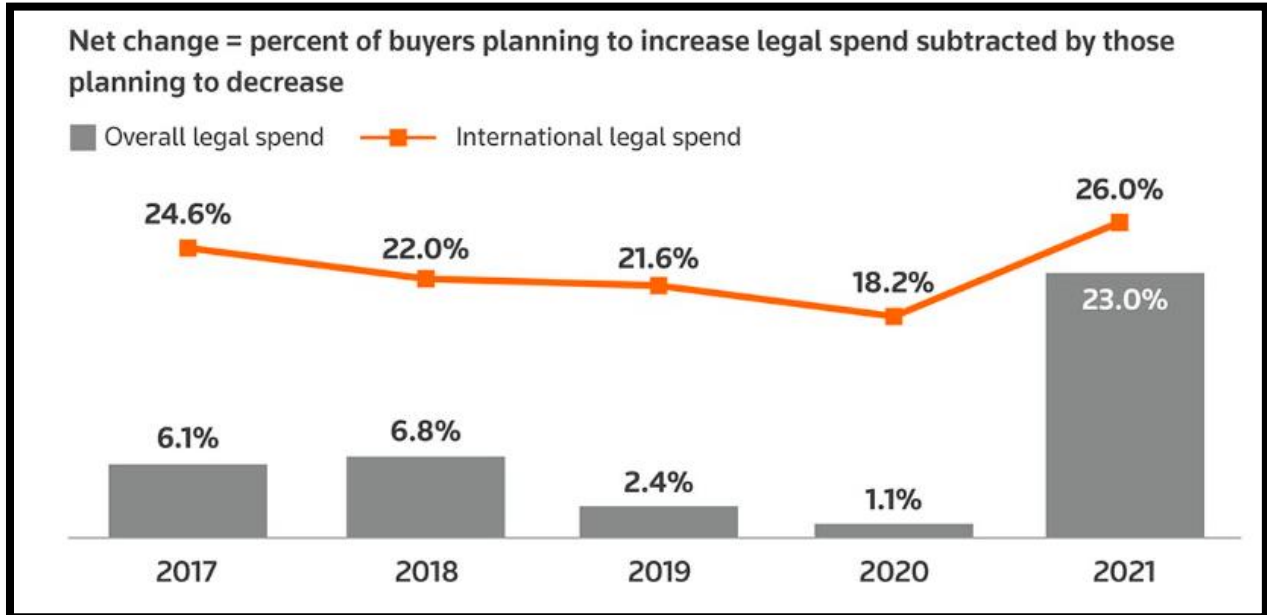


Figure 5: Legal Spending of UK Firms

<https://www.thomsonreuters.com/en/reports/state-of-the-uk-legal-market-2022.html>

Appendix 2

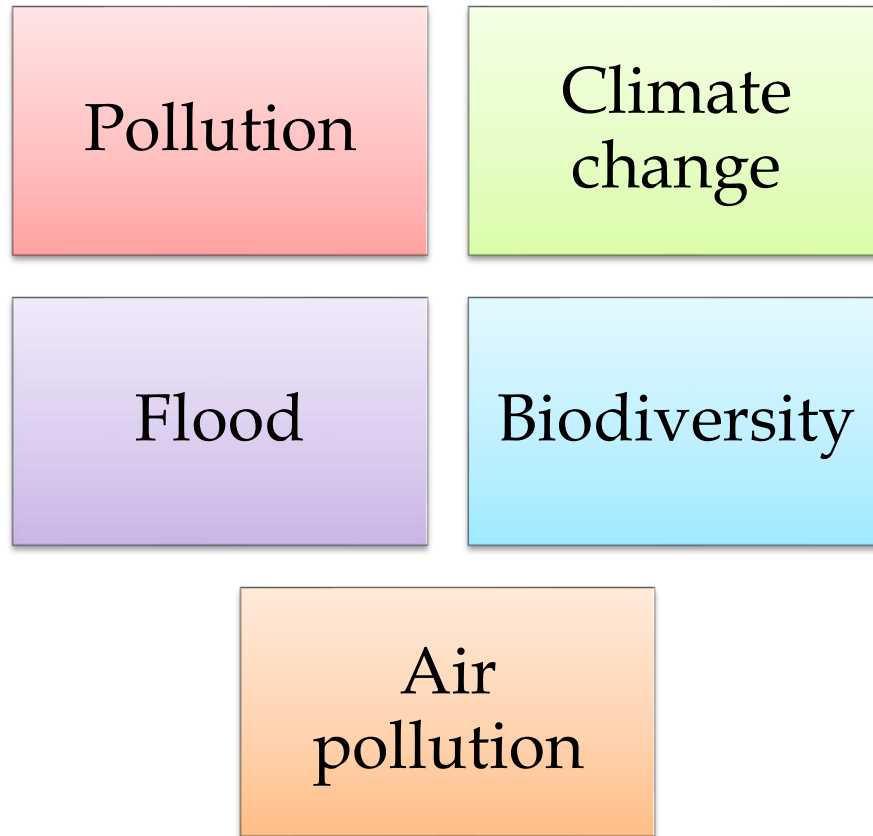


Figure 6: Environmental issues in the UK

(Source: Created by Author)

Appendix 3

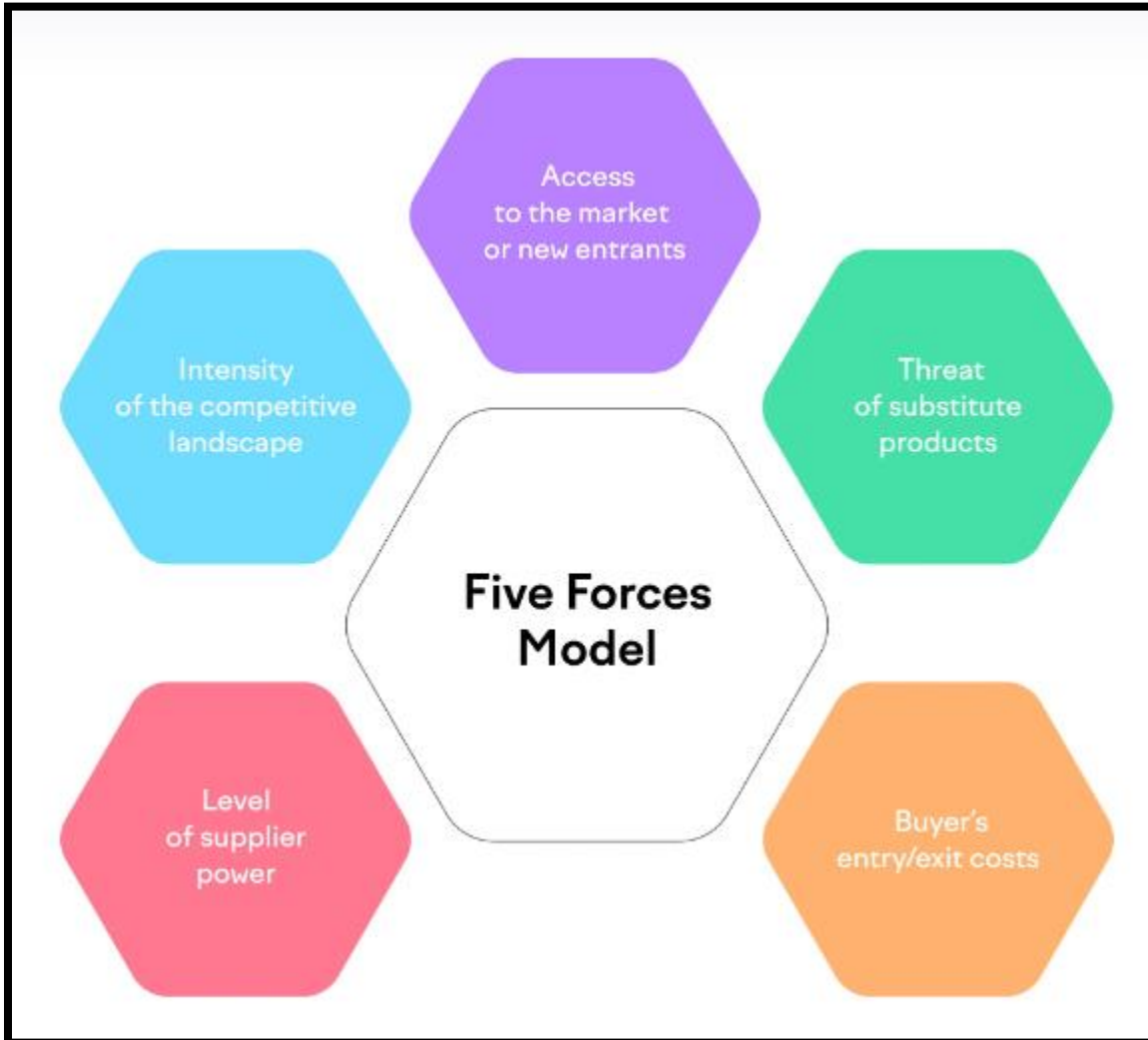


Figure 7: Porters Five Forces Model

<https://www.semrush.com/blog/understanding-porters-five-forces-model/>