

Global Business Environment and International Strategy

MOD007191

Lecture 1

Introduction to the Module

Globalization

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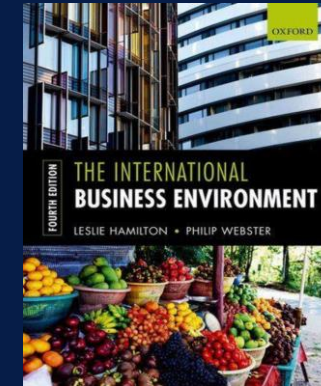
Resources

- My lectures are available at: <http://samuellearning.org/>
- ARU Resources: <https://canvas.anglia.ac.uk/courses/34916>

Books

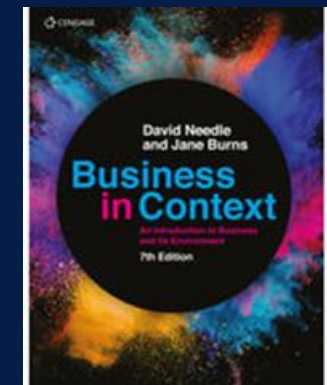
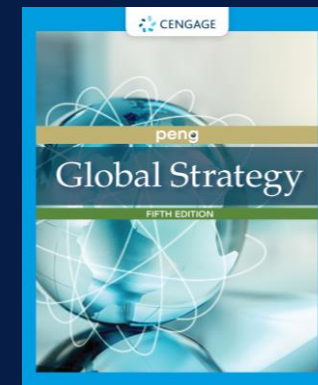
Main Text:

- 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

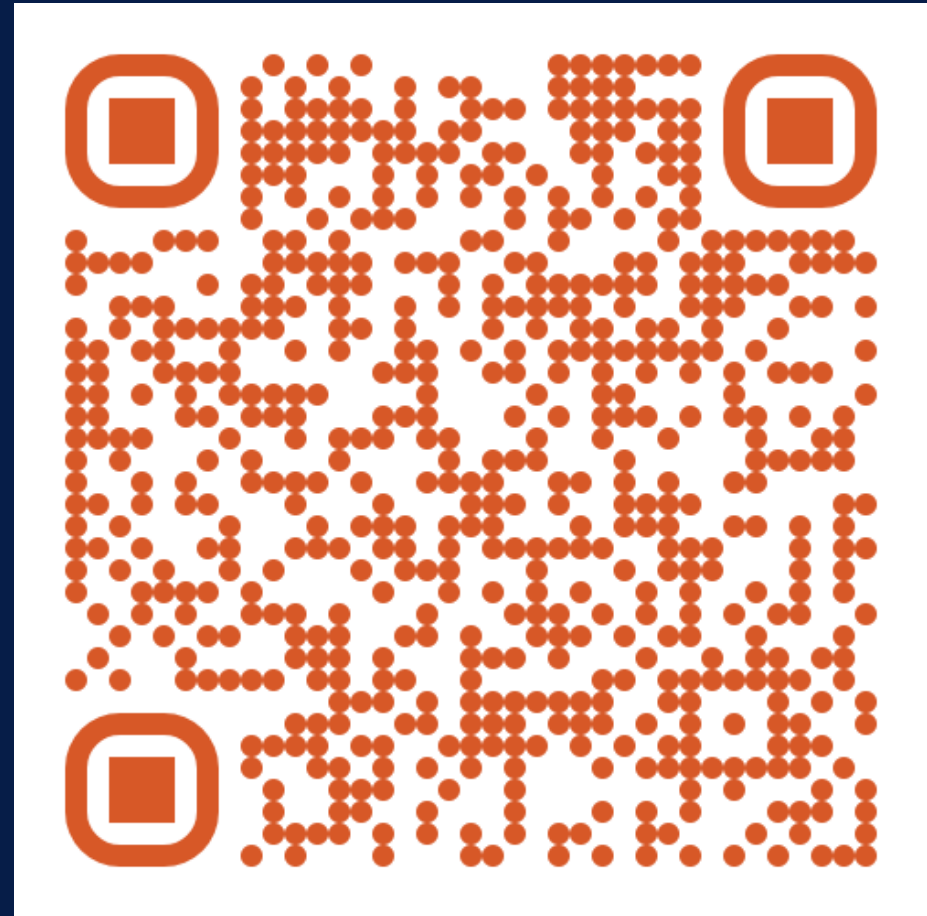
- LO 1 Identify describe and assess the factors that shape and change the global business environment.
 - political, economic, social, legal, ecological and technological factors
 - the competitive environment
- LO 2. Demonstrate an understanding of globalization and key developments in the global economy.
- 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: Culture – Politics -- Finance
- 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

- The assessment is one element consisting of an essay type question.
- Maximum of 3000 words for December 2022 assessment
- Details can be found on Canvas:
- <https://canvas.anglia.ac.uk/courses/34916/assignments/317584>



How the sessions are structured

- Screencast- 10-15 mins
 - A pre-recorded preparatory presentation posted on
- In Class workshops- 3hrs
 - Listen
 - Ask questions
 - Actively participate
 - Discuss and debate
 - Please prepare on the basis of the key discussion points (KDP) from the previous week

Business in Context

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

- Go to:
- Enter up to 3 words



What is Business?

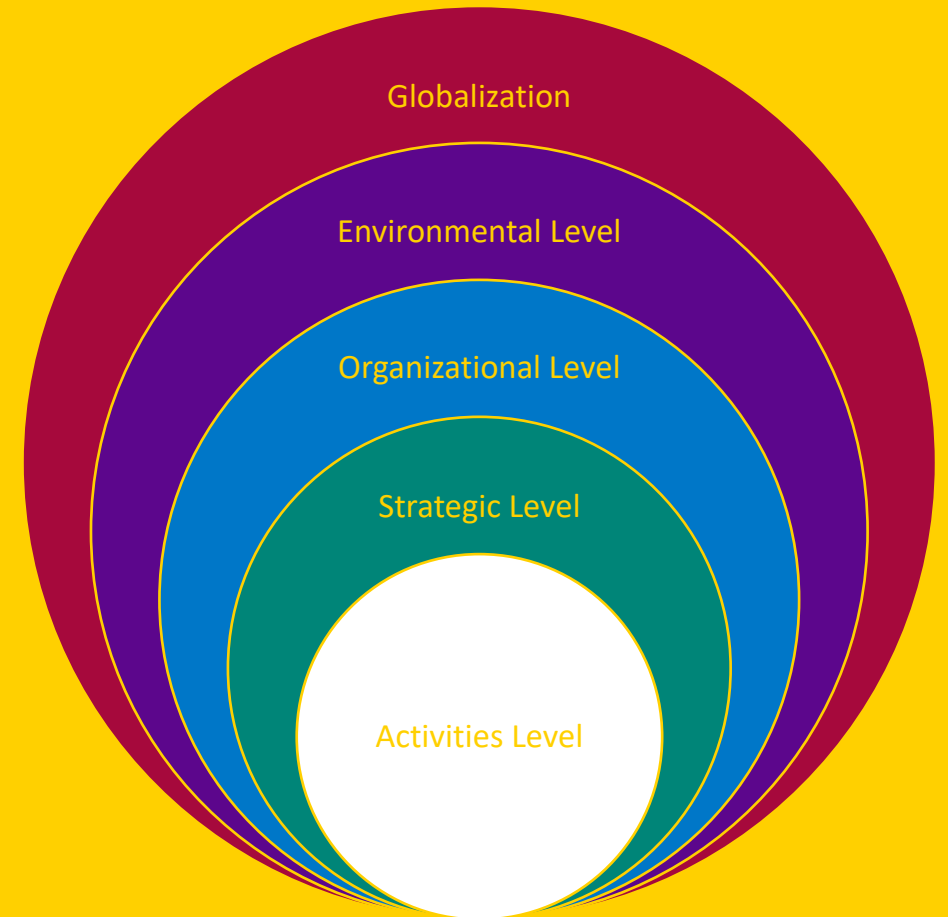
- Milton Friedman :

“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



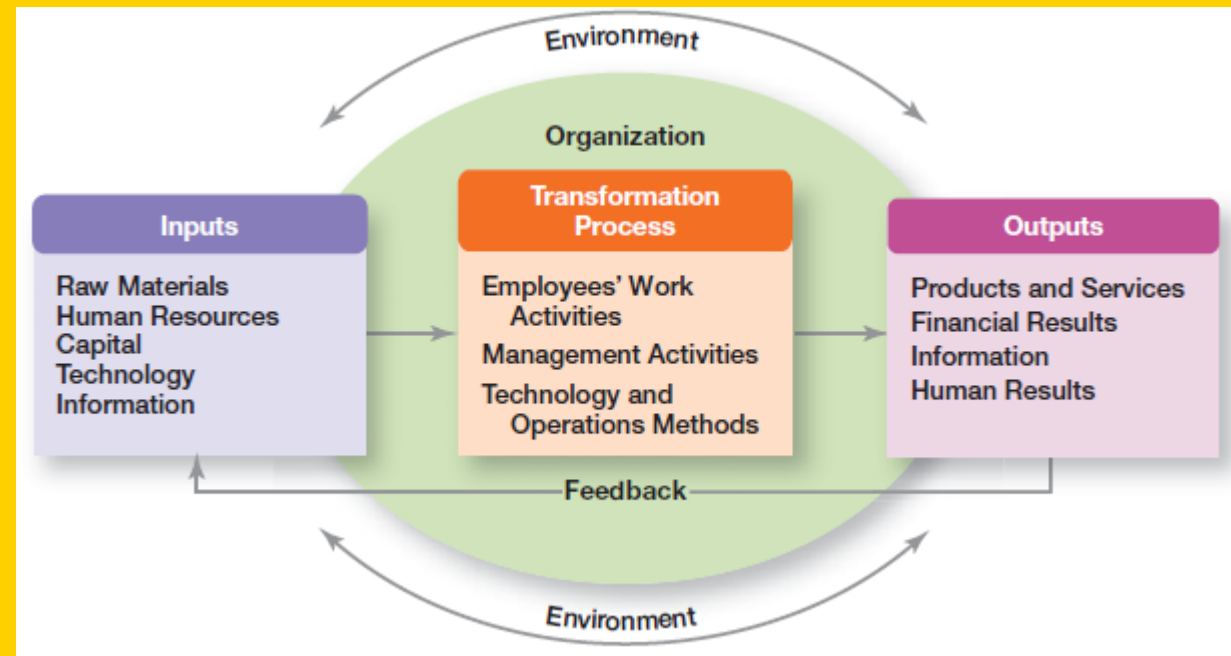
The Business in Context Model

Needle and Burns (2019, pg.2)



The Systems Approach

- The firm is **made up of interdependent parts** which can only be understood by reference to the whole
- The firm, like the organism, **must adapt to its environment** to survive.
- The activities must be balanced so the firm can **obtain equilibrium, with the environment.**



Robbins and Coulter (2012, pg.36)

The Contingency Approach

- There is a **symbiotic relationship between the organization and its environment**
- Business **activities** and the way they are organized **are products of the environment**
- Successful firms are those that adapt to the key influences and **achieve some kind of best fit with their environment**
- The most **successful firms** are those that are organized to influences, **take advantage of the prevailing environmental**

Why Starbucks Failed In Australia



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

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

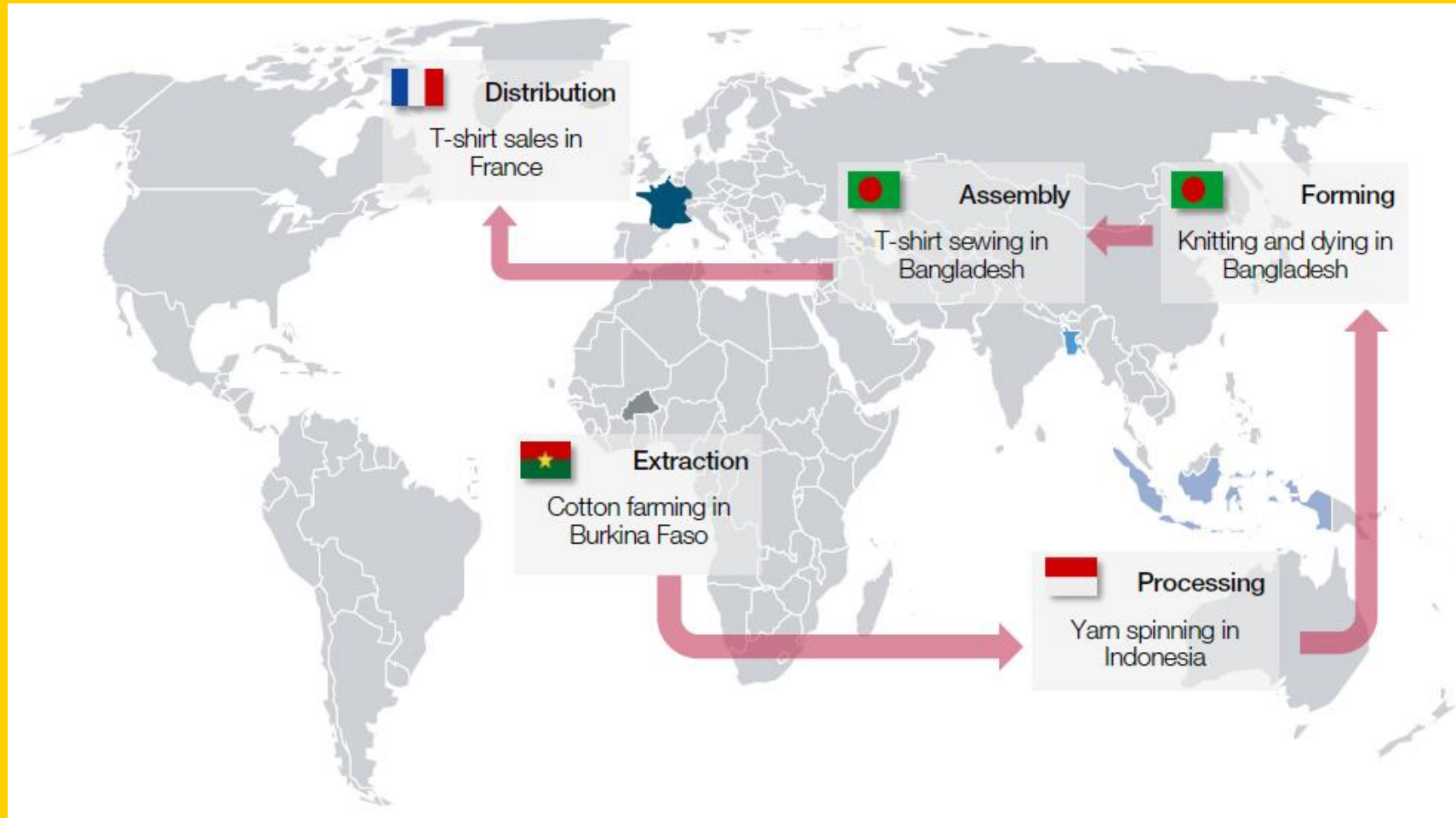


Apple iPhone Global Supply Chain | CNBC

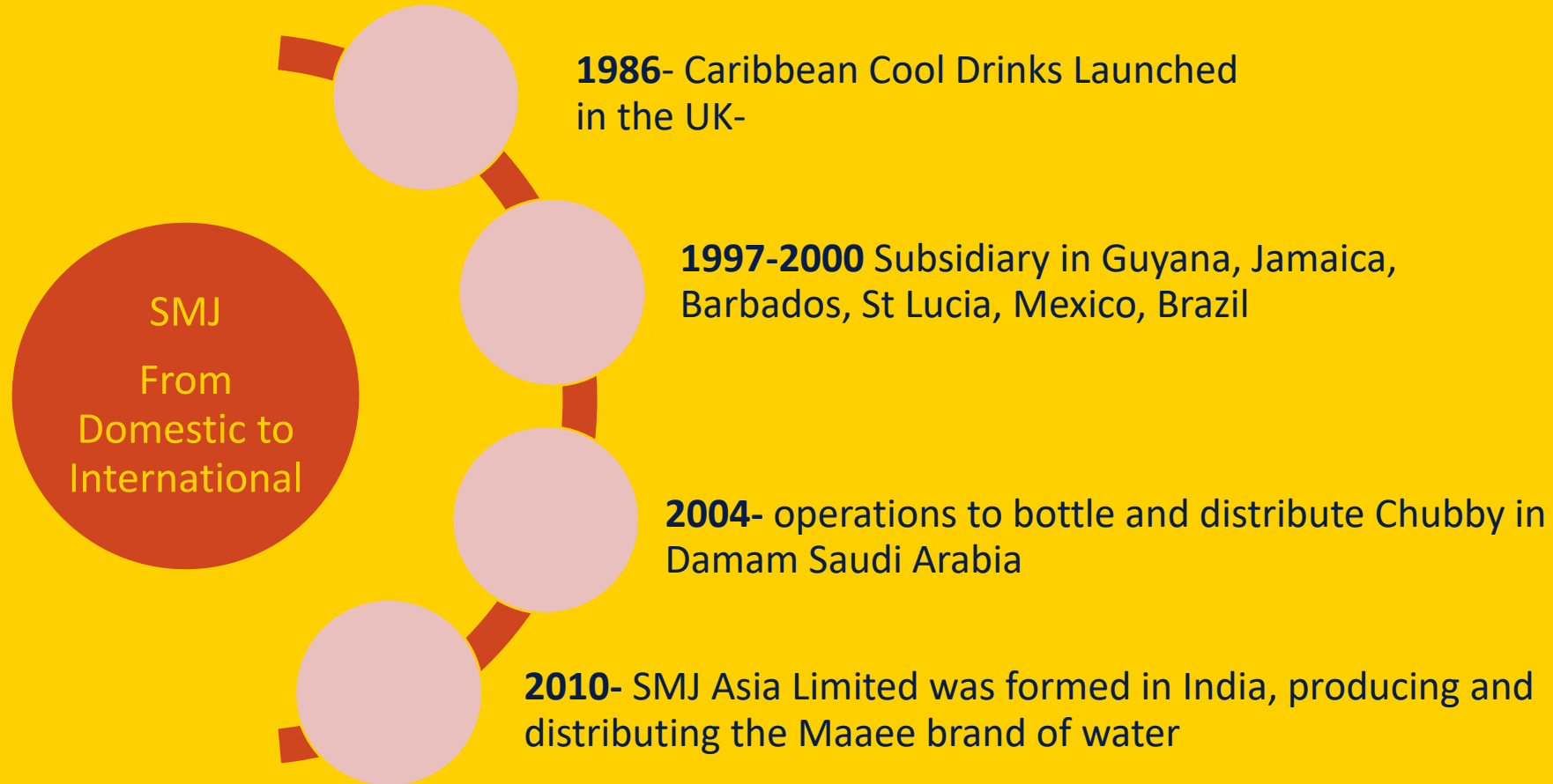


<https://www.youtube.com/watch?v=Cw3V2x5u54Y>

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)

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

-

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

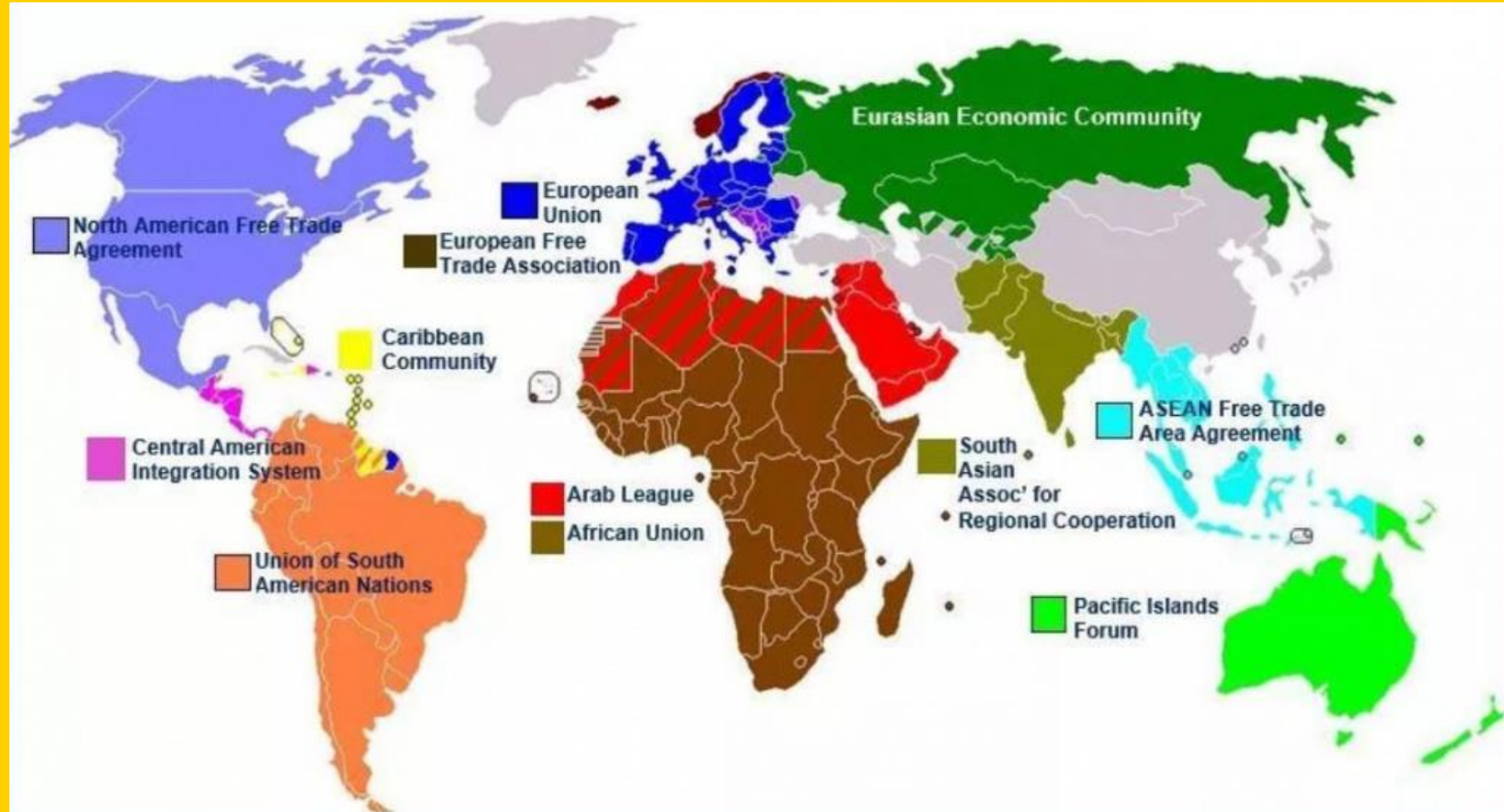
Religion

Sport

Crime

Health

Economic Trading Blocs

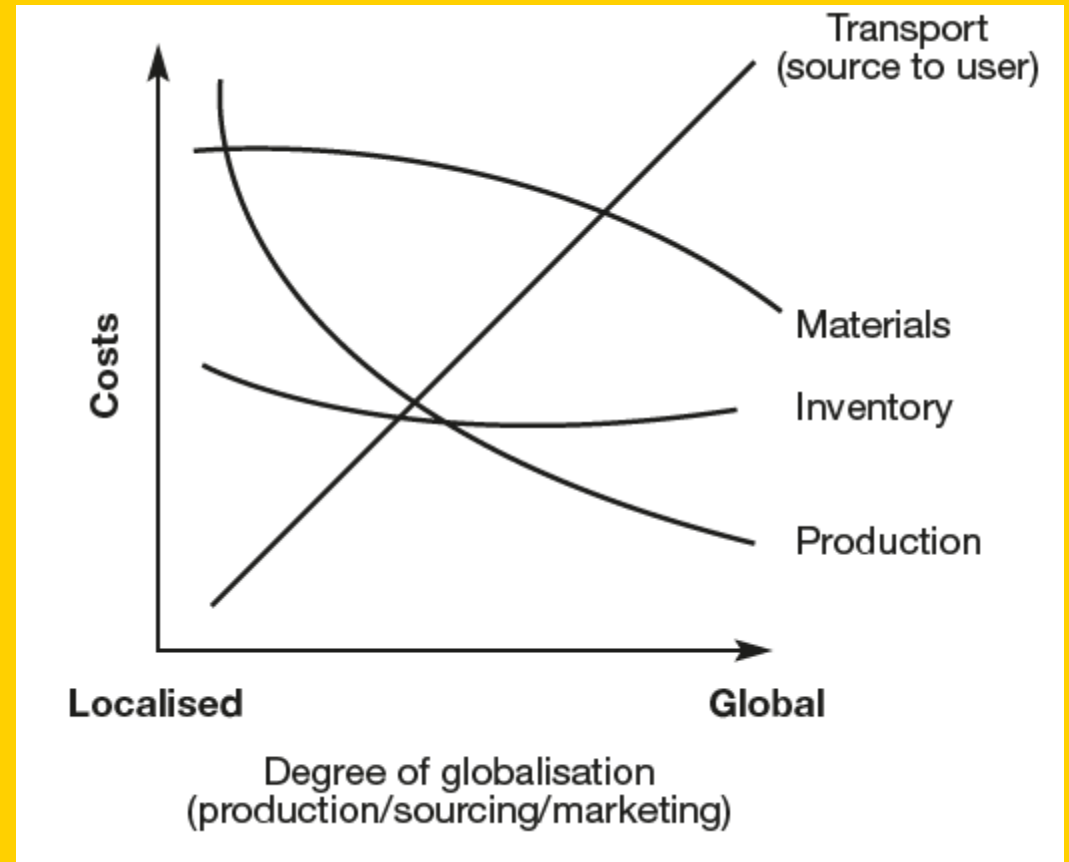


Drivers of globalisation

- **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

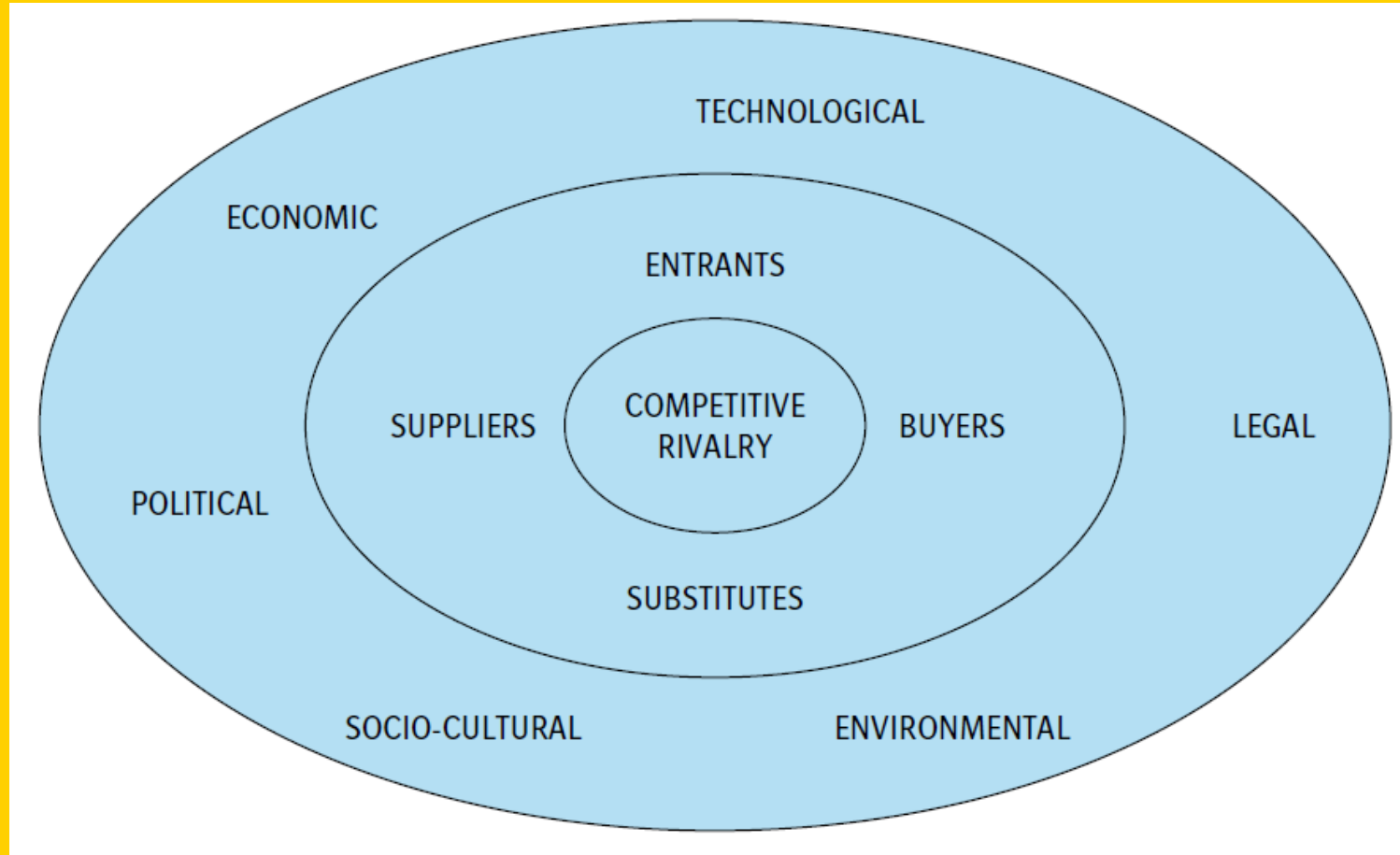


Global Business Environment

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

