

# **Global Business Environment and International Strategy**

## **MOD007191**

Lecture 1

Introduction to the Module

Globalization

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# Resources

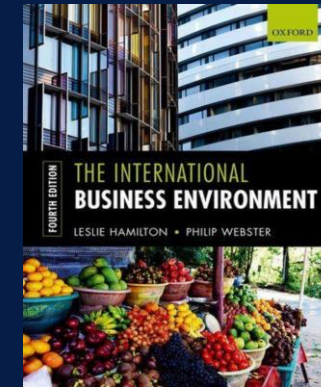
- My lectures are available at:  
<http://samuellearning.org/> ----->
- ARU Resources:  
<https://canvas.anglia.ac.uk/courses/40918>



# Books

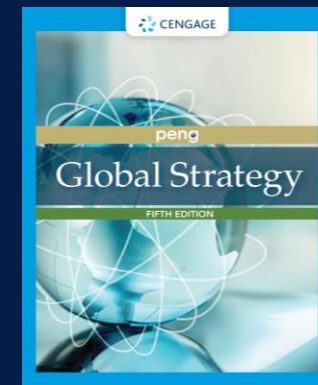
## Main Text:

- Hamilton and Webster, *The International Business Environment*, Fourth Edition



## Supplementary reading :

- Mike W. Peng, *Global Strategy*, Fifth Edition
- David Needle and Jane Burns, *Business in Context*, Seventh Edition



# What to expect from this module

- LO 1 Identify describe and assess the factors that shape and change the global business environment.
  - political, economic, social, legal, ecological and technological factors
  - the competitive environment
- LO 2. Demonstrate an understanding of globalization and key developments in the global economy.
- LO 3. Demonstrate an appreciation of the key factors of the external environment of the international businesses
- LO 4. Demonstrate the ability to apply fundamental economic models to scenarios and data sets
- LO 5. Demonstrate development in research skills, critical thinking and essay construction

# Organization of the topics

- Week 1 Introduction to globalisation
- Week 2: Business and strategy around the globe
- Week 3: Economics as a Driving Force
- Week 4: The Global Marketplace
- Week 5: Managing the Global Competition and Market Entry
- Week 6: Developing Strategy
- Week 7: Presentation
- Week 8: Institution – Entrepreneurship – Strategic Alliance
- Week 9: Diversification – Merger – Managing Risk
- Week 10: Innovation and Change
- Week 11: Sustainable Practices, Governance & Ethics
- Week 12: Time for revision

# Assessment

- **010 (60%)**– Presentation. 10-minute live PowerPoint presentation
- **011 (40%)**– Reflective Essay ( 1000 words). Using the Gibbs Reflective Cycle, examine your learning experience on this module by reflecting on assessment 010

# **Business in Context**

# What do you think of when you hear the word 'Business' ?

- Go to:
- Enter up to 3 words





# What is Business?

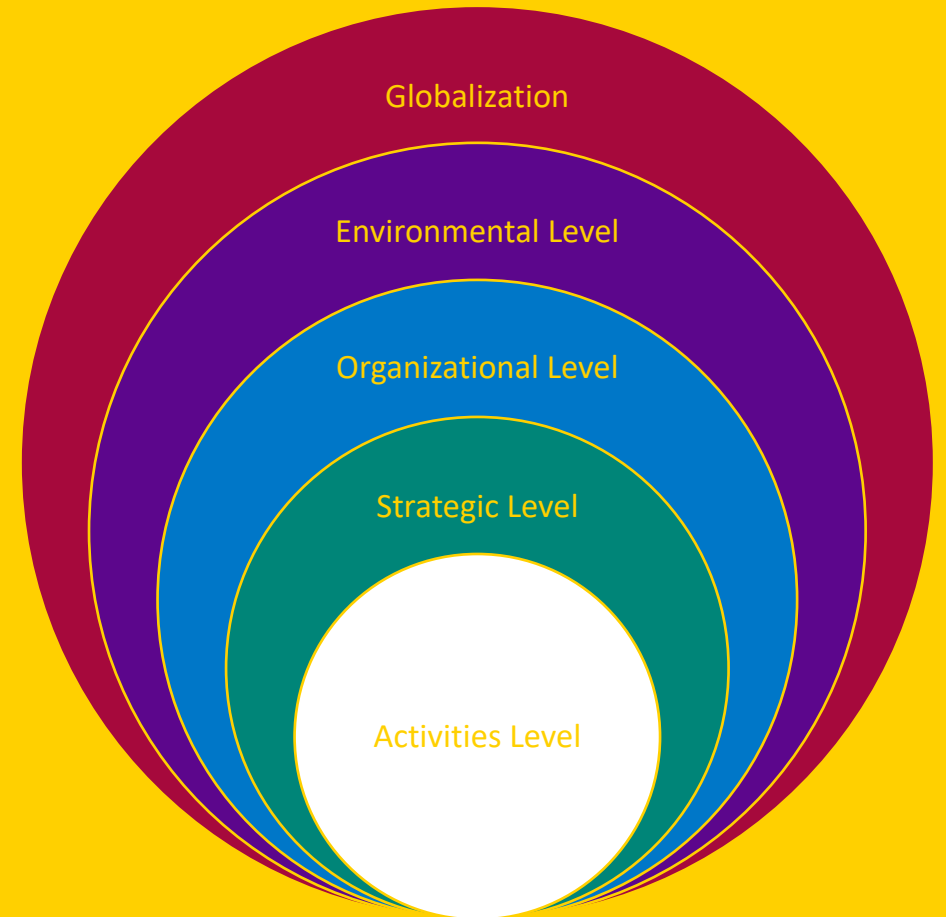
- Milton Friedman :

*“the business of business is business”*

# The Business in Context

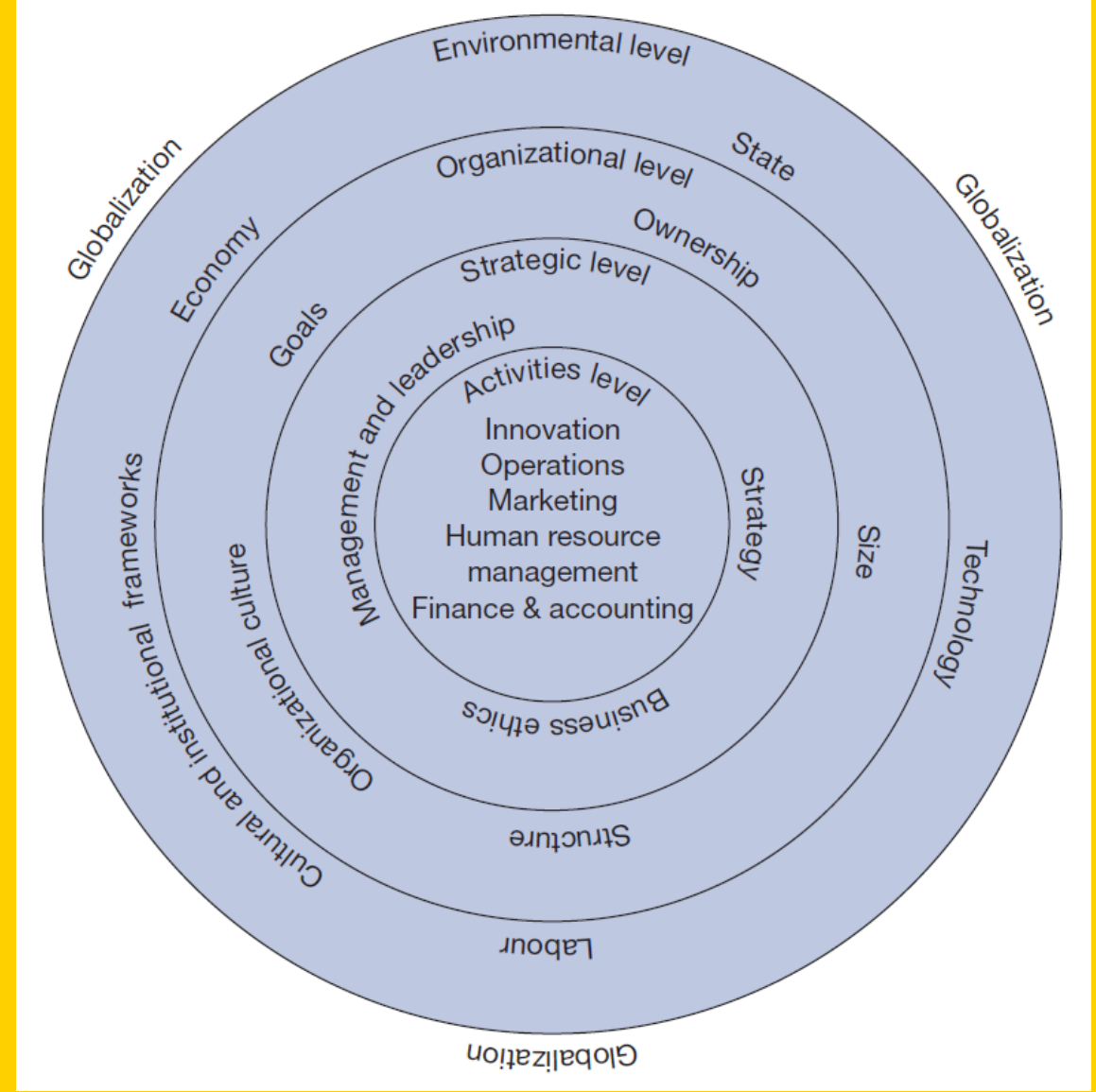
Needle and Burns (2019)

- Businesses are complex
- They can only be understood fully when those contexts within which they operate are also understood



# The Business in Context Model

Needle and Burns (2019, pg.2)



# Why Starbucks Failed In Australia



<https://www.youtube.com/watch?v= FGUkxn5kZQ>

# Why McDonald's Flopped In Vietnam



[https://youtu.be/l9pthhp7So?si=PGaA8ZYezRH\\_xGM7](https://youtu.be/l9pthhp7So?si=PGaA8ZYezRH_xGM7)

# **Global Business and Globalization**

# Global Business

- It means moving from **local/domestic** to **international**
- Involves the **trade of goods and services**, capital, knowledge and technology **across borders** on a global scale
- The **production or distribution of goods or services** in many **countries**



# Apple goes Global

- **Apple opened its first international location in Tokyo, Japan, in 2003**
- 2004- UK
- 2005- Canada
- 2007- India
- 2014- Brazil
- 2015- UAE



# Apple iPhone

- The company designs the iPhone in California
- Purchases components from suppliers in 43 countries across six continents,
- Sends the parts to factories to be assembled in China,
- Then ships completed iPhones to warehouses and then to retailers around the world

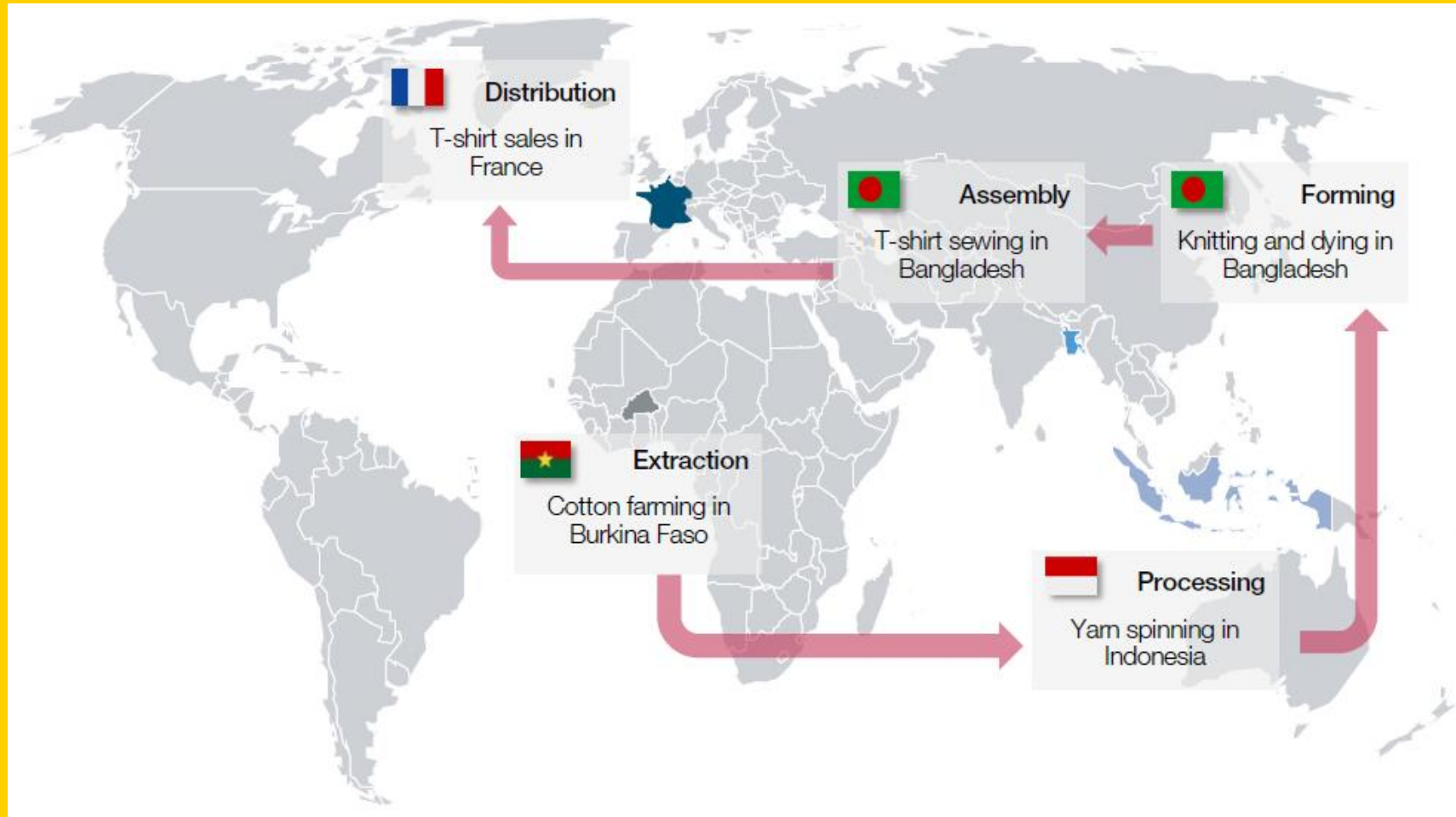


# Apple iPhone Global Supply Chain | CNBC

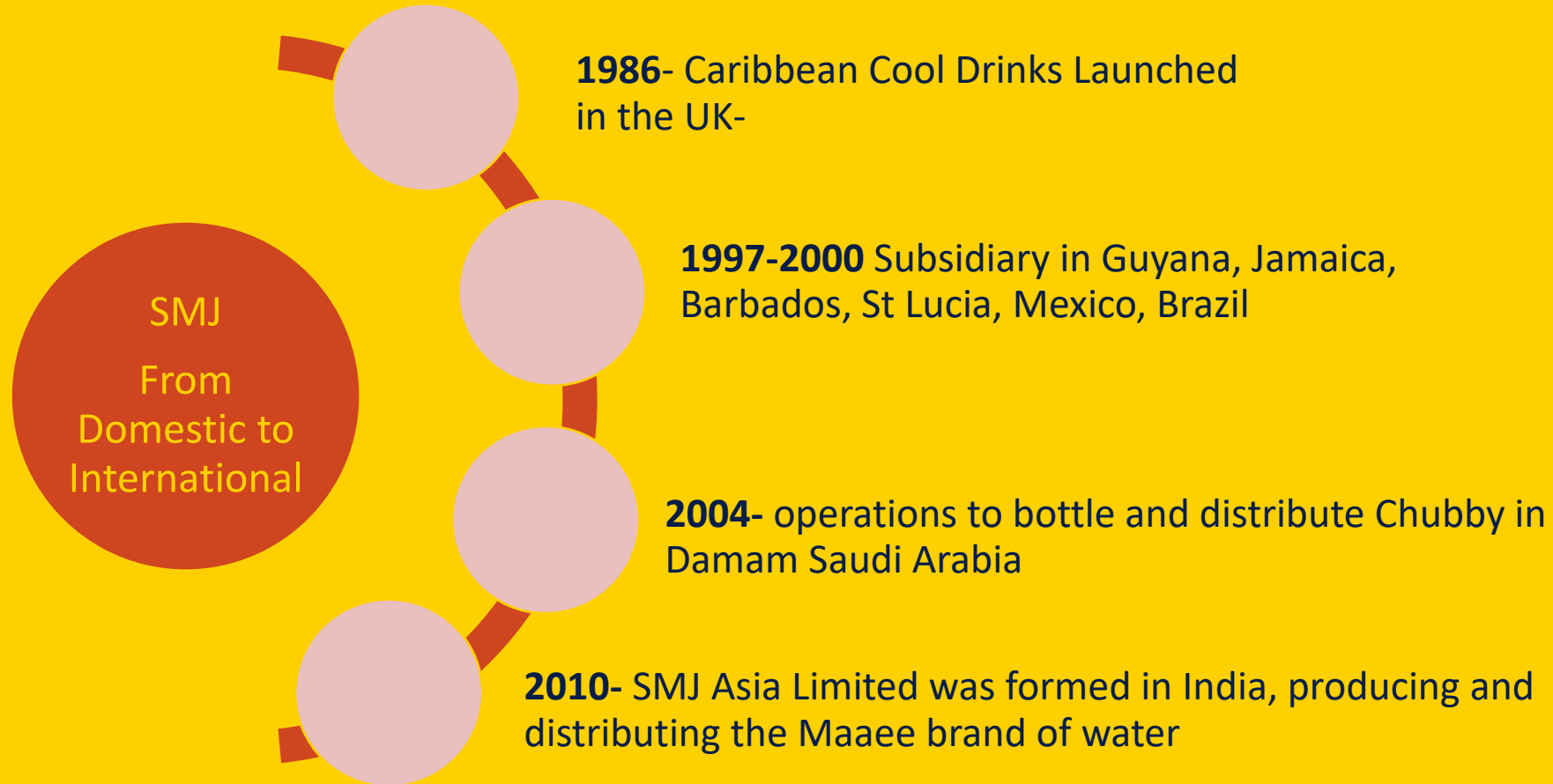


<https://www.youtube.com/watch?v=Cw3V2x5u54Y>

# Global Supply Chain for cotton T-shirts



# SM Jaleel goes Global- distributes its beverages to over 60 countries



# Globalization

- Globalization confronts business with significant **new threats and opportunities** to which business must respond.
- So, globalization is important for business
- **What is it and why is it so important?**

# What is Globalization?

- The **global circulation** of goods, services and capital, but also of information, ideas and people

(World Bank 2000)

- There has been **400% growth in the value of global trade** since the **Global Agreement on Tariffs and Trade removed numerous trade barriers and quotas in 1947.**

- Creation of **linkages or interconnections between nations**

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Hamilton and Webster (2018)

# What is Globalization?

- Creation of **linkages or interconnections** between nations in which barriers (physical, political, economic and cultural) separating different regions of the world are reduced or removed, thereby, stimulating exchange in goods, services, money and people
- Globalization is the widening set of **interdependent relationships among people** from different parts of a world divided into nations.
- The term sometimes refers to **the elimination of barriers to international movement** of goods, services, capital, technology, and people that influence the integration of world economies.

# Key Elements of Globalization

- According to Hill (2005) and Wall, Minocha and Rees (2010), the key elements of globalization are:

Shrinking  
space

Shrinking  
time

Disappearing  
borders

Creation of a  
global market



Scholte (2005) identifies five elements:

Internationalization

Liberalization

Universalization

Westernization

Deterritorialization

## Group Activity- Support or Reject?

- In your group debate:

'Globalization changes the total culture of a country'

# Globalization is All-pervasive

- Held et al. (1999) define globalization as:  
“**the widening**, deepening and speeding up of worldwide interconnectedness in **all aspects of** contemporary social **life**, **from the cultural to the criminal, the financial to the spiritual.**”
- Globalization can **influence culture through the transfer of knowledge, ideas, and beliefs** across national borders.  
(Hamilton and Webster 2018)

# Conduit for transfer of Culture

Mass  
Media

Migration

Education

Religion

Sport

Crime

Health

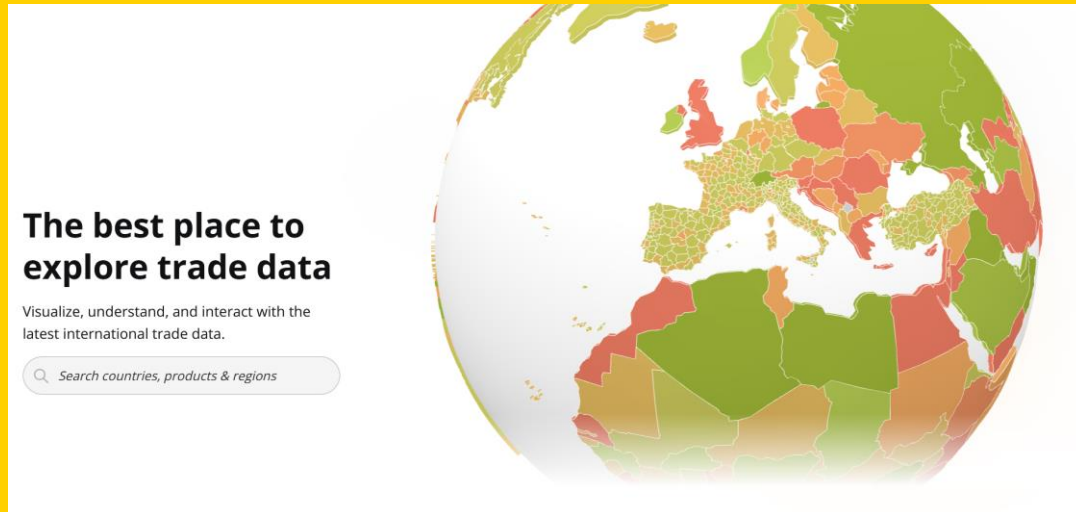
# Popular Regional Trade Blocs in The World



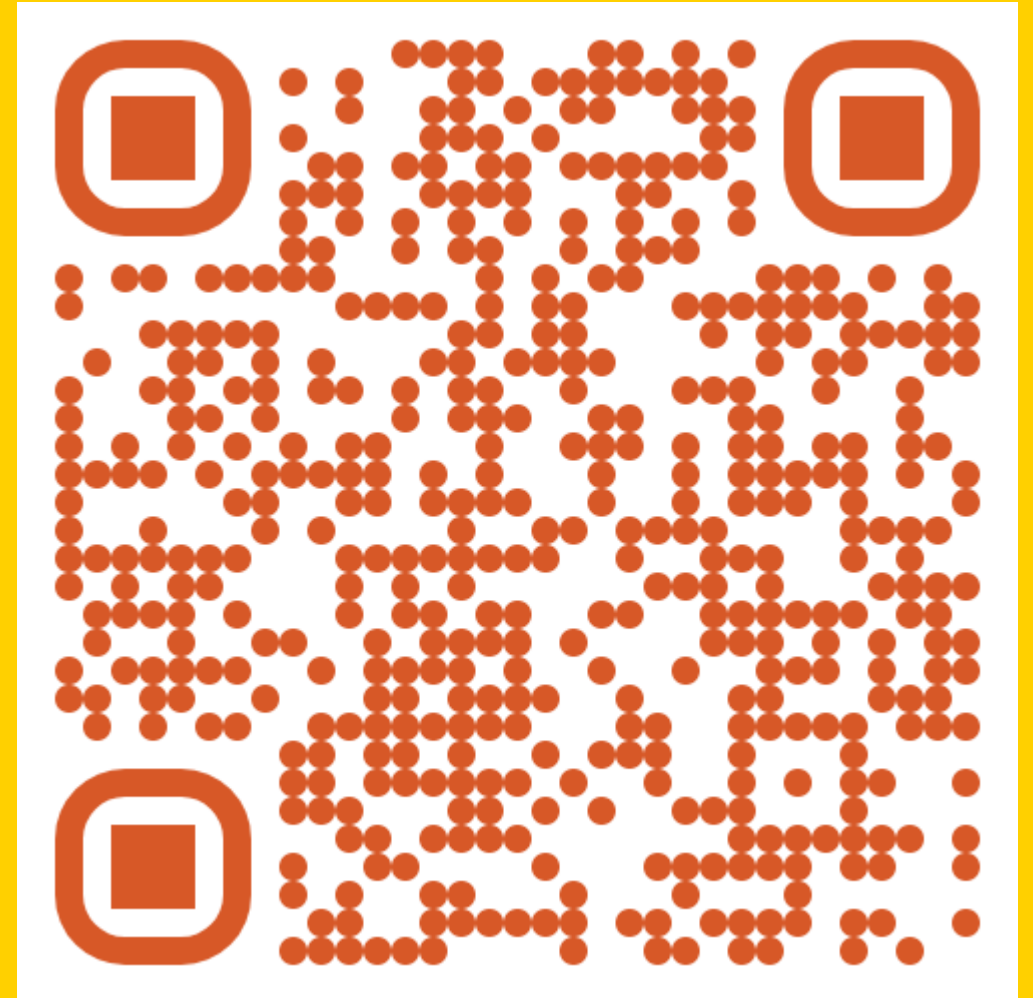
# Group Activity

1. In groups **select one country** and
  2. Identify **key exports and imports from that country**,
  3. **Pick a group representatives** who will present the key points to the rest of the class.
- A data source has been provided at the next slide

# The Observatory of Economic Complexity (OEC) World Trade Data



<https://oec.world/en/data-availability>



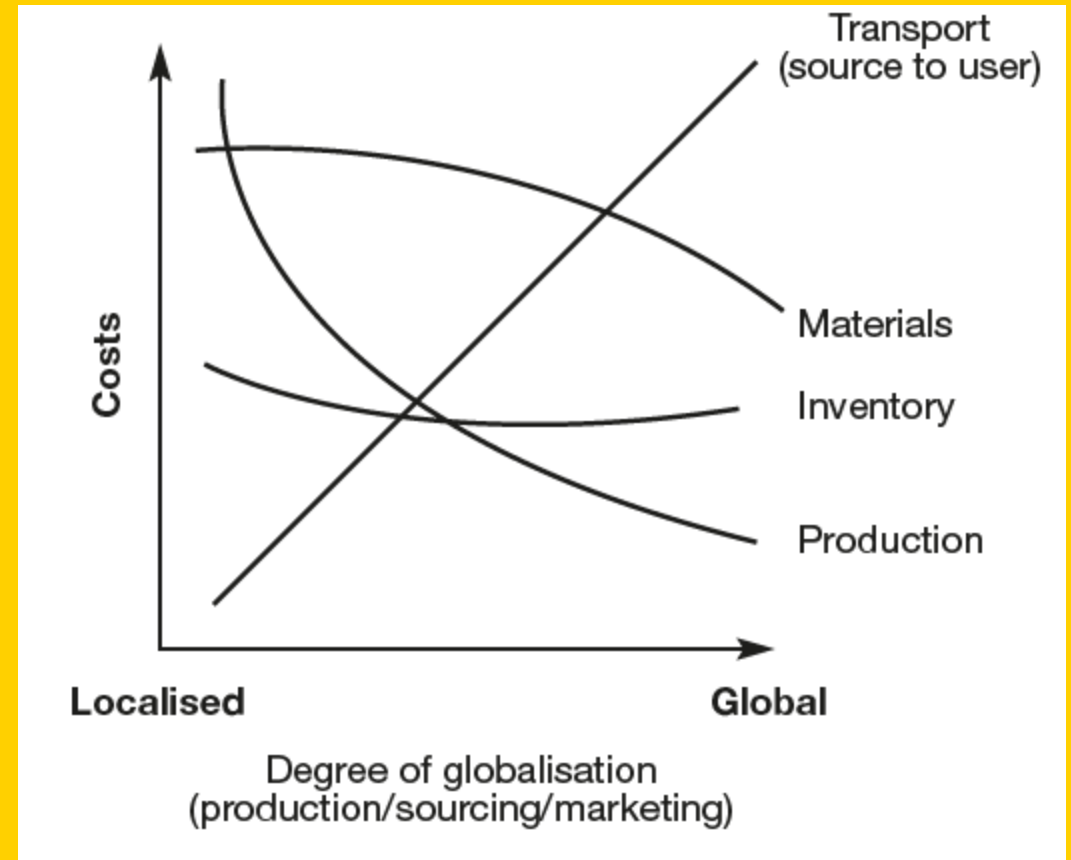
# Drivers of globalisation

- **Economic:** Growth of international trade, increase in capital, goods and information flows & growth and risk management in emerging markets.
- **Political:** Changing political situations, government policies & emergence of new forms of governance, regionalism.
- **Social:** Rise of a global culture, consumer pressures & domination of media.
- **International/ legal:** Expanded cross-national cooperation/ competition, trade regulations, tariffs & subsidies.
- **Technical:** Application of technology- Digital commerce.



# Main Driver of Globalization

- From a production and Distribution viewpoint,
- Globalization offers companies opportunities to simultaneously **grow revenues** and **decrease costs**



Christopher (2013) Trade-offs in global logistics

# Barriers to globalisation

- Government regulation
- Tariffs and subsidies
- Controls on Capital
- Border/ Immigration Controls
- Technical Standards
- Protection of Intellectual Property Rights
- Lack of familiarity to the target location/society
- Wrong or misguided perception

# Costs of globalisation – Some examples

- Threats to national control or even sovereignty
- Economic growth causing environmental stress
- Hyper-growth eating up non-renewable natural resources
- Possible income inequality at organisation and individual level
- Ethiopia / Kenya / Sri Lanka
- Indonesia / China / UK
- Globally
- Bangladesh / Sri Lanka / ???

## Activity- Poll

- Will opening the local market to foreign companies kills local business?
- Scan QR code to cast your vote

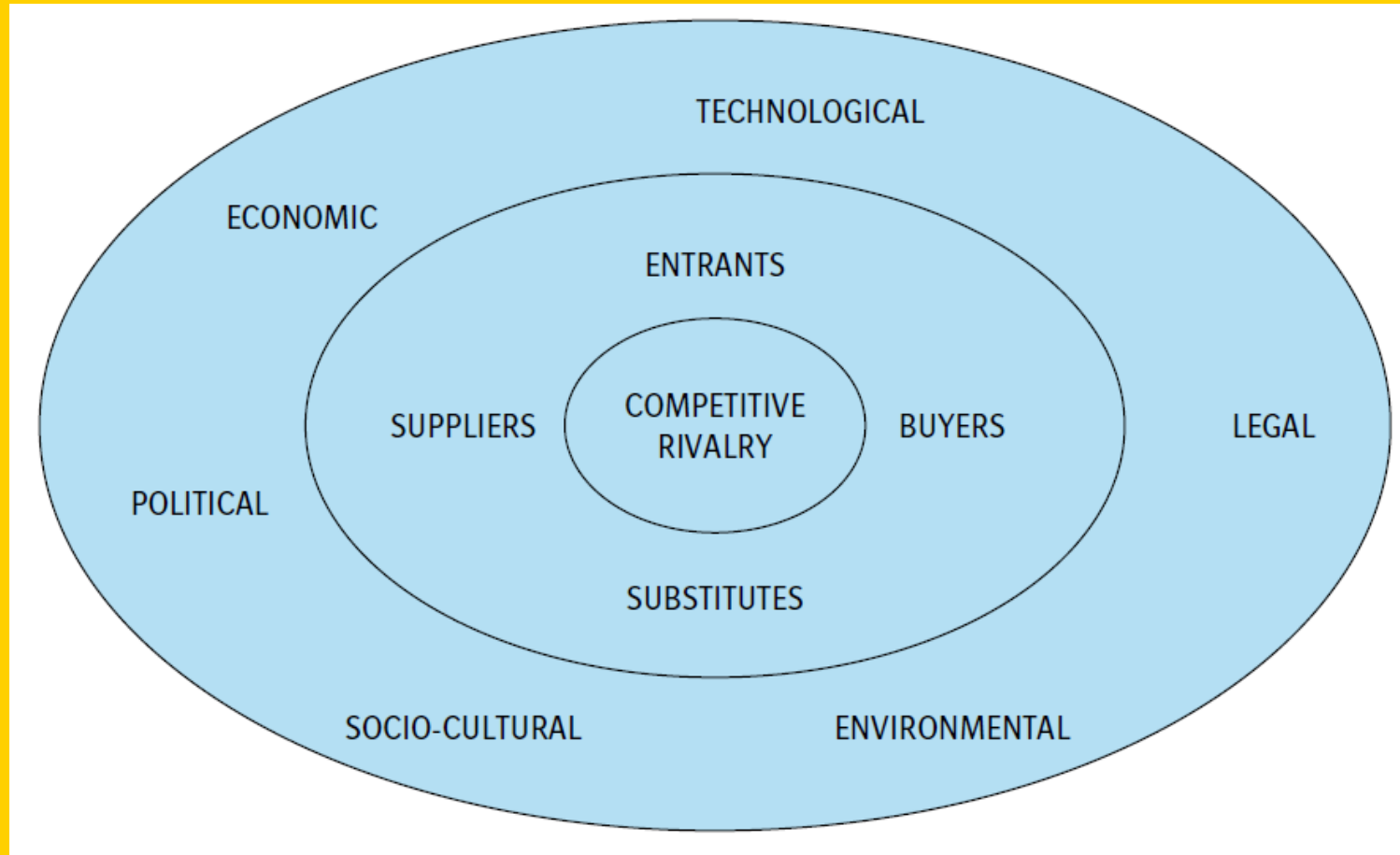


# **Global Business Environment**

# What is the Global Business Environment (GBE)?

- The GBE has been brought about as a result of Globalization
- When operating in different sovereign countries, firms must align and adapt to the different cultures of each country
- As well as its wider **external environment**
- It is more complex than individual territories
- Think of the trading blocs and Regulatory frameworks they create

# Factors of the GBE



# Question and Answer

- What are **two** significant issues in the **current global business environment**?



# Major Challenges in the Contemporary World

- **Political** populism, conservatism & isolationism: Weak economic growth, low productivity, job insecurity & unstable markets? (In Europe)
- **Refugee crisis** - 'The refugee crisis is both a consequence of a more interconnected world, and a cause of the revolt against globalisation' (David Milliband, WEF)
- **Geopolitical conflicts** and changing political climate.
- **Global competition.**
- **Climate change** - How to create the balance of good lives with sustainable limits?

# Next Step

Read **Chapter 1** of the Recommended Text book:

- **Hamilton and Webster, The International Business Environment**
- David Needle and Jane Burns, *Business in Context*

# Exit Poll- Post Lesson Reflection

- Scan QR Code to provide your feedback
- Thank you for your views

