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Using analysis methods in business environment: in case of IKEA

Hasan Mahmudov

UNEC SABA

Azerbaijan State University of Economics



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Table of Contents

<i>Acknowledgements</i>	3
Abstract	4
1.INTRODUCTION	5
1.1.Literature review	6
2. THEORETICAL ANALYSIS	7
2.1.THE STATEMENT OF "BUSINESS ENVIRONMENT"	7
2.1.1. Development of stages of a industry life cycle in business environment	10
2.1.2. Business strategies in different phases of industry life cycle ..	13
2.1.3. Impact of internal and external environmental factors on business activity	20
2.2. METHODS FOR ANALYZING THE INTERNAL AND EXTERNAL ENVIRONMENT OF THE ORGANIZATION	25
2.2.1. SWOT analysis	25
2.2.2. PESTLE analysis	30
2.2.3. BCG matrix analysis	33
2.2.4. Importance of analysis methods for business development process	36
3.METHODOLOGY AND RESULT OF ANALYSIS OF THE EXTERNAL AND INTERNAL ENVIRONMENT OF IKEA FURNITURE RETAIL COMPANY	39
3.1. METHODOLOGY OF RESEARCH	39
3.1.1. Research design	39

3.1.2. Data collection	40
3.1.3. Brief description of IKEA	41
3.1.4. SWOT-analysis of IKEA	45
3.1.5. PESTLE analysis of Azerbaijan for IKEA entry to Azerbaijan market	52
3.1.6. Development strategy of IKEA in Azerbaijan furniture market	58
CONCLUSION.....	60
REFERENCES.....	63

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Abstract

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Each business realizes business operations with systematic and analysis in competition business environment. In all of development stages, internal and external factors are analyzed which affects to organization's activity. In additionally, when they entry to new market, they should first analyze market. In this article, I dispute the importance of analysis methods in the business activity and amount of value are gained when are implemented for business. In addition to, I ascribe this importance factors in case of IKEA. Expect that, I deal perspective of Azerbaijan market for IKEA entry to market and strategy for development in this market.

1.INTRODUCTION

External environmental analysis plays an extremely important role in the development of any organisation. This is due to the high level of dynamism, complexity and uncertainty which characterizes companies' modern external environments. In addition, one of the main conditions for companies and other life areas is the ability of the organization to adapt to external changes in the macro environment. Moreover, every organization and function has several factors. These factors have a different impact on the organization and have a significant impact on the organization's capabilities, perspectives and strategies. The combination of interaction factors is considered an organizational management environment.

There are many thoughts on the role of the various analytical methods in management and marketing today. In this paper, we analyzed existing methods for exploration of the macro environment. A large number of methods to evaluate the factors in the functioning of the external market provide a large chance to develop possible market entry strategy options.

The object of research- An internally and externally analyzed environment by the IKEA example.

The purpose of research- Show that the importance of analysis methods in business development process. This importance process used case of IKEA furniture retailer company. The main purpose of research is analysis of Azerbaijan market and measured chance of IKEA entry market, implemented suitable strategy for sustainable development.

Duties of research - The intended purpose must be provided. The following are the following responsibilities:

- Finding a clear definition of business environment;
- Establishing a clear framework internal and external environment analysis methods;
- Analysing certain business activities in furniture sectors in Azerbaijan;
- Identifying a correlation between analysis methods and the development;
- Identifying a strategy for IKEA entry to Azerbaijan market;

Importance of research- Firstly, some businesses use this article in their activity for future development process. Another main influence is opening of IKEA's new stores in Azerbaijan which foreign investment flow our country. This process affects to country's GDP, inflation rate, unemployment rate, and other main factors.

1.1. Literature review

This thesis includes local and international researchers, their logical papers, monographs and a few books by specialists such as Collins, R, Ghazinoory, S., Kotler, P., Armstrong, Johnson, G., Koen, P.A., in this current subject. Materials from web assume a key part in composing work.

2. THEORETICAL ANALYSIS

2.1.THE STATEMENT OF "BUSINESS ENVIRONMENT"

A business tries to gain a profit by giving products that fulfill people's needs. According to Keith Davis, "Business environment is total of all conditions, occasions and impacts that encompass and impact the commerce". The results of its endeavors are products that have both tangible and intangible characteristics that give fulfillment and benefits. When you buy a product, you're buying the benefits and fulfillment you think the products will give. A Subway sandwich, for example, may be obtained to fulfill starvation, while a Honda Accord may be acquired to fulfill the need for transportation and the crave to show a certain picture. Most individuals relate the word product with tangible goods—an vehicle, computer, phone, coat, or a few other tangible thing. In any case, a item can too be a service, which happens when individuals or machines give or handle something of value to clients. Dry cleaning, a checkup by a doctor, a execution by a ball player—these are examples of services. A few services, such as Flickr, a web photo management and sharing application, don't charge a expense for utilize but get income from advertisements on their locales. A product can too be an thought. Accountants and lawyers,for case, produce thoughts for understanding issues. (O.C. Ferrell, 10th edition)

To gain a benefit, a individual or organization needs administration abilities to arrange, organize, and control the exercises of the business and to find and create workers so that it can make products buyers will purchase. A business moreover needs marketing skill to memorize what products buyers require and want and to create, fabricate, cost, advance, and convey those products. Furthermore, a business needs budgetary

assets and abilities to finance, keep up, and grow its operations. Other challenges for business people incorporate tolerating by laws and government controls; acting in an moral and socially capable way; and adjusting to economic, innovative, political, and social changes. Indeed non-profit organizations lock in in administration, promoting, and finance exercises to assist reach their objectives. To accomplish and keep up profitability, businesses have found that they must create quality items, work efficiently, and be socially dependable and moral in managing with customers, employees, investors, government regulators, and the community. (Ricky W. Griffin, Mike W. Pustay, 2014)

Businesses change in estimate, as measured by the number of workers or by sales volume. But, all businesses share the same reason: to pick up benefits. The reason of business goes past winning benefit. There are:

- It is an imperative institution in society;
- Be it for the supply of items and administrations;
- Creation of work opportunities;
- Offer of way better quality of life;
- Contributing to the economic development of the country.

Therefore, the trading part is crucial. It is caught. Without organization, society can not do without. It doesn't need any emphasis on organizing society as much as it needs. The business environment is vigorous in nature and therefore continues to change. Changes are uncommon in the business environment. The precise nature of future events and changes in the economic and social environment are very difficult to anticipate. There is a variety of business environments, region by region and country by country. Indian political circumstances are different than those in

Pakistan. The taste and values of the Indian and Chinese people change dramatically. (O.C. Ferrell, 10th edition)

Every one of the frameworks are subsystems of other framework in the nature with the exception of the supra-framework or universe. We separately are likewise the piece of our family. Formal association or business is made of gathering of individuals for explicit reason. Fundamentally the same as the association we by and by are the individuals from our family and that is a segment of a more extensive society. A similar society is a segment of a country. Gathering of country with comparable intrigue are assembled in territorial partnerships, for example, SAARC and EU. World economy is made of with all these provincial collusions and network. In this methodology, nothing is in confinement. All are coordinated and interlinked. Organizations are open frameworks since they get assets from others and offer yield to other people. A business manages number of business natural powers. These powers from where a business gets assets and supplies assets, powers that impact the business activity, and factor that present chances and dangers are taken as the business condition. In this sense, a business can be seen as an inner framework or control capable arrangement of a supervisor or strategist. Chiefs can control their very own organizations. Administrators can gather assets, for example, capital, human, information, thought, land, and types of gear. These parts are controllable. (O.C. Ferrell, 10th edition)

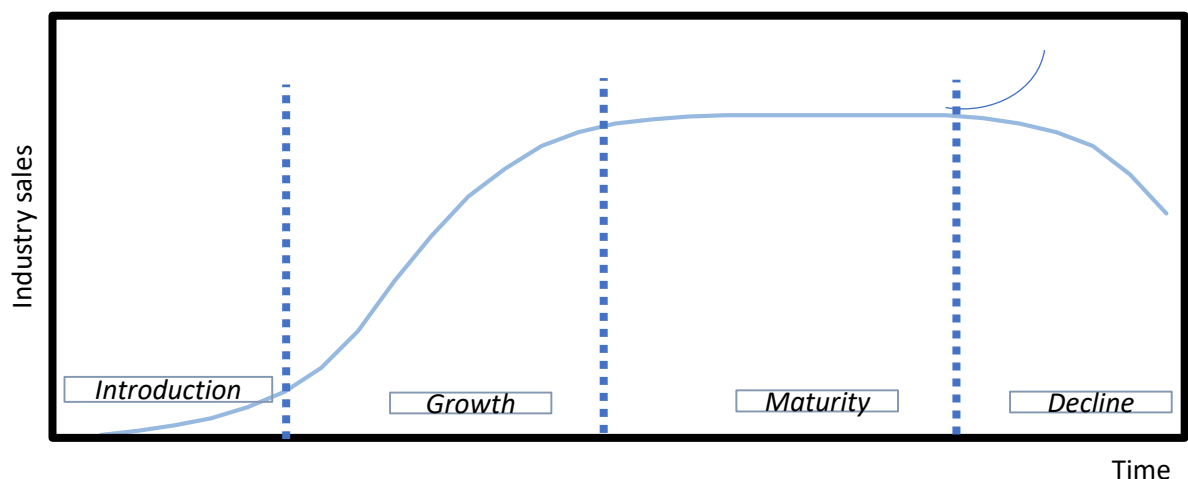
Trade in the midst of the 21st century will be knowledge-based, tomorrow's administrator require not spend his time on record pushing and paper-shuffling. Data innovation will beware of most of that work. Straight relationship between the boss and manger and specialist streaming downwards and compliance upward will vanish. Workers will have no unequivocal occupations. Most of the occupations will final for two to five a long time. (O.C. Ferrell, 10th edition)

Business is the item of the innovative, political-legal, financial, social – cultural, worldwide and common components in the midst of which it capacities.

2.1.1. Development of stages of a industry life cycle in business environment

Michael Porter was one of the most widely-used models of an industry life cycle in 1980. Although a broad variety of studies are available, this demonstration is still widely regarded as the basis for analysis of the life cycle. This concept states that the industry is the most critical part of a company's environment. Its properties and controls determine the competition struggle and its structure influence the rules of competitiveness and thus the essential methodology for survival and progress.

Fig. 1: Phases of the cycle of business



Source: Adjusted according to Porter, 1980, 156

With the Abernathy / Utterback model we will expand the whole system to clarify some features of stages in the life cycle of the industry. (Abernathy & Utterback (Abernathy & Utterback 1978) differentiates the

way in which the business is handled and developed. Enhanced product and manufacturing is a criterion for identifying changes in each phase. The model describes three industrial phases. In the liquid phase, the company is primarily interested in product development. The rate of progress of the product is higher and the highest technological measures are taken. Products are improved in any case by improper client trends that require high-generation adaptability. The high level of development of production requires all-inclusive equipment and highly talented workers. Manufacturing materials are extremely widely used and production plants are small and customer friendly. Following the overwhelming design of the product(s), we take the transitional phase through which operational and technological measures are cruelly implemented. The reduction in the number of products reduces product development, so that the developments in time management have become the most important intriguing feature of managers. Manufacturing forms are mechanised, all plants with incompletely specialized equipment and the materials used in manufacturing are also a little specialized. With a fetched decrease and increased quality of services the most competitive challenge was achieved in the product varieties. The final phase, the specific stage, consists of the moo level of both items and the development of the products with a decreasing propensity. Products are standardized and undifferent, whereas preparation for generation is rigid, mechanized, seriously capital with high exchange costs. Generation is extremely crucial, making it extremely problematic to adjust to changes in the environment of the company. In turn, this calls for effective management and control functions. Although the separation of phases in the life cycle of the industry is very natural, we demonstrate how and why companies are progressing. The flow of improvement of the industry is characterized by two sorts of dangers of out of date quality – danger to center exercises and risk to center resources

(McGahan, 2004). The risk to center exercises alludes to a essential risk to industrial exercises that have realized profits for the industry within the past. The threat to center resources (center competencies) could be a risk to assets, information and brand which made the organization one of a kind within the marketplace.

Businesses advance by one of four distinctive directions: radical, dynamic, inventive and intermediating. The direction postures limits on what will create profits for the business. Radical change happens when core exercises and center resources (competencies) are undermined by out of date quality. This ordinarily happens after mass presentation of a modern technology. Industry that has moved along this way is totally changed, but not overnight. Industries that have been altered by radical changes frequently stay productive for numerous a long time. More frequently than not this happens when clients and providers have modern market openings, picked up through special get to to certain data. This alter makes foremost exercises of the industry imperiled. In any case, core resources of these businesses, such as information, brands, licenses or indeed specialized plant gear hold most of their esteem in case they are inventively utilized, which is the duty of directors. Businesses which have experienced inventive changes are characterized by steady connections with customers and providers on the one side and by unsteady resources on the other. The contrast is that dynamic alter does not infer the risk of out of date quality to center resources. On the opposite, essential assets tend to rise in esteem over time.

2.1.2. Business strategies in different phases of industry life cycle

introduction of the life cycle of the industry

Emerging industries are modern or changing industries starting with innovation and changing relationships between relative costs, modern customer needs and other financial and social changes. The main feature of this phase is that from the perspective of the technological plan there are no rules. In the industry, the competitive challenge is to harmonize rules that companies should manage and flourish. This phase consists of the fundamental components: (1) technological and critical instability; (2) high start-up cost (entry fee). 4) the purchased primary (earliest adopters) customers ; 5) the short term phase ; 6) the appropriations for business.

Strategic choice—moment of entry The market pays tribute to pioneers and the biggest market share is the biggest "gift" (Urban & Carter 1986). To begin by mover preferences, a modern product can be planned, inventive business forms or modern markets can be achieved in a few ways. As companies that are not used enter the market, the initial remuneration is reduced over time, driving pioneers to need to increase and/or protect their publicity share.

Table 1: Advantages and disadvantages of first movements

Advantages	Disadvantages
The chance to abuse the circle of positive critiques.	The use of free movement.
Create loyalty to brands	Unanticipated technological changes or customer needs.
Making high customer exchange costs, making it more difficult for new companies to enter the market (limitation to section).	
Important customer needs information collection, transport channels, production technology, etc.	

Source: Compiled according to Hill & Jones, 2010, p. 226-227

The first moving companies build competitive focus points by using the reality that they are (amongst) primarily involved in a modern market. The overall measure of competitive preferences of the pioneers depends on to whatever extent supporters (Varadarajan & Peterson, 1992: 1) benefit by the contrast between the toll of development costs and the cost of impersonation; 2) abuse cost saving of development; It is a crucial choice whether a company should be a pioneer or a supporter. The correct approach is to determine the company's current and future domestic capacity (Kaličanin 2008). The choice depends on the probability of the advantage for the key mover. This time is not only chosen by introducing internal corporate resources, but also by prefacing the industrial stream. The industry flow interacts two critical elements: the rate of innovative improvement and the pace of market progress (Suarez & Lanzolla 2007). Both components play a role in the company's external environment and are beyond the control of any management innovation. The rate of innovative progress is linked to the number of exhibitions progressing over time. Other innovations, such as computerized photography, advance all of a sudden, with small or no association with the prior winning innovation set.

The first mover strategy

A study about conducted by the counseling bunch Booz, Allen & Hamilton (1982) has distinguished a few categories of products based on their oddity seen by the company that presents them as well as by buyers of these products. In spite of the fact that more than three decades passed, ready to still apply the comes about of the study by distinguishing the taking after six categories of items: (2) new product lines—product categories that may be a strange thing for an enterprise presenting it but

not modern to buyers in the target market, (3) increments of the existing product lines (26 percent)—modern products that supplement a firm's existing product line. Items have been modestly modern for the Company and its customers; 4) progress of existing items (26 percent)—articles that enable the progressive implementation or more prominent considerations presented to replante existing products; 6) items at least cost (11 percent)—adjustments in production which allow for a palatable percentage of product performance and production costs.

Inquire into proposals for successful pioneers both through the quality of product(s) and the development lines to achieve and maintain their competitive points of interest (Robinson & Fornell, 1988). Potential competitive prime sources accessible to the pioneering companies are: firstly, market choice and market positioning, capacity to determine divergence rules; points of interest for dispersion; economies of scale and impact of participation; tall costs of early change bending bend (Varadarajan & Peterson 1992)

The late mover strategy

Late entering strategy Several corporate circumstances restrict the company to becoming a default supporter (e.g. another company supervised to advertise its products more rapidly). In any event, companies that sometimes have the ability to be pioneers allow others to take the lead and to watch the market unfold as it happens. The points of interest of this approach include the abuse of the pioneer botches (in the market situations, the promotion, item botches) and the ability of pioneer firms to utilize limited assets (Walker & Larreche, 1996). Indeed, the methodology of late-participants is based on the theory that the method will be viable, since adherents are not affected by the advertising pioneer. In order to improve modern products, conveyance channels and buyer

instructions, pioneers as trend-builders contribute greatly (Kotler, 2001). In most cases, it is the market pioneer that compensates pioneers for this hazard.

Growth of the life cycle of the industry

The development of modern industries is possible with innovative developments. As modern innovations progress, the product's capture is reduced and quality progresses, demand grows and with its section and development the industry develops on the market. Innovation and its implementation separate items, where unequivocal quality becomes a key characteristic of complex items (Watchman, 1980). Speculations on marketing remain high, but are currently at a lower rate than in the presentation phase. In this phase of the industry, innovation in the life cycle is known and mass production is being changed.

Pioneer market strategy market

A company in various industries is perceived as a pioneer. This company has the biggest market share and can change costs, present modern products or increase their progress in the urgent and/or other companies. The position of a market pioneer speaks of a type of benchmark for competitors that they should challenge, repeat or possibly avoid. Maintaining intellectual market share respected as a key to long-term productivity not only takes their companies into consideration benefits and deals. Normally because the dominant market share has considerable advantages. The company should not, however, aim to maximize its market share but to achieve an ideal level of market share. A business shall assess the link between a market share and productivity in order to establish its ideal share of its market ; relegate the risk to any

market share ; determine how much growth in market share (take additional risks) will not be compensated by an increase in profit.

Strategy Challenger

A company with a relative time of market share furiously strives for market pioneers to complete. A market challenger can jointly achieve its goal by attacking market pioneers and other competitors through techniques such as frontal attacks, side attacks and guerrilla attacks (Sahaf, 2008).

Recent stage in the industry life cycle

The transition from the time of high development to a humbler level of development involves many industries. It is an almost continuous period of transition from a development stage to maturity for companies within the industry. This is often the time in which the company undergoes essential changes, driven further by several patterns, some of which include (Doorman, 1980): 1) Slower growth is a more competitive market share. Management is focused on the assault of competitors; 2) No modern product. 3) Competition is becoming more cost-and quality-focused as a result of the moo, expanding information for buyers, and increasingly prominent innovation; 4) the increase of global competition; 5) the benefit of the industry is declining. The Buyer center is moving from whether to buy the item for choice on distinctive brands; Changes often occurring in the transition to development are conceivable changes within the industry's fundamental structure Each major element of the industrial structure is changing: limits of portability, the relative importance of specific limits, the increased competitiveness, etc. Basic changes suggest that the company must react deliberately almost continuously. Three

potentially efficient bland approaches exist: (1) fetched authority, (2) subjective separation and (3) centre.

Strategy for cost management

A company which chooses the methodology of the collected authority points towards lowering its costs through encounter, continuous costs control, a toll reduction in investigation and improvement regions, promotion, advancements etc.. The company is responsible for the cost reduction. The objective of the procedure, although the quality of the services and other regions must not be ignored, is generally to have lower costs than competitors. In the twentieth century, companies implemented the methodology of the collected power through mass manufacturing, mass dispersion and economies of scale. In the 21st century, however, the supervisory center moves into tilt manufacturing, organizational reconstruction and outsourcing. Companies are then locked up in exercises that bring them clear preferences, and the rest is outsourced (Malburg, 2000).

Strategy for quality differentiation

The subjective separation process consists of creating a product / service that is considered to be special to the customer. The plan or brand picture, prevalent innovation, extraordinary customer benefit or differentiated scatter organization can do this. This technique does not allow the cost to be disregarded, but it is not the main aim. Subjective division may be a reasonable technique for exceeding normal returns because it provides a defective position to be able to adapt to competition. Separation provides the safety of competitors in a sense that reliability of the buyer brand makes the company less sensitive to cost changes. This increases the edge of advantage and maintains a strategic distance from the need for a low-

cost market position. The reliability of buyers and competitors should combat the uniqueness of the company, giving possible participants sectional borders. In some cases, the recognition of separation will provide the company with sufficient interest, which is because the product / service are often seen as an elite that is inconsistent with a high market share.

Strategic Focus

This methodology focuses on specific customer groups, a product line section or geographic markets. The aim is to use one of the two methodologies, but to focus on serving regions or specialty markets in particular. The methodology is based on the suspicion that the company can better serve a contract, which is an important area of the market intentionally. As a result, the company performs a subjective separation by means of superior arrangements for the regions or lower costs to serve these regions.

Decline in the life cycle of the industry

The decreasing industry may be recognized by a supreme decrease in sales over a longer time frame for the purpose of critical investigation. It is marked by falling profit margins, decreases in generations, lower speculations on inquiry and marketing and fewer competitors (Watchman 1980). The collecting technique is the main choice in this phase of the industry life cycle. In its Kotler report (Kotler, 2001), Collection Process is a key management option to reduce the risk of decreasing costs and / or advancing cash flows within the business unit. It involves the disposal of all businesses (with imaginable dismissals) and was the largest cash flow of the company. This technique is satisfactory if the competitive advantage of the trade is steadily decreasing and advertising conditions fall and the company holds a moderately strong competitive position at

the start of the decrease showcase, which enables current customers to actually maintain their buying levels when showcasing returns are greatly decreased (Doyle, 20 Nov) In declining businesses, companies regularly focus on methodology gathering and overlook two more options: the display authority technique and the market-sensitive technology. A company that follows the procedures for market authority tries, by becoming an industry-specific company, to achieve more than average profitability. The most common technique is that the company can be productive by gaining an advertising authority, because it has the ability to control it more jointly by maintaining a strategic distance from war of costs. This technique is performed by supervisors through activities, such as decreasing obstacles to exit or driving others in additional ventures within the industry. It is commonly used as a methodology of the essential business units of huge companies, in which the costs for carrying out an obvious task put into the market are excessively high. A market-nicher methodology can only be used with small businesses. The benefits of this technique are remarkable because it is not as beneficial, but also avoids competition and meeting.

2.1.3. Impact of internal and external environmental factors on business activity

In the absence of an efficient business within the market place, it is essential for them to fully understand which variables affect their company's improvement. Once they are aware of almost positive and negative impacts, they can create appropriate procedures to handle any expected circumstances within and outside the company. This is the first critical task for an endeavor to recently send any essential marketing

arrangements to analyze both internal and external factors. (Catron, 2013: 38).

The internal factors allude to anything inside the company and beneath the control of the company no matter they are tangible or intangible. These variables after being figured out are assembled into qualities and shortcomings of the company. In case one component brings positive impacts to company, it is considered as quality. On the other hand, in case a factor anticipates the improvement of the company, it may be a shortcoming. Within the company, there are various criteria ought to be taken into thought. (Chung, 2005: 15):

Human resources

The human component can be said to be one of the main essential variables that affect the company's development inside. The employees can either be of a quality or a company deficiency depending on the level of ordinary capability, working conditions etc. As an illustration, they are without any doubt the greatest resource for this undertaking inasmuch as a trade has suitable and convinced workers. Otherwise, workers without being carefully prepared and with bad thoughts will be a huge challenge for the company.

Capital resources

Of course, cash is the crucial portion for any undertaking to perform its arrange. No business can survive without having capital assets. Once a company has sufficient budgets, they can effectively dispatch their ventures and grow its scale. There are too a few ways for an venture to preserve steady budgets by a few assets such as speculation openings, financing, and yearly salary.

Operational efficiency

The way an endeavor works specifically influences their victory within the commercial center. The operation of a company incorporates a bundle of contributing components such as items, workers, customers. The commerce proprietors got to completely get it how their items made, how it is consumed and favorable by buyers, how their workers perform their assignments, what advancements ought to be made, etc. As it were when the administrator really knows level of proficiency the company is, can he considers around fitting alteration strategies to handle all current issues.

Organizational structure

The owners must be careful in setting up a system to work within the company to have a reasonably well organized structure. Whether it's a centralized or decentralized framework, how compelling the structure is when it comes to the company is the most important thing. Divisional managers have to make it absolutely clear that all customers receive the data stream in general. Reasonable rules and guidelines are connected to ensure the benefits of employees and the company.

Infrastructure

Once you have a well-trained and persuaded workforce, an overwhelming operational and organisation, make sure your firm is founded on everything you need. With state-of - the-art and high-quality offices, your firm will probably perform better steadily, web and wLAN associations, and so forth. In other words, the more openings you have for your company to perform effectively the better your foundation.

Innovation

With the quick pace of the fourth mechanical insurgency, the world is on the ways to unequivocally alter the life of individuals counting how they work, they communicate with each other. Subsequently, each company moreover should enhance themselves firstly to keep up with the advancement of the entire world and furthermore to form themselves exceptional among competitors. Advancements can be taken in fabricating handle, organizational structure, or indeed foundation.

All internal factors are interrelated. Changing one of them influences to a few degree all others. Progressing one variable, for case, such as innovation, may not essentially lead to expanded efficiency in case these changes influence contrarily another variable, for illustration, people. (Crawford and Williams, 1985: 5)

On the opposite to inside variables, outside components are influencing components exterior and beneath no control of the company. Considering the exterior environment permits businessmen to require appropriate alterations to their showcasing arrange to form it more versatile to the outside environment. There are various criteria considered as outside elements. Among them a few most extraordinary and imperative components got to recorded are current financial circumstance, laws, encompassing framework, and client demands. (Dobbs, 2014: 32)

Economic situation

Economy is one of the foremost deciding components to the victory of the company indeed in spite of the fact that it is an outside component. Inside the economy, a few contributing variables such as the variance of intrigued rate, financial emergency, and so on straightforwardly and unequivocally influences the utilization of buyers, and subsequently, the benefits of businesses.

Laws

The rules and directions from neighborhood government play an indispensably part within the advancement of the company. There are a few nations which their laws anticipates the improvement of a few certain businesses. That can be a risk to the company. On the other hand, a few businesses get positive and nonstop back from nearby government by means of their rules and controls. Other than, in case the laws permit organization exterior the nations contribute in neighborhood businesses, they will in a roundabout way make an colossal source of money related bolster for nearby business.

Surrounding infrastructure

Depending as it were on interior foundation isn't sufficient for the company to create. On the off chance that they have a well-structured and advanced foundation, but the street to access the company isn't well made will be discouragement for the business. They will find trouble in conveyance strategy and trying to find a collaborator. Particularly, in case your company fabricate hi-tech gadgets; in any case, the exterior framework isn't appropriate to prepare these gadgets, it would be a huge challenge.

Customer demands

We all know that what people need, require and demand is more often than not distinguishable from each other. Customers require something to communicate with the outside of a family; they need a multi-functional smartphone; however, the customers can not use a restricted budget for

their smartphone. Your request is therefore a common telephone that can perform basic capabilities. If your company does not know what your customer needs are, you will be faced with problems.

J. Bell characterizes it as: "The outside environment of the organization incorporates such components as shoppers, competitors, government offices, providers, money related organizations and sources of human assets" (Liu, 2016). The outside environment in administration ought to be caught on as a set of interrelated outside variables of property alter that influence the organizational system. External variables are fundamentally uncontrolled powers that impact the choices of directors and their activities and, eventually, the inner structure and forms within the organization.

2.2. METHODS FOR ANALYZING THE INTERNAL AND EXTERNAL ENVIRONMENT OF THE ORGANIZATION

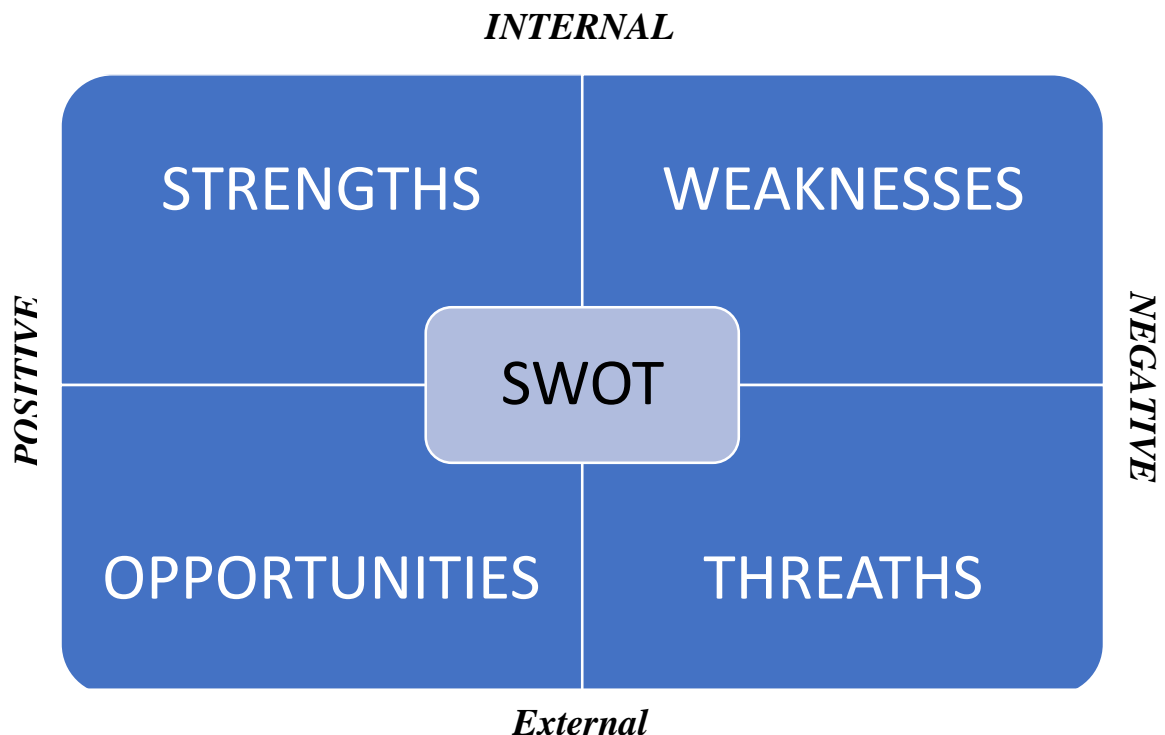
2.2.1. SWOT analysis

SWOT analysis was initially conceived and created within the 1960s and its essential organizing standards have remained generally unaltered within the field of key management since that time (Kotler et al., 2013). A efficient system which makes a difference supervisors to create their business techniques by evaluating the internal and external determinants of their organization's execution (Ghazinoory, Abdi and Azadegan-Mehr 2011). Internal natural components incorporate authority ability, human asset capabilities, the company's culture as well as the viability of its approaches and strategies. In differentiate, external

components incorporate competition, government enactment, changing patterns, and social desires (Johnson, Scholes and Whittington, 2008).

The SWOT analysis system includes analyzing the strengths (S) and weaknesses (W) of the business's inner components, and the opportunities (O) and threats (T) of its outside components of execution (Ghazinoory, Abdi and Azadegan-Mehr, 2011).

Fig. 2: Format of SWOT matrix



Source: Compiled according to Ghazinoory, S., Abdi, M. and Azadegan-Mehr, M. (2011), pp. 24-48.

into this analysis, the weaknesses and strengths inside a company can compare to the opportunities and threats within the business environment so that successful methodologies can be created (Steerages and Nixon, 2010). It takes after from this, hence, that an business can

determine an successful technique by taking upper hand of its opportunities by utilizing its strengths and offset its threats by minimizing the affect of its weaknesses. Additionally, SWOT analysis can be connected to both a entirety company as well as a particular extend inside a company in arrange to distinguish modern company techniques and assess extend achievability.

That the strengths and weaknesses of a organization connect to its internal components such as assets, operational software engineers and offices such as deals, marketing and conveyance (Hollensen, 2010). More particularly, a strength is an profitable – or indeed one of a kind – ability, competency, product, or benefit that a business or venture has that permits it to make competitive points of interest. This may incorporate theoretical concepts, such as its ownership of solid inquire about and improvement capabilities. A weakness on the other hand could be a key drawback, such as a ability that the business or venture needs which limits it and makes potential dangers in negative financial conditions. Accomplishing a adjust between such positives and negatives is in this manner a essential pre-requisite for any business and it is additionally basic that a company proceeds to survey its strengths and weaknesses to require account for changes in its internal environment (Kotler et al., 2013).

An opportunity is an attractive condition that can be abused to strengthen a core situation. An alternative threat could be a condition that would create instabilities that might be damaging to the performance or market share of an organization (Henry, 2011). Threats include the presentation of competing modern products or services,

innovative developments and contemporary regulation outside competition. Therefore, a company must develop techniques for dealing with these threats in order to anticipate its market share, reputation, or advantage. It must be famous, in any case, that opportunities and threats occur within the environment and thus are frequently past the control of the business— but they do suggest recommendations for key heading. SWOT analysis, consequence, demands a extraordinary bargain of investigate into an organization's display and future position (Johnson, Scholes and Whittington, 2008). The comes about of SWOT investigation give a valuable source of data from which an business can go on to create approaches and hones which permit it to construct upon its strengths, reduce its weaknesses, take hold of its opportunities, and make possibility plans or estimate to kill or reduce threats (Kotler et al., 2013). SWOT analysis is broadly utilized by supervisors since of its straightforwardness (Hollensen, 2010). It is utilized as a arranging device that can be adjusted to a run of circumstances and ventures.

While it isn't the as it were strategy accessible to directors, it can often be the foremost successful in the event that utilized appropriately (Henry, 2011). The premise for a SWOT analysis is ordinarily drawn from an review audit as well as from autonomously carried out interviews with staff and clients. Information is at that point analyzed to reach at a list of cases which can be categorized into strengths, weaknesses, opportunities, and threats. The key issues and business exercises are at that point reassessed through extended discourses between directors and decreased advance to distinguish the foremost vital issues and the possible impact that they seem have on the company. In case too many issues are contain within the analysis, there will be a need of center

within the improvement of a modern company technique and in this way it is critical to guarantee that such talks center on a restricted number of variables (Ghazinoory, Abdi and Azadegan-Mehr, 2011).

Moreover, the matter considered ought to be made in see of client suppositions and recognitions, which would subsequently require impartiality. In a perfect world, a company ought to carry out a SWOT analysis on a standard premise in arrange to evaluate its circumstance against its competitors in a always advancing market environment (Fernie and Moore, 2013). It is additionally suggested that an organization ought to create and attempt SWOT analysis on its competitors so that it is able to require under consideration buyer discernments and factors of their buying behavior. This is often especially the case with issues such as quality, in which recognitions may be more effective than reality (Kaplan and Norton, 2008). In today's exceedingly competitive and quick market environment, directors may make a grave mistake when assessing their company's assets; that's , not to survey them comparative to the competition (Kotler et al., 2013). A competitive analysis as portion of the SWOT system is continuously essential in arrange to decide an organization's place within the more extensive market. Hence, for case, in the event that a venture or company strength is the size of capital it has got to contribute in progressed IT usefulness, this may not be the case in the event that its competitor is contributing twofold this size to progress its claim IT usefulness. In this way, it is now not a strength but rather a weakness for the business. The same fierce analysis ought to too be taken into consideration when evaluating opportunities and threats, because it depends on the comparative circumstance of the competing companies (Johnson, Scholes and

Whittington, 2008). At the culmination of the analysis, the organization is cleared out with reasons behind their choices as well as their potential impacts, which gives them with a more grounded premise from which to create future key choices.

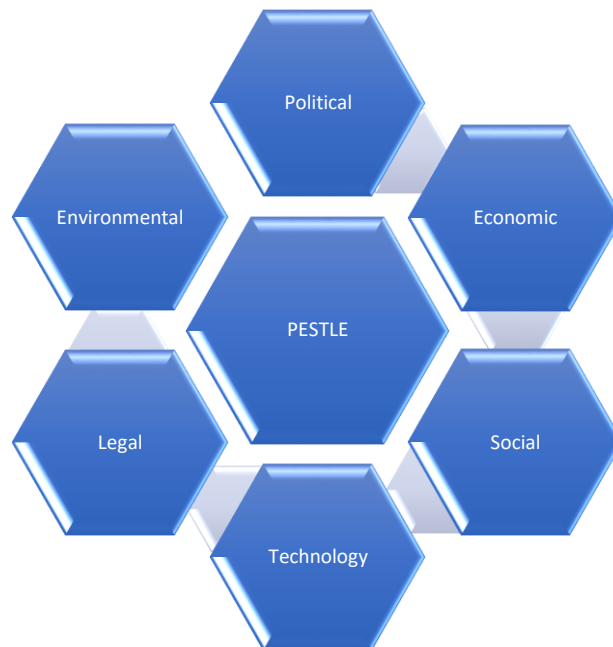
2.2.2. PESTLE analysis

PESTLE analysis components are Political, Economic, Sociological, Technological, Legal and Environmental. The PESTLE analysis looks at each calculate to survey what their affect or potential affect on the business (Middleton, 2003). In this way, they can plan deliberately for any convert that ought to be made within the association or essentially to have the mindfulness of the external market to provide them a competitive edge over other firms within the industry. Cases of each PESTLE analysis figure are:

- Political: what is happening politically with respects to assess arrangements work laws, exchange limitations, tariffs
- Economic: what is happening inside the economy i.e financial development/ decrease, least wage, unemployment (nearby and national), credit accessibility, fetched of living, etc.
- Sociological: what is happening socially i.e social standards and desires, wellbeing awareness, populace development rate, career states of mind. Technological: modern advances are ceaselessly being created. There are too changes to obstructions to passage in given markets
- Legal: changes to enactment. This may affect work, get to to materials, assets, imports/ trades, tax collection etc.

- Environmental: what is happening with regard to biological and environmental aspects.

Fig. 3: Format of PESTLE analysis



Source: Compiled according to Free management books 2013, 6

A PESTLE examination is utilized in business and could be a strategy of assessing the industry which an association is within. The PESTLE analysis looks specifically at components which are external to the business which is able affect on the trade. This can be with a see to deciding the current part and status of the association in connection to its competitors and can be utilized as a showcasing apparatus.

The taking after stages of the Bother investigation are distinguished:

1. A list of macro-environment components that have a tall likelihood of realization and affect is developed.
2. The noteworthiness (likelihood of execution) of each occasion for a given endeavor is evaluated by doling out to it a certain weight from one (the foremost vital) to zero (immaterial). The whole of

the weights must be rise to one, which is guaranteed by the normalization.

3. An evaluation is made of the degree of impact of each factor-event on the enterprise's technique on a five-point scale: "five" - a solid affect, a genuine threat; "Unit" is the nonattendance of impact, threats.
4. Weighted gauges are decided by increasing the weight of the figure by the drive of its affect, and the overall and weighted assess for the given undertaking is calculated.

The full score indicates the degree of the enterprise's availability to reply to current and anticipated components of the external environment. In the quantitative form of the evaluation, it ought to be borne in intellect that:

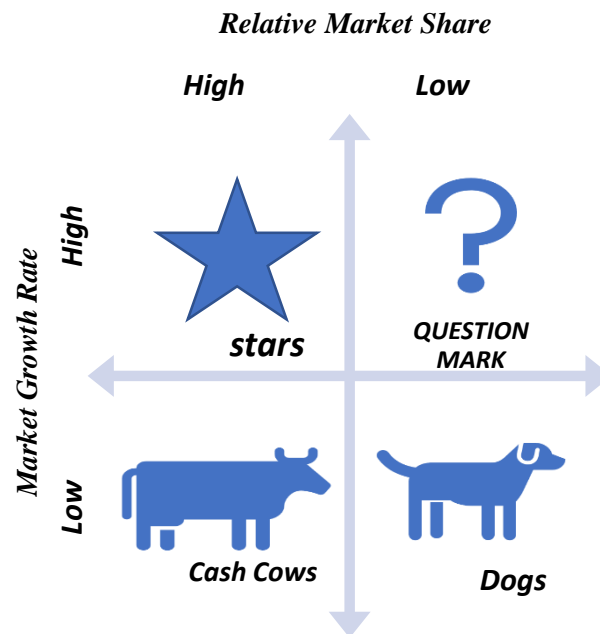
- the weighting figure ought to reflect the likelihood of event of the event;
- a quantitative evaluation of the impact of the factor ought to take both a negative and a positive value;
- The ultimate assessment gives data on the degree to which the company depends on the large-scale environment, but in expansion to getting outline gauge, it is fundamental to analyze the commitment of each calculate in getting the coming about esteem, as well as to assess the interaction of factors.

‘Knowledge is power’ and so the method of getting data by the firm is basic to its victory. The gathering of imperative data is known as a vital review which is an review of both outside and inner components. While the inner review looks at all angles inside to the company, we are concerned with the outside review which analyzes macro environmental realities such as PESTLE analysis variables.

2.2.3. BCG matrix analysis

Bruce Henderson of the Boston Consulting Group (BCG, 2012) founded BCG Matrix in 1968. This is one of the portfolio analyses. It is used to determine high or low players in companies or objects according to their market rate and market share. The idea behind this matrix is that the greater the market or the higher the market, the better the company will be. There are four different categories in BCG Lattice: stars, cash cow and doGs (Philip. K et al, 2008). Two categories are available.

Fig. 4: Format of BCG matrix



Source: Compiled according to Philip.K, et al., 2008, pp. 43-56

Furthermore, the relative position of the market share level is indicated as well as a vertical pivot for the rate of development of the industry (Philip. K et al., 2008). Organizers shall lay down their products or companies according to their matrix situation into a group of four. It provides a system for analyzing and comparing articles or companies with different items for multinationals. The preferences of utilizing BCG Matrix are to have the capacity to organize a business or item portfolio; it is to know

what products are doing well and what are not executing. It gives a valuable knowledge into the potential opportunities and issues related with a specific item. Taking Nestle company as an case, arranged dishes and cooking helps, PetCare and confectionery would be classed as Cash bovine, refreshment items would be a star, though pharmaceutical items as Question mark. Water items would most likely to be kinded as a Dog. Presentation, development, majority and decrease, it speaks to Question marks, Stars, Cash cows and dogs within the BCG matrix individually. PetCare and sweets products are at the late development period within the Item life cycle. Hence, Nestle must come out with modern and superior thoughts, in arrange to avoid or slack the product from encourage decrease in deals, or maybe getting to be a Dog. In any case, it is anticipated that distinctive item will have distinctive life cycle. Hence, a few stars with short life cycle will be way better to gather instead of to commit encourage speculation (Graeme. D and John. E, 2007). In a multinational company, it is basic for its products to have tall and low development rate, such as stars to guarantee future of the company, cash cows that supply cash for encourage development and changing over questions marks into stars, it is since a adjusted item portfolio will expand association income. As said by Bruce Henderson “Only a differentiated company with a adjusted portfolio can utilize its qualities to genuinely capitalize on development opportunities”(BCG.P, 2010). The benefits of tall development items incorporate tall return at the taken a toll of wide extending asset to market. For low development rate items, its benefits are customers’ nature with the item, in this way, lesser taken a toll for showcasing and a consistent source of income.

BCG matrix helps to see how corporate cash assets can be used to maximize the future development and productivity of a company. The

criteria for deciding which items or companies should be involved, held, collected or stripped in. In all events, the BCG matrix is valuable to a degree and gradually less exact by its impediment. The BCG matrix was made in 1970s; in the current society, in particular during intermittent subsidence, is expected to be less accurate (Blythe, 2006). In the current business market the circumstances are far more complex than some time ago. Abell and Hammond suggested that it ought to include two more down to earth procedures, Solidify and Cut into the Matrix (Abell, et al., 1979). Solidify essentially halting all speculation and don't arrange unused ones amid a subsidence or emergency, and cut implies that cutting administrations by diminishing a few exercises. The show of BCG matrix debilitated organizations to contribute in businesses with a less than 10% growth rate in a year. Amid the difficult time, numerous companies will not have a growth of 10%. Thus, it isn't exact to depend on BCG matrix amid an financial downturn; it might create disarray within the company's course. The link between market share and profit is questionable as, from time to time, companies with low shares can also be beneficial and vice versa (Babette & Craig, 2012). As experts say, markets with enormous amounts of covers and complex divisions are difficult to decide (Macmillan. H, 2000). Many portfolios consist of a large rate of pooch companies and few star companies in genuine companies (Macmillan. H, 2000). In this way, portfolio investigation is criticized for advertising small offer assistance in these circumstances. Growth rate and market share are as it were one angle of industry allure and generally competitive position individually. The showcase definition and estimation are not culminate as there are a few issues confronted (Wensley. R, 1981). Subsequently, destitute definition of commerce advertise might lead to a few misclassification, such as pooches, ended up cash bovines. In addition, the network basically center on the venture in current items of a

company, in this way, it might disregard elective speculation such as setting unused item lines or contributing in modern innovation which may be superior than contributing in current items or administrations. The network moreover disregards the potential competitive reactions. When an organization attempted to construct their market shares and back development, it is likely to induce reactions from the competitors as striking back (Blythe, 2006). Besides, it is as well oversimplified and common fair to utilize tall and moo to make four categories, which lead to a moo precision investigation. In expansion, the network is based on cash revenue, whereby benefit ought to be a higher express to utilize because it implies the monetary pick up after all the conclusion of cost from the revenue.

2.2.4. Importance of analysis methods for business development process

In business, there are times when an organization has to grow or alter the market or field. There are tons of thoughts approximately things one might do. Be that as it may, it is difficult to determine which thought will be the leading. Hence, key marketing arranging devices will be important and beneficial, such as BCG matrix, PESTLE and so forward, to assist one to assess the choices and choose on the one that suits the organization and circumstance best. As a result, it gives the leading return on the significant speculation that an organization will ought to make.

The business needs are recognized through a prepare that takes after the taking after steps:

- Defining the mission and vision of trade.
- Comprehension of the areas in which the trade operates.

- Identify trade objectives and prioritize them. These objectives should be achieved by business if its mission and vision are to be fulfilled.
- recognition of the company's center of competence. The areas in which business has a skill are the center of competence. These center skills offer the biggest competitive advantage for the company.
- Identification of the company's competitive position.

After recognizing the commerce needs, the trade investigator does company examination in terms of its trade design, endeavor assets etc. This can be taken after by prerequisites arranging and administration. Prerequisites arranging involves identification of the prerequisites, prioritizing them and after that overseeing them. Within the to begin with organize of necessities arranging and administration, the trade investigator records down the prerequisites of a extend. The trade examiner inquires the distinctive partners almost the prerequisites of a extend. The examiner, for prerequisites elicitation, can utilize strategies like conceptualizing, interviews, center bunches, studies, client assignment examination, workshops, invert building, record investigation etc (Howard Smith and Diminish Fingar,2003,pg 74).

The main aims of company analysis are:

- Reduction of efficiency and waste management: waste and waste increases costs and reduces productivity and ROI. The company analysis is constantly trying to dispense with it.
- Generating arrangements for complex organizational problems: this may be one of the reasons for the trade review. The Trade

Investigator proposes solutions to the problems and challenges the organization faces.

- **Necessities Documentation:** Trade exam points to the comprehensive documentation of a company or an organization's preconditions. This complex report leads the trade investigator to formulate the arrangements of the questions at that point. Trade researchers always try to characterize the applications in the best way possible.

Business analysis performs exceptionally imperative work in a commerce organization. There are vital, specialized and execution measurements to trade examination. The significance of the specialized measurement of the part of the commerce investigator has expanded in importance due to advancements in data innovation and computer program. In future this measurement of commerce investigation will pick up more prominence. The business investigator is educated by the technique of the organization. On the other hand the commerce investigator too educates the procedure of the organization. So there's a two-way interaction between the commerce investigator and the key administration of the organization.

3.METHODOLOGY AND RESULT OF ANALYSIS OF THE EXTERNAL AND INTERNAL ENVIRONMENT OF IKEA FURNITURE RETAIL COMPANY

3.1. METHODOLOGY OF RESEARCH

A complex of general scientific methods and methods of research became the scientifictheoretical and methodological basis of this article. System analysis was used to identify the features of the external environment of business activities analysis methods. To compare the resulted methods, as well as to identify their advantages and disadvantages, comparative analysis, expert analysis, synthesis and generalization methods were used.

3.1.1. Research design

Studies may be sub-divided into qualitative, quantitative or two methods (Creswell, 2009). This study uses a qualitative approach to correctly answer the research question. The subject is often explored by qualitative research methods (Denzin & Lincoln, 2000). "Qualitative research is a located activity that finds the observator in the world, Denzin and Lincoln (2000) give the following definition of a quality studies. It consists of a set of material practices, interpretive and visible to the world. Such practices... Transform the world into a series of depictions including field notes, interviews, talks, photographs, recordings and self-information. Qualitative research at this level involves a naturalistic and interpretive approach to the world. This means qualitative researchers study the things in their natural environments and try to understand the phenomena as to what they mean." (p.3). This study is more detailed and qualitative. It does not count things simply, but is a way to record attitudes, feelings and

behaviours. more thoroughly. It looks beyond accurate numerical proof. Qualitative data can be chosen because it searches for categories, such as events, descriptions, comments and behaviour. The process of creating theories based on the collected data is inductive. Category and subcategory coding will be identified. The program also searches for new and developing categories (Denzin & Lincoln 1994), for consists, differences, patterns etc. If the study is focused upon questions such as "how," "why," and the researches are not in a position to manipulate the behavior of the participants, a research design in the form of a case study is likely. Stake pointed out that the number and type of case studies depend on the purpose of the investigation. It also provides an insight into its 2017 context for Sven Gijsberts (Yin, 1994). A further reason for concentrating on a case study is because it is difficult to gain understanding of processes and meanings in an amount or frequency.

3.1.2. Data collection

The data used for this qualitative study are gathered by observations. For process description, observational data are often used. In general, this study mainly theoretical based, research subject based on some researcher's books, website and etc. Another factors, research explained mainly IKEA case. That is why, collecting information which related IKEA case collected from Inter Ikea B.V website. In there, analyzed franchised agreement terms and policies and other factors. In addition to, I mail to IKEA franchisor group, gain information for cooperation with them. Also, When I analyzed Azerbaijan consumer behaviour, I get some suggestions from Ramil Jabbarov who worked IKEA Turkey in the past.

3.1.3. Brief description of IKEA

IKEA is a Swedish multinational company that develops and sells equipment, kitchen equipment, household supplies and sometimes household goods. It has been the world's largest mechanical retailer at least since 2008. Forbes is one of the ten wealthiest craftsmen in the world, and was founded in 1943 in Sweden for over \$40 billion in 2015. The name of the company is an acronym of Ingvar Kamprad (the name of its founder), Elmtaryd and Agunnaryd (south of the hometown of Sweden). Famous for its modern design for various types of appliances and furnishings, the company often combines its interior design with eco-friendliness. IKEA was also known for its focus on cost management, Operational Details and the ongoing product development, which allowed IKEA, over the decade-to-2010 period, to lower prices by an average of two to three percent. (IKEA Group, 2018)

As of November 2018, 424 IKEA stores are located in 52 countries. IKEA commodities sold in the financial year 2018 amounted to € 38.8 billion. Around 12,000 products are on the IKEA website and the IKEA portfolio represents the closest. The firm makes it one of the biggest wood users in the retail sector, accounting for about 1% of world trade wood consumption.

Table 2: Recent Acquisition / divorces / joint ventures

Name	Business segment	Type	Objective/ Synergy Achieved
TaskRabbit	Job platform for Freelance	Acquisition	With taskRabbit, Ikea gives you the opportunity to recruit somebody who can assemble their furniture through the TaskRabbit to help you

			avoid the struggle for assembling it, as often customers do not easily follow "simple" diagrammatic clarifications and some screw and nails kiss, or the piece fails to fit the deal incorrectly.
Inter IKEA Holding B.V.,	Furniture retailer	Divesture	Inter IKEA Holding BV sold its subsidiaries for EUR 25.5 billion. A Delft, the Netherlands-based business. This helps them to focus on pure retail business, and also provides a fiscal benefit.
Ox2	Swedish wind power company	Acquisition	The first wind energy investment Ikea Group in the Finnish market and the fourth joint project for the companies. In order to increase the projected wind turbine output to approximately 16 GWH per year equivalent to the annual energy consumptions of around 32 000 households, the wind turbine that operated in Kemi was extended to 13 more.
TCL	Electro	Joint Venture	This is the IKEA market for electronics

Source: IKEA Group, 2018

INKGA Kamprad, the Dutch-registered INKGA Foundation Stichting, belongs to INKGA Holding B.V. in IKEA shops as parent firm. The Swedish company magnate was established by Feodor Ingvar Kamprad and IKEA. The Stichting INKG A foundation, one of the world's 40 wealthiest foundations, has previously owned most IKEAS stores and an estate managed by the Dutch non-profit foundation. In the 80s Inter IKEA and Integro Foundations were established to ensure autonomous and sustainable IKEA concepts. The IKEA Group is the IKEA franchise global, and the owner of the IKEA Conject is the ultimate owner of the Inter IKEA Group, including Inter IKEA Systems B. IKEA franchisees buy IKEA Group companies ' products and pay Inter IKEA Group a franchise fee based on their annual sales volumes. Total turnover was EUR 25.5 billion from Inter IKEA Group and EUR 1.4 billion from other sales in FY18. For these and other sales, total net revenues were. (IKEA Group, 2018)

There are many companies around the world under the IKEA trademarks. All IKEA franchisees are free of charge for the Inter IKEA Group. INGKA Group owns and manages a large group of franchisees. The Inter IKEA and INGKA Group have a shared history and heritage and since 1980 many owners and managers have been involved.

On 31 August 2016, the new Inter IKEA Group headed up by Inter IKEA Holding B.V. was tasked with strengthening the IKeA francophone system and clarifying the role of the IKEA portfolio, supply, and production activities. The IKEA Group now has three major companies: franchise, delivery and delivery. The firms are working together to create a stronger franchising system. (IKEA Group, 2018)

The West German managers in 1973, in place of Koblenz, accidentally started a highly successful shop in Konstanz. Shops in Japan (1974),

Australia, Canada, Singapore, (1978), and Hong Kong, Hong Kong, Hong Kong (1975) opened in 1974. In the 1980s, opening shops in countries like France & Spain, Austria (1984), Belgium, the USA (1985), Great Britain (1987) were further expanded. The company subsequently expanded and pressed the Quill button on the right to paraphrase it. With 53 distributors, Germany is the biggest IKEA market, with 50 retailers, followed by the US. On 17 February 2010, Santo Domingo, Dominican Republic, opened IKEA's first shop in Latin America. In 50 markets there are 422 IKEA stores, and in 2018 there were nineteen new IKEA stores established.

Pic 1: IKEA store in the world



Low prices are at the core of the IKEA concept and help clients buy from IKEA. A wider range of designed, functional products are combined with this low cost strategic approach. The IKEA products meet the needs of the customers who come from every age and home in every lifestyle and stage of life. This is vital in times of retail depression as the potential market of IKEA increases.

IKEA has always dealt with people and the environment since its foundation. This is central to IKEA's vision that many people will have a

better daily life. In its choice of products, suppliers, shops and communications, IKEA has addressed a growing public concern for sustainability. It has also identified the potential businesses to offer sustainable solutions. IKEA's concern with people and the environment encourages both raw materials and energy to be used more efficiently. This reduces costs and helps to achieve the company's green objectives, which generally have a positive environmental effect.

3.1.4. SWOT-analysis of IKEA

The SWOT IKEA analyzes demonstrate IKEA's strengths, weaknesses, opportunities and threats. SWOT analysis is one method to understand the key influencing factors within and outside a company. The internal analysis reveals that the concept of the furniture assemblies by D.I.Y or Do It Yourself is the main strength of the company because it reduces the total cost of furnituring. This is why IKEA's furniture is relatively cheaper, with its competitive advantages; the key performances factors of IKEA are correct use of raw materials; the main objective is to produce renewable products and above all the quality of excellent design products, which is both affordable and unfailing. IKEA's high-quality products are delivered at low prices, and are part of IKEA's genuine strategy and key element for sustainable economic growth. One fault of IKEA is its sophisticated shop design, as IKEA has about 10,000 products in each shop and the creation of new stores takes a long time. Although DIY remains the strength of IKEAS, the company also has certain unfavorable effects. For example, DIY hasn't interested the masses in certain Asian countries, which means that IKEA furniture is a very low or absolutely null request, which is clear theater for the company. However in 2018

IKEA will establish its stores in India and Serbia and this is an opportunity as its base in other developing and emerging markets can be expanded.

Table 3: SWOT analysis of Ikea

<i>Strengths</i>	<i>Weaknesses</i>
<ul style="list-style-type: none"> • Leadership of the market • The concept of democracy design Innovation cost reduction competence • Financial Solid Position • Wide range of products, but focused 	<ul style="list-style-type: none"> • Substantial presence in Asia • The reputation was damaged because of a number of incidents • Competitive benefit hard to maintain • IKEA products and services lack differentiation • Flexibility because of large dimensions
<i>Opportunities</i>	<i>Threats</i>
<ul style="list-style-type: none"> • Enhancement of CSR emphasis. Increased participation in developing countries • Training of strategic partnerships • Add premium product range to portfolio • Enhancing cost leadership through technological innovation competitive advantage 	<ul style="list-style-type: none"> • Demand drops as consumer income increases • The ' democratic design ' concept is unsustainable. • Competition emergence in Asia • Raw materials cost increases Crisis of the world economy and finance

Strengths

In an organization, every aspect that gives it a competitive advantage over other companies is a force. The sales team could convince its customers

or the company's infrastructure around its premises. Some of IKEA's strengths include:

- A strong international brand name to be associated with.
- A conscious attitude towards cost and lower prices, which fuses perfectly with what it refers to as a "democratic design."
- Responsible market research approach that helps the company to proactively enter new markets.
- Because of its bulk purchases IKEA has economies of scale.
- Wherever IKEA is going, IKEA is developing an excellent location infrastructure, which makes it an immediate favorite for the local people (Times, 2010).
- Product delivery directly from the supplier to IKEA retail outlets is one of his major strengths. This reduces handling costs, reduces the number of miles on the road and reduces the carbon footprint.
- The company's main strength is product growth and differentiation, giving it a competitive advantage over other companies while maintaining its operating costs at a low level

These strengths help IKEA to attract its customers and retain them. The use of Key Performance Indicators (KPI) is one way IKEA can measure its strengths. KPIs aid IKEA in assessing its vision and long-term objectives through the definition and monitoring of targets. The percentage of providers currently approved by IWAY is an example of one of IKEA's KPIs. The IWAY is the IKEA way to buy home equipment. This guideline defines IKEA's suppliers ' social and environmental standards.

Weaknesses

Problems faced internally by any company can have a major effect on its performance. This is why IKEA, as a company, takes the appropriate action to remove these weaknesses (Times, 2010). Planning for a solution to these problems is often the basis of the short-term goals of the company. The following weaknesses appear to IKEA:

- The organization's size is IKEA's weakness. It manufactures products in various countries, and there are geographical constraints in each country, often leading to improper application of the legal working conditions.
- While IKEA spends a great deal on research and development, it is having trouble meeting one of its key requirements-quality and low prices. Scale savings help the company cut prices, but it can be a problem to preserve the price-quality balance.
- IKEA continually introduces different products, but the copies as well as its own products are updated by its business rivals (Times, 2010).
- Barriers to communication are a major issue. The management of IKEA needs both in the company and with its consumers to maintain healthy channels of communication.
- IKEA's publicity and promotion strategies are limited.

External business factors that are uncontrollable and frequently unpredictable tend to have severe implications and can influence their strategy and shape the organization's structure and values within organizations. In general, these factors affect the external business environment and can therefore be divided into two categories. The first group of factors includes opportunities for strategic development. Secondly, the complexity of company strategies is caused by external threats.

Opportunities

A company uses its strengths to take advantage of the possibilities. The company believes that its business behavior is environmentally-sensitive even in a price receptive market will result in higher returns. In order for customers to recycle or reprocess their used products, IKEA is working on effective customer resolutions (Times, 2010). IKEA's sustainability outline offers the following opportunities:

- The growing demand for ecological products is an enormous opportunity (Times, 2010).
- There is an increasing demand for low-cost products. Because of declines in current financial environments, consumers can fall into cheaper shops.
- The younger generation should be attracted because for the next few years they are the main buyers. IKEA plans to attract the new generation with its low-priced, modern and stylish products. Due to these characteristics, young people are ready for home buying and furnishing IKEA products (Kumar and Kumar 2010). Organizations are working on water reduction and carbon footprint reduction. IKEA has set out its plans to cut power utilization through the introduction and change of its packaging materials by using alternative energy sources in stores. The aim is to reduce business flights with its environmentally friendly proposal for transport.
- IKEA gives the people social accountability. The strategy of IKEA includes supporting charities such as the World Wildlife Fund, UNICEF and Save the Children (Times, 2010) as the development of social responsibility.

- IKEA is able to follow the basic marketing strategies to penetrate and develop competitive industries to function globally to achieve market value (Kumar and Kumar, 2010).
- Openness with all of its suppliers and stakeholders is essential for the company. This involves building trust through good communication with customers, colleagues, critical opinion makers and the media. A key component of IKEA's image is sustainable development (Times, 2010).

Threats

If a company knows possible external threats, it can compensate them. IKEA can use a particular strength to safeguard its operations against threats in the industry through the production of innovative ideas. IKEA may be threatened by:

- Next social trends could pose a threat to IKEA. Most consumers are not ready to try new products so buyers can decline to enter the housing market for the first time. This is a key market segment to consider for IKEA articles.
- The mechanically produced industry is strongly influencing the market value of IKEA. Many companies have entered these markets, attracted by consumer needs and expected returns from the domestic and furnishing markets. In order to compete within the industry, IKEA needs to strengthen its exclusive qualities (Times, 2010).
- Economic factors are also a major threat to all companies. The economic downturn has slowed consumer expenditure and reduced disposable income.

- IKEA, however, focuses on and attempts to overcome these threats. It deals with faults and threats that produce a positive effect. In order to help customers achieve a more sustainable life, IKEA is developing the online support system. It offers customers information and insight on how their environmental impact can be reduced on its website. The company's efficiency will also be improved. Managers and colleagues are trained in the field of sustainable development and, in particular, how IKEA is doing and how it is responsible for itself (Times, 2010). IKEA is large enough to take advantage of scale economies. The effect of such scale economies can be seen in lower average operating costs. The company has a team of specialists with integrated advanced technologies that have helped the company cut costs in all its operations. The company is capable of offering high-values competitive products to consumers because of its capability to derive advantages from high levels of economies of scale and lower costs. It could then be proposed that the company could establish high barriers for new market entrants due to its unique position on the market.
- IKEA's price-sensitive and affordable offering of products creates increased demand for products on their respective markets, in times of financial problems. When the retail sector is discounted, prices must be kept as low as possible. The firm should ensure that the market prices in the coming years are determined to be the lowest. It is crucial to communicate with customers via various media channels and promotional strategies, to increase consumers' awareness (Times, 2010)

3.1.5. PESTLE analysis of Azerbaijan for IKEA entry to Azerbaijan market

Analysis of Political factors.

Openness to global trade and investment has helped Azerbaijan move towards a more market-based economic system, supported by some improvements of regulatory efficiency. To build on the well-educated workforce and expand the base of production, continuous transformation and restructuring are required. The development of the energy sector was driven primarily by economic growth. Diversification challenges and sustainable growth remain significant. Crucial to the progress and institutionalization of economic freedom are deeper systemic reforms.

President Ilham Aliyev was elected to the third term of office in 2013 on allegations of electoral fraud. Until he died in 2003, when his son succeeded him, his dad, Heydar, reigned over Azerbaijan as a Soviet Republic. His father was a country that was independent. Today the Nagorno-Karabakh region and seven neighboring districts, nearly 20 per cent of Azerbaijan's internationally recognized territory, occupy Armenia. An escalation of violence between Azerbaijani and the forces of Armenia threatened regional instability in April 2016. Increased exports of natural gas are expected to offset part of decreased oil production.

Analysis of Economics factors.

The Republic of Azerbaijan is the largest country in the South Caucasus with a population of about ten million. This rich country's economy is

undergoing a period of great upheaval: the golden age with effervescent hydrocarbon exports has ended. In 2015, the gloom ran when the rapid fall in crude oil prices, which is the country's main revenue source, led to a large currency depreciation and a deep financial and economic crisis. In 2018, the gross domestic product (GDP) was measured in USD 62.4% of the 2014 figure. Azerbaijan must accelerate the development of the non-oil industry in an effort to bring about stable and sustainable economic development.

Table 4: Azerbaijan GDP

Azerbaijan GDP	Last	Previous	Unit
GDP Annual Growth Rate	3.00	1.40	percent
GDP	40.75	37.87	USD Billion
GDP per capita	5805.10	5861.50	USD
GDP From Agriculture	362.20	692.60	AZN Million
GDP From Construction	896.70	792.50	AZN Million
GDP From Manufacturing	371.30	325.00	AZN Million
GDP From Services	724.50	599.10	AZN Million

Source; Azerbaijan GDP (2019)

In 2018, 58.5 percent of GDP was in the non-oil industry. In fact, the contribution of the non-oil sector to the overall economy is significantly lower excluding companies that have a direct influence on petroleum and gas production—mainly in the construction and transport sector. Many non-oil companies need their technology to be updated. There has been a significant decline in the number of small and medium enterprises

(SMEs). Other exports than crude oil, natural gas and petroleum products represented only 8.8 percent of the 2018 total. The sum was modest \$ 1.7 billion and was financed mainly by state-owned firms.

Analysis of Social factors.

The people of Azerbaijan are great bread buyers, and Azerbaijan is one of the biggest consumers in the world. The expenses of consumers focus on basic foods like bread, fruit & vegetables, for example. Meat and fish are seldom consumed. Azerbaijani shoppers are sensible and branded. The Azerbaijani have generally preferred major unregulated bazaars such as Bina and Sadarak for cheap Chinese, Turkish, Iranian and Russian goods. However, the growth of shopping centers, in particular in Baku, in recent years has led to a growing emphasis on buyers from medium-sized western brands to buy western products and services. In the younger and richer population, foreign products, especially those from the United States, are the popular.

The country's economy remains growing on the basis of a strong energy sector, but the confidence of consumers is identical to the confidence most people have about their future financial conditions. The purchasing power of the consumers in Azerbaijan is limited, and devaluations in currency in 2015 reduced significantly most citizens of Azerbaijan's purchasing power. Purchases are therefore restricted to strict goods, except in the city of Baku, where many expatriates and consumers with considerably increased purchasing power are found. Their growth in the petroleum industry. Average monthly salaries of approximately USD 274 can be split into three social groups in the Azerbaijani consumer sector. In medium but growing medium sized populations with low disposable earnings, with an average monthly income of around USD 1000.

Analysis of Technological factors.

Sustainable improvement actions for science and technology, the preservation of scientific and technological potential, the development of highly qualified human resources for science and technology and the increased labor value of research workers are key priorities of scientific policy. (science, 2018) A series of measures is defined to enhance efficiencies in science activities in ANAS, to build links between universities and scientific institutions, to ensure the application in socio-economic and other fields of science and to ensure the proper application of scientific research results in the country and to ensure the appropriate use of scientists. The Presidium of ANAS has developed a development strategy for science and technology in Azerbaijan. The strategy addresses issues relating to science and technology's increasing role in solving socio-economic problems, strengthening processes of innovation and increasing the government's information resources.

Analysis of Legal factors.

In general, progress in economic reform is well below macroeconomic stability. In certain areas, government regulatory reforms have been undertaken, including a considerable opening up of business policies, but an inefficient public administration that combines the effects of these reforms with trade and regulatory interests. The government is largely privatising farmlands and small and medium-sized enterprises. A second stage of privatization program was launched by the government in August 2000, privatizing numerous major government companies. Since 2001, Azerbaijan has been governed by the Azerbaijan Ministry of Economic Development.

The highest individual income tax rate is 25% and corporate tax rate is 20%. Additional taxes include VAT and property tax. The total fiscal load is 14.2% of the overall national income. The government's spending in the last 3 years has stood at 37,6% of overall output (GDP), with a surplus of 0,3% of GDP on average. The government's debt is 36.1% of GDP.

Azerbaijan is becoming increasingly urgent to create an effective, diversified and market-oriented economic structure. In response, the government adopted the National Economy and Main Economic Sectors Strategic Roadmaps at the end of 2016. The documents produced in collaboration with the McKinsey & Company consultancy include Action Plans for 2020 and Strategic Plans for 2025 and beyond. The Strategic Roadmaps aims to develop key business sectors by promoting the state. Today, the government is spending every second Azerbaijani Manat from the State Oil Fund. The Fund accumulates income from oil and gas sales. Increased expansion of the non-oil sector is expected to reduce the Oil Fund's contribution to the public-sector budget to 15% by 2025.

The Strategy includes modernization and expansion projects in the target economy and business climate improvements. These include tax, customs and competition law reforms, increased supporting for SMEs, increased public-private cooperation, the privatization of non-strategic state-owned enterprises and greater involvement in the education system by the private sector. State-owned companies still form the chemical, electronic and transport equipment industries in terms of volume of production. The strategy is expected to cost \$16 billion in high capital requirements for planned projects by 2020. The difficulties in the budget, the ongoing bank crisis and the weak inflow of foreign investments into the non-oil industry cast doubts as to whether these projects would be implemented promptly. There is no doubt, however, that many reforms and projects will be put

into practice, although delayed. Economic gains have been recorded in Azerbaijan for the last two years including public administration reforms, including customs, industry and agriculture, corporate development and trade union formation. These were founded in the packaging sector as well as fruit and vegetables manufacture and export as well as in the milk sector, among others.

The latest "Doing Business 2019" report by the World Bank recognizes the progress made in reforms in Azerbaijan. In the annual ranking of most business-friendly States, the country increased by eleven criteria from 57th to 25th (out of 190 countries). The country was among the leading nations for Protecting Minority Investors (ranked 2nd), Starting a Business (9th) and Registering Property (17th). Mid-range rankings were recorded in Dealing with Construction Permits (61st), Getting Electricity (74th) and Trading across Borders (84th).

Analysis of Environment factors.

The Azerbaijani government wishes to conserve and improve the forest resources of the country and to strengthen the functions of increasingly important forests across the country. The State Forest Service is looking at ways of harmonizing the country's sustainable development effort with its national forest management practices easily and adaptably to the global forestry agenda. In order to meet local, national and global demand for comprehensive sustainable land use plans, poverty reduction and economic development strategies, Azerbaijan's national forestry programme, was intended to produce the program. The main challenges of Azerbanian forestry are a degradation of forest resources and deforestation, inadequate social, economic, environmental and services needs and demands of the society, inadequate involvement of the stakeholders and cross-sectoral cooperation in forestry.

3.1.6. Development strategy of IKEA in Azerbaijan furniture market

IKEA is about fashionable design, low prices, fads and a passion that only a few companies have. IKEA might have proven more than any other corporation in the world to be a guardian of the living standards of people if not their own lives. If you deal with so many alternative solutions for all your purchases, IKEA offers its customers a one-stop shelter for insurance and self-reliance. It is a safe zone where individuals can enter and immediately become a part of a world tribe that is environmentally friendly and costly. It's a secure area.

The company has acknowledged that the major share of its market are middle-class customers with shared buying behavior and preferences. The patterns of customer spending in all countries are also similar. Despite these similarities, IKEA realizes that it is compulsory to locate in order to strengthen its positions on the global market. For example, in China in 2005, in commemoration of the Year of Roosters, IKEA manufactured 250,000 plastic placemats (ICMR India 2010).

The IKEA promotional campaigns are based on the exceptional marketing situations and cultural sensitivities in each country, which vary greatly from one country to another. For example, European billboards and adverts were clearer than North American ones, especially in the United Kingdom. They were generally cheerful. IKEA stores in certain countries such as Canada, Sweden, Australia and Germany have been available for over twenty-five years, while ICMR India has been operating for only a slightly longer than a decade in countries like the US, Russia, Britain, China and Italy (India, 2010). Over the years, IKEA has been working

with many advertising agencies to make some of the world's most inspired and exceptional TV commercials.

CONCLUSION

Any organisation, until a certain number of relations, has an open system between itself and its external environment. The organisation, primarily through its products and services, has an influence on the external environment, while also being socially responsible, focuses on the various relationships with other organisations. In turn, the external environment that affects the company's work in market data, input supply, future trends, new organizational and management changes. The following external environment types can be said to be:

- turbulence characterized by rapid technological changes, economic changes, political, legislative changes ;
- hostilities characterized by strong competition from customers, resources and both ;
- A diverse range of technologies, markets and cultures. A diverse range.

Any external stimuli must be noticed and continuously adapted and, in particular, knowledge and information adapted.

The use of this approach will make it possible: to perform efficiently external economic operations, to assess competitiveness and organizational advantages, to control the own resources of the organization, to efficiently evaluate external environmental factors to respond to them, to implement innovative organizational development strategies and investment policy. The implementation of the proposed methodology for the analysis of external economic activities of enterprises will therefore allow the systematic analysis of external factors, the

establishment and expansion of its external operations in an optimal selection of the strategies of the company's foreign economy to achieve its fixed objectives.

IKEA is a renowned international brand with several hundred stores around the world. This study suggests a further evaluation of its markets as competitive strengths are aligned with the company's challenges. New strategies are essential for the company to maintain its strong financial position. This will reveal the key market shares opportunities and threats it can use. In IKEA, its strengths and weaknesses are reduced. This approach has made it possible that the company maintains a strong identity on the market and continues over the years to promote effective business development strategies.

IKEA's excitement includes design, low prices, efficient use of resources and individual and environmental accountability. The company's products, development and structure show its environment. Intelligent use of packaging and design, for example, will enable more products to be stored in boxes and reduce travel. This essentially reduces IKEA's carbon footprint.

The company also offers help and support in furnishing houses and offices and offers some valuable and exceptional suggestions such as which furniture can fit the space or which wallpaper will be colored with these mobilizations. The whole home and office information can be obtained from the IKEA professionals. The company also offers its customers delivery services, ensuring that the product is delivered to the client and accepted with the highest degree of satisfaction. In addition to this, there are special offers which can be availed by the customers to make their shopping experience more enjoyable. The large range of products from IKEA has enabled consumers to select and place in their homes and offices

the best and affordable products. Today the organization is known for its product development, resourcefulness, responsive capability and the wide range of products available on all continents.

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