CHAPTER I
INTRODUCTION

A. Background of Study

Adapting to the changing and competitive environment has now become a necessity for a company. The environment (macroeconomic dimension) has actually proven itself to be a source of both opportunities and threats for any company on the market, regardless oftheir industry or sector. The external environment can be agreed as environmental components or variables are taken or received from outside the organization or company. "It is therefore important for enterprise management to understand the variety and characteristics of the external environment and forces relevant to policy formulation and decision making" (Morden, 1993: 29). It indicate, the environment automatically required every business to always pay attention and respond to their environment. This conditions made the company to formulate a strategy to be able to achieve company goals.

The environment where organizations in is complex, and in a rapid change, at the same time competition is very intense. In such an environment dominated by uncertainties, the most important source of enterprises to know the potential opportunities and threats and in terms of utilization of these in favor of the organization is information (Özdemir, 2006).

PEST analysis is an analysis of business external environmental factors that include the political, economic, social, and technological fields. PEST is used to assess the market of a business unit or organizational unit. The PEST analysis direction is a framework for assessing a situation, assessing strategy or position, company direction, marketing plan or idea. Where this analysis can be taken a new opportunity or threat to the company (Ward and Peppard, 2002).

Variations of the PEST analysis tool are PESTEL or PESTLE, which adds environmental and legal components, STEEPLE which takes on a corporate social responsibility perspective by adding on the ethics dimension, and STEEPLED

which adds the analysis of demographic factors. The increase in awareness of environmental issues has encouraged the implementation of the PEST framework. In this research, the author focus on PEST analysis Strategy toward the Development of Halal Hanwoo Beef in South Korea.

The growth of global Moslem population will experience a 35 percent increment from 1.6 billion in 2010 to 2.2 billion people in 2030 (The Pew Research Center, 2011). Hence the Halal food market will continue to dominate the global food market due to Moslems have to consume Halal food regardless whether they live within Moslem majority or minority societies (Razzaque and Chaudhry, 2013).

According to the Korea Muslim Federation, there are about 200,000 Muslims living in South Korea, both Koreans and foreigners. The demand of halal food is increasing as the growing of Moslem population. Muslims are increasingly seeking food products that meet their dietary needs (Alqudsi, 2014). In addition, the consciousness of Muslim consumers of their religious obligations creates a demand for halal foods. The concept of halal is now becoming a standard demand and it generates serious attention in the local, international and global markets (Hanzaee & Ramezani, 2011). Halal may have been identified by explicit evidence in the Shari'ah or by reference to the presumption of permissibility (ibahah) (Hashim, 2013). Due to the continued growth of the Muslim population, developed the halal markets is a huge opportunity for Korea itself.

The increase of global meat demand is affected by the increasing population, increasing meat consumption and may also by the decreasing meat price. The unified standard of halal certification is important to globalize halal products as well as for consumer convenience. According to the law concerning halalness is written on the Qur'an and the Hadith, as in the Qur'an Al-Nahl verse 114 explained: "Then eat the lawful good from the provision that God has given you, and give thanks to Allah's favor if you only worship Him". (Qur'an, 16: 114).

Hanwoo beef is well known for its highly marbled fat (Kim, et.al., 1994). Hanwoo beef is enthusiastically preferred over imported beef in Korean markets, regardless from its price being two times expensive, most of the consumers agree

that Hanwoo beef has succulent meat and better beef quality than imported beef (Kim et al., 2000; Han, et.al., 2010). Hanwoo cattle are an important food source in Korea and their supply can have a major impact on meat availability for Korean consumers. The Hanwoo population was 1.8 million head in 2005 and gradually increased to 2.6 million in 2015. Per capita beef consumption has also increased, to 11.6 kg per year in 2015, and is expected to continue to increase. This statistics can disclose the opportunity to open a Halal Hanwoo based company in South Korea.

Based on the background that has been outlined the researcher is interested in conducting research entitled **PEST ANALYSIS OF HALAL HANWOO BEEF IN SOUTH KOREA**

B. Research Problems

1. What are the opportunities and threats using a PEST Analysis faced by a halal hanwoo beef company in South Korea?
2. What the Process in PEST Analysis that implemented to deal with the halal hanwoo beef business in South Korea?

C. Purpose of the Research

1. To identify opportunities and threats that occur in the Hanwoo Halal beef industry in South Korea using PEST analysis.
2. To analysis the Process stages in PEST.

D. Benefits of the Reseearch

1. To understand the opportunities and threats of PEST Analysis that implemented in business of Halal Hanwoo beef in South Korea.
2. To understand the process in PEST analysis to be implemented in business Halal Hanwoo beef in South Korea.

E. Contents of Research

There are five chapters in this research, there are:

Chapter I : Introduction

The introduction chapter describes the background, research problems, purpose of the research, benefits of the research, and contents of the research.

Chapter II : Literature Review

This chapter contains theoretical background of variables used in this study. They are summary of previous studies and theoretical framework.

Chapter III : Research Methodology

The research methodology chapter discusses the detail about the research types, sources of data, data collection technique and data analysis.

Chapter IV : Data Analysis and Discussion

This chapter consists of the results of data analysis and the discussion as the implication for this study.

Chapter V : Conclusion

This last chapter covers summaries and results of the research. It presents a conclusion, research limitation, and the implication of study and research suggestion.