PESTLE Analysis of the Australian Transport Industry

Posted on August 27, 2021

Executive Summary

An external environment is composed of factors or forces present outside the organization which affect the overall operation of the business (Janet, 2013). Based on the external influences, the business/industry should keep itself updated so that the flow of operations remains effective. The external environment is assessed with the help of macro and micro environmental factors (Ramachandran, 2000). Transport services connect people with different aspects of their lives, such as their jobs and services (Olufikayo and Grace, 2014). Even though public transport is frequently used by people in Australian cities, however, most people still prefer driving as the main means of transport within the cities. Based on research, certain avoidable social costs are associated with congestion in Australia's capital. To assess the present resources and capital of the transport industry, PESTLE analysis is used in the report. PESTLE analysis is a framework used by marketers and research to assess the key external factors which are affecting the position of the organization (Janet, 2013). This tool includes the assessment of Political, Economic, Sociological, Technological, Legal and Environmental factors (Janet, 2013). All these factors contribute to the development and improvement of the transportation industry. Based on the PESTLE analysis, certain recommendations are stated at the end of the report which promotes higher sustainability and productivity for the industry.

Introduction:

An external environment is composed of factors or forces present outside the organization which affect the overall operation of the business (Janet, 2013). Based on the external influences, the business/industry should keep itself updated so that the flow of operations remains effective. The external environment is assessed with the help of macro and micro environmental factors (Ramachandran, 2000). No business or industry is powerful enough to change the basics of the external environment. Based on this perspective, managers are trained to be adapters to change with a broad perspective (Truong and Currie, 2019). When it comes to the external environment, global competition is one of the aspects which is not controllable. Based on this situation, external events can be influenced by business strategies.

Transport services connect people with different aspects of their lives, such as their jobs and services (Olufikayo and Grace, 2014). Even though public transport is frequently used by people in Australian cities, however, most people still prefer driving as the main means of transport within the cities.

Based on research, certain avoidable social costs are associated with congestion in Australia's capital. That was an earlier congestion-cost forecast. Infrastructure Australia's 2019 modelling estimated urban road congestion and public-transport crowding costs at $19.0 billion in 2016 and projected $39.8 billion by 2031 without sufficient infrastructure investment. Freight transport services hold significant importance in the Australian transport industry to connect around the world with major ports as well as airports (Janet, 2013). In this research paper, macro external factors will be considered for the analysis of Australian road transport, along with possible recommendations for the industry.

PESTLE Analysis:

PESTLE analysis is a framework used by marketers and research to assess the key external factors which are affecting the position of the organization (Janet, 2013). This tool includes an assessment of Political, Economic, Sociological, Technological, Legal and Environmental factors (Janet, 2013). With the help of PESTLE analysis, HR practitioners understand the working of external factors that affect the organization. Research suggests that PESTLE analysis is flexible as this tool can be used for assessment in a large number of scenarios. With the help of PESTLE analysis, HR practitioners and senior managers can use the obtained results to make strategic decision-making for the industry or certain organizations (Franjic, 2018). In this section, a PESTLE analysis of Australian road transport will be done.

Political:

Public administration manages different government activities while dealing with the laws and regulations, which are an important part of the public services provided by the country (Langmyhr, 2014). In this study context, political perspectives are a major influence as government interventions lead to the policies which are observed and followed in the construction of transportation infrastructure (Leung et al., 2018). In this context, productivity enhancement policies hold greater significance as they are important in reshaping as well as reviewing the designs (Franjic, 2018). Political policies have helped the road transportation industry in the development of long-term resource planning for the involved stakeholders, hence proving effective for productivity (Daudisa and Vevere, 2020). Hence, slow local authority approvals are one of the greater hindrances in increasing the productivity of the industry along with the potential improvement of the industry.

Economic:

To understand Australian road transport, it is necessary to understand Australia's economic landscape. Australia's economic landscape provides basic context and perspective for the changes in the transport sector. Over the passage of time in recent decades, rapid improvement has been observed in industrialization especially in China and Indian economies (Franjic, 2018). With this

improvement in industrialization, a rise was observed in commodity prices. The Australian economy gained perspective and improvement with the help of mineral wealth and geographic proximity. Based on this, the commodity prices have subsided for now. Other than this, the exchange rate and overall currency of the Australian dollar are low, which implies that the exports are cheaper and, hence, more competitive internationally (Janet, 2013). Based on this, the Australian road industry is gaining an advantage from the increasing per capita incomes observed in Asian countries as tourism and financial services are increasing in demand. Recently, some successful budget deficits were made in the Australian budget, which led to a tight fiscal environment in the country (Leung et al., 2018). Keeping in view this perspective, small and innovative ways were considered as a part of increasing the transport capacity for the population of the country (Daudisa and Vevere, 2020). The tight fiscal environment faced by Australia led to changes in road transportation for the country.

Social:

At present different transportation means for the public are provided as a service for the public at lesser rates. Research highlights that the environment and other social factors affect the transport industry. Transport infrastructure holds a significant influence on the organizations present in the cities so that proper utilization of labour and cost is done (Truong and Currie, 2019). On a global level, transport development and improvement focus on aims like decreasing the overall urban trail and congestion. However, the Australian road industry focuses on reducing congestion as the primary aim since low productivity, social exclusion and emissions are having an impact on the health of individuals. Australian government still owns the finances related to infrastructure and assets of road transportation, with different levels of government managing the transport activities (Leung et al., 2018). One of the major social loopholes in this industry is that the cost of maintenance and building is mainly collected from the motorists using two wheels as they are supposedly termed as major contributors to emissions (Truong and Currie, 2019).

Technological:

With the current development in internet services around, Australian road transportation is also improving and upgrading. However, an increased budget is observed for the technology upgrade required. The Internet of Things, commonly known as IoT, is a way of changing the way of communication and interaction among human beings (Langmyhr, 2014). Much of the research has defined the Internet of Things as a way of driving new business models based on shared economies such as Uber. Based on the financial situation of Australia, fully driverless vehicles will not be a part of society till a few years, as such kind of developments require an immense amount of investment for the products to be common in society (Leung et al., 2018). Fully automated cars, especially in road transportation, can improve commodities for people with disabilities and older age people. At present, the Australian government is designating a budget for spending more on the existing infrastructure of road transportation. The government is planning on improving public transportation. However, at

present, technological advancement in terms of road transportation requires evident improvement since the research highlights Australia holds a higher position in countries with transport emissions. The fully automated vehicle can overcome this loophole. Road transportation in Australia requires improvement with energy-efficient transport and better forms of fuel so that sustainability can be maintained in the long run.

Environmental:

At present, an evident position is held by Australia in transport emissions. According to the positions highlighted by the Organization for Economic Cooperation and Development (OECD3), Australia is present in the eighth position (Truong and Currie, 2019). During the year 2013-2014, the emission rate was 25% (Truong and Currie, 2019). With the current congestion rate in road transportation, the emission rate is expected to increase more. However, greenhouse emission levels can be reduced by making certain adjustments in the technological development of the transport sector in Australia.

Legal:

Legal frameworks improve the economy of the country and, in return, ensure safety and sustainability for the industry. The present regulatory practices in Australia are strict which has slowed down productivity in the industry (Daudisa and Vevere, 2020).

Conclusion:

To conclude, the external environment helps in assessing the factors which influence the overall working of the organization. Even though the Australian transportation industry has progressed, however, the industry is still suffering because of the issues of congestion and emission. Technological advancements are working at a low place in the country as a higher budget and in-time approval are lacking from the concerned authorities in the country (Truong and Currie, 2019). Economically, budget-cutting has helped the industry in maintaining the current transportation system up to its level of productivity. As far as legal development is concerned, safety and productivity suffer due to the lack of in-time approvals from the main authority figures (Truong and Currie, 2019). Emissions from road transportation means in Australia are proving a health hazard for the people. However, public transports are proving a great service for individuals in the country. Overall, the industry is doing well with enough budget for maintenance; however, the major need is to shift towards the technology of the Internet of Things (Truong and Currie, 2019).

Recommendations:

Based on the PESTLE analysis of road transport, it is recommended that the industry focuses on technological improvement to overcome the issue of emissions. Fully automated cars will offer sustainability for the people in the country, along with improved health conditions (Daudisa and Vevere, 2020). Other than this, a separate legislative body should be introduced as a part of the transportation development so that in-time decisions are made.

References

Daudisa, T. and Vevere, V. (2020). Importance of professional ethics and corporate social responsibility within business studies curriculum within context global economy. *SHS Web of Conferences*, 74, p.04004.

Franjic, S. (2018). Importance of Environment Protection on the Global Level. *Scientific Journal of Research & Reviews*, 1(2).

Janet, T. (2013). The PESTEL Environment and Its Impact on the Value Created. *INTERNATIONAL JOURNAL OF MANAGEMENT & INFORMATION TECHNOLOGY*, 6(2), pp.805-816.

Langmyhr, T. (2014). Understanding innovation: The case of road pricing. *Transport Reviews*, 19(3), pp.255-271.

Leung, A., Burke, M., Perl, A. and Cui, J. (2018). The peak oil and oil vulnerability discourse in urban transport policy: A comparative discourse analysis of Hong Kong and Brisbane. *Transport Policy*, 65, pp.5-18.

Olufikayo, A. and Grace, A. (2014). Risk perception factors and their influence on road transportation. *Journal of Transport Literature*, 8(2), pp.100-112.

Ramachandran, R. (2000). Understanding the market environment of Australia. *Business Horizons*, 43(1), pp.44-52.

Truong, L. and Currie, G. (2019). Macroscopic road safety impacts of public transport: A case study of Melbourne, Australia. *Accident Analysis & Prevention*, 132, p.105270.