

emeronTB

mCÄänGaCvkmpGnpCati

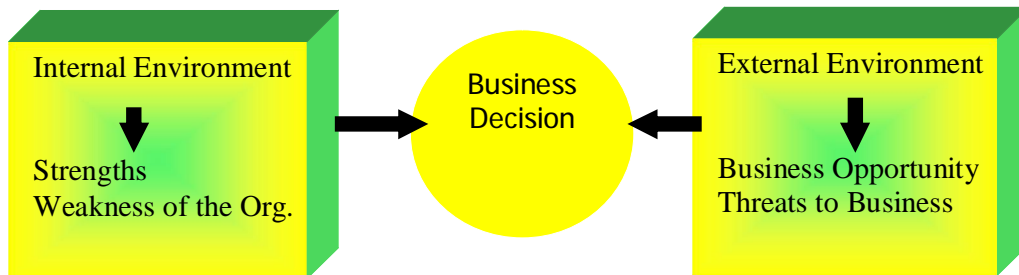
International Business Environment

küemeront2 eyb)ansksEstyyl BI GtCaGvkmpGnpCatinKarKbRkg RbmTajl I
 ninäkal mYcMEdl eFI GaymankarrkcMhenGvkmpGnpCati. küemerontbnybngsksaBGta
 mCÄänGaCvkmpGnpCati. karvPaKedm,Estyyl GtGta International Business Environment
 CacHsManbpténkarKbRkgngFBaNCvkmpGnpCati.

I-mCÄänGaCvkmpGnpCati (International Business Environment)

mCÄän b-briyakas³ sMueTael tal GvEdl enACM eyb.

mCÄänGaCvkmp sMueTael tal GvEdl enACM eyb nigman\TB\I mkel Cvit nig
 karGPiDärbSgaCvkmp “Business Environment- Refer to sum total of all the forces
 surrounding & influencing the life and development of the firm.”

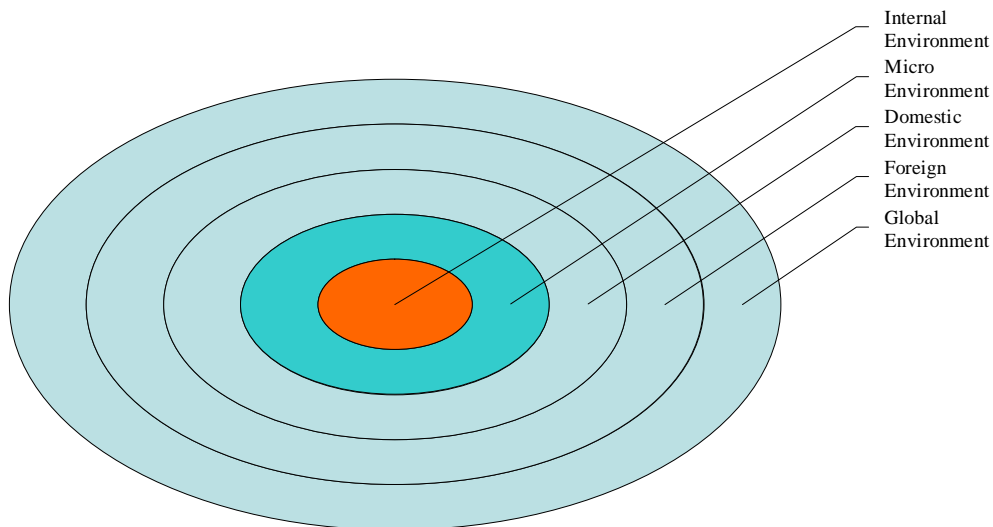


- Business Dynamics to a large extent depends on the environmental dynamics.
- Environmental understanding becomes more important in the area of international business in which the environmental forces of the home country interact with the foreign environment.

II-I kN³énbriyakas Environmental Characteristics

- briyakas bmCÄän Caktb bkM aJEdl sIenAxageKAGgPaB
 Factors and Forces are external to the firm.
- minGacRbRkg)an Essentially uncontrollable.
- briyakas b-mCÄänmankarpesbptQbQr Environmental factors are dynamic-they
 continuously change over time.
- edm,RkbRkgkarpesbptenHeybRtUkarGP
- karKitTkCann kareqlytb nigkarsRmbsRmV eTangPaBsKsaj nigCMhanénkarviDän\t
 QbQrrbs; environmental forces. Anticipate, respond and adapt to the complexity
 and rapid pace of various environmental forces changes globally.

III- Fatmahan Çakır Components of International Business Environment



Internal Environment

tInageday yit sarsaCvkmpbsGgPaB ng karsMccitfdI BakBngTAng³

- o **pl it kmp** Production
- o **hi Bw t** Finance
- o **kar Ftp Sr** Marketing
- o **Fn Fan m n S** Human Resources
- o **Sk m Pa BR Sa R Ca Cd m** Research Activities...

GgPaBGacKbKgua)an bEnPaSyeTAngmCAdarEd I GaClkmpndHsRenA.

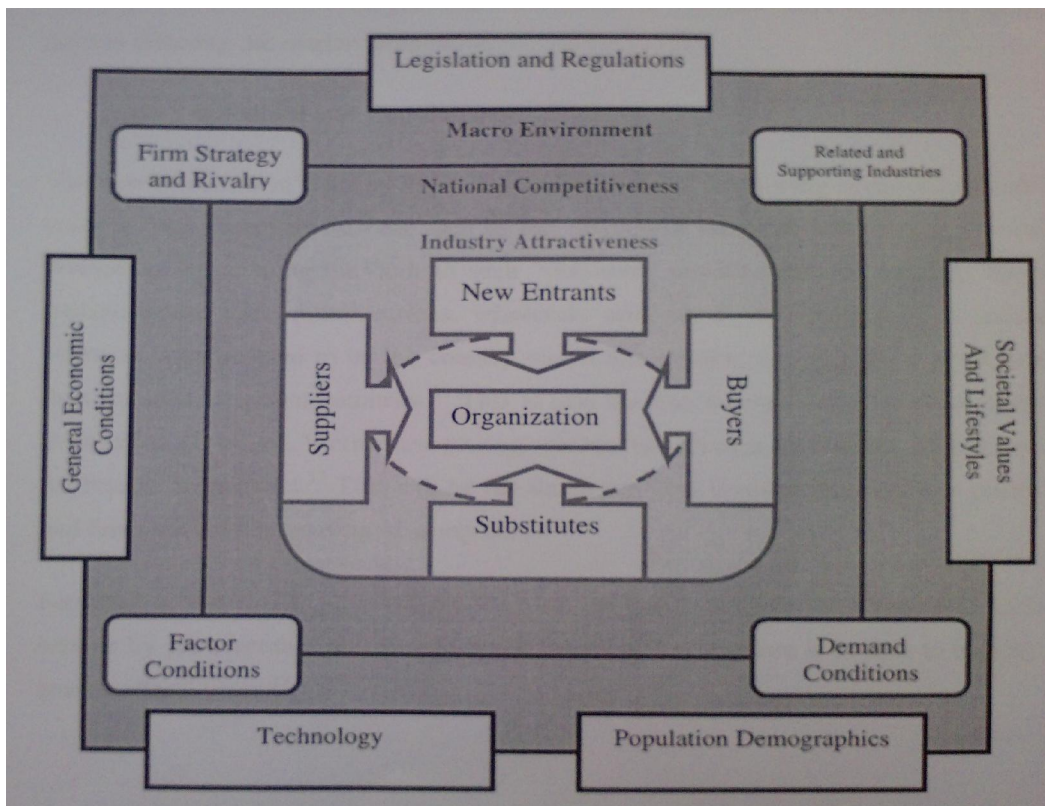
Micro Environment

edrtVCamCAdankNhl rbsGgPaEdl C³\TBl phl dl karsMccitngRtbtjkarbs;

Rkmh. Micro Environment mandtCa³

- Suppliers
- New entrants
- Customers
- Substitute products
- Competition

CaktpEdI cat;TukfaGacRkbRkgpgnigminGacRkbRkgpg.



Domestic Environment or Macro Environment

CamCAdanC3\TBI edayRbeyal mkel GaCikmpuhyCamCAdanEdI RkmhtminGacRKbRKg
)aneT. vanandbtCa3

Economic	Technological	Political-legal	Socio-cultural
-GDP trends -Interest rate -Money supply -Inflation rate -Unemployment -Wages/prices -Energy availability/cost -Disposable income	-Total government spending for R&D -Total industry spending for R&D -Focus technological efforts -New products -New development in technology -Productivity through automation	-Monopoly regulation -Environmental protection laws -Tax law -Special incentives -Attitudes toward foreign company -Laws on hiring and promotion -Stability of government	-Lifestyle change -Career expectation -Regional shifts in population -Consumer behavior -Rate of family formation -Growth rate of population -Age distribution of population -Life expectancy -Birth rate

-ktsdki© Economics Forces

dMhrkarénkavPak External Forces RtUESgyI BNTBI esdki©Ael RkmhtmdtxageKam3

§ PaBTMhrén\NTan (Availability of credit)

§ kkténchMU TMhrdd (Level of disposable income)

§ GRTakarRak;(Interest rate)

- § **GRtaGtprNa** (Inflation rate)
- § **ninakarpl itpl kgRskdl** (GDP trends)
- § **KlthbMhMs** (Consumption patterns)
- § **kltnkmpab** (Unemployment level)
- § **kartandanel klth Qü BI kmung éfthij** (Wage and price control)
- § **ninakarTpSarbiyvtö** (Money market trends)
- § **ninakarTpSarmü Fn** (Capital market trends)
- § **sänPaBesdlecöretS** (Foreign countries' economic condition)
- § **karpasbptlkkarThij nig esvakmpu** (Demand shift for goods/services)
- § **ktpenkarnatj nig natü** (Imports/Export factors)
- § **PaBxsKénR)akchü tantlün%stfCn** (Income difference by region/customer)
- § **ekal neya)ayrbiyvtö** (Monetary policies)
- § **ekal neya)aysareBBns** (Fiscal policy)

-ktlbecRvüa Technology Forces

karvitpénbecRvüa\TBI eTael Rkmhü³ bBaEdl ecatel becRvüa³

- § **GhFvNt** (Internet)
- § **karnatGay)anefak** (Semiconductors)
- § **karThakThgcmlyqay** (Telecommunications)
- § Hybrid...

GhFvNteFvGayRorol dl ; kN³én»kas nig karKlmlkthg (Internet changes the nature of opportunities and threats)

- § **eFvGayRorol dl ydpliténpl itpl** (Alters life cycle of products)
- § **beghæl ,thénEckcay** (Increases speed of distribution)
- § **beglpl itpl nig esvakmpu** (Creates new products and services)
- § **sM EdnkMtenTpSartanPthasRsh** (Eases limitations of geographic markets)
- § **eFvGayRorol dl esdlecmaRtdan** (Alters economies of scale)
- § **eFvGayRorol dl r)atnatj natü** (Changes entry barriers)

-ktlneya)ay nigc,ab Political and Legal Forces

dMhrkarénkarvPakktlneya)aynigc,abRtUEShyI BNTBI énc,ab;neya)ayeTael Rkmhü³
»kas nig karKlmlkthgsMan² (Key opportunities and Key Threats)

§ c,abRogadikarphcmx (Antitrust legislation)

§ GRtaBn§ (Tax rates)

§ c,abRokasnybRztkkmp (Patent Laws)

§ karRogElogbBabBaP (Lobbying efforts)

-GefrsMan²enc,ab;neya)ay (Key Political-Legal Variables)

§ niytkmpsrdaP)al nig Knniyytkmp (Government regulation and deregulation)

§ bMbm c,abBn§ar (Tax law changes)

§ taragBn§ss (Special tariffs)

§ bMbm c,abRokasnybRztkkmp (Changes in patent laws)

§ c,abkarBarbrdan (Environment protection laws)

§ c,abSiTsKænAkükgargar (Equal employment laws)

§ kltén]btññrbsrdaP)al (Level of government subsidies)

-ktsghnigvb,Fm' Social and Cultural Forces

RtUemll GefrsMan²duxagerkan (Monitor Key Variables)

§ GRtar§)anCamFüm (Life expectancy rates)

§ chlU sMbmnsSmäk; (Per capita income)

§ chlU TMhrdu CamFüm (Average disposable income)

§ Gk,kiyæTæI Rkmhñ (Attitude toward business)

§ TMabénkarTij (Buying habits)

§ karxlyxV BRkmsll Fm' (Ethical concerns)

§ Gk,kiyæTæI karSnSM (Attitude toward saving)

§ PaBesKænBCsasñ (Racial equality)

§ klténkarGbrñamFüm (Average level of education)

§ c,abrsRbeTs (Government regulation)

§ Gk,kiyæTæI esvakmGtfcñ (Attitude toward customer services)

§ Gk,kiyæTæI KNPabPl itpl (Attitude toward product quality)

§ karTTV xsRtUenAküsgñ (Social responsibility)

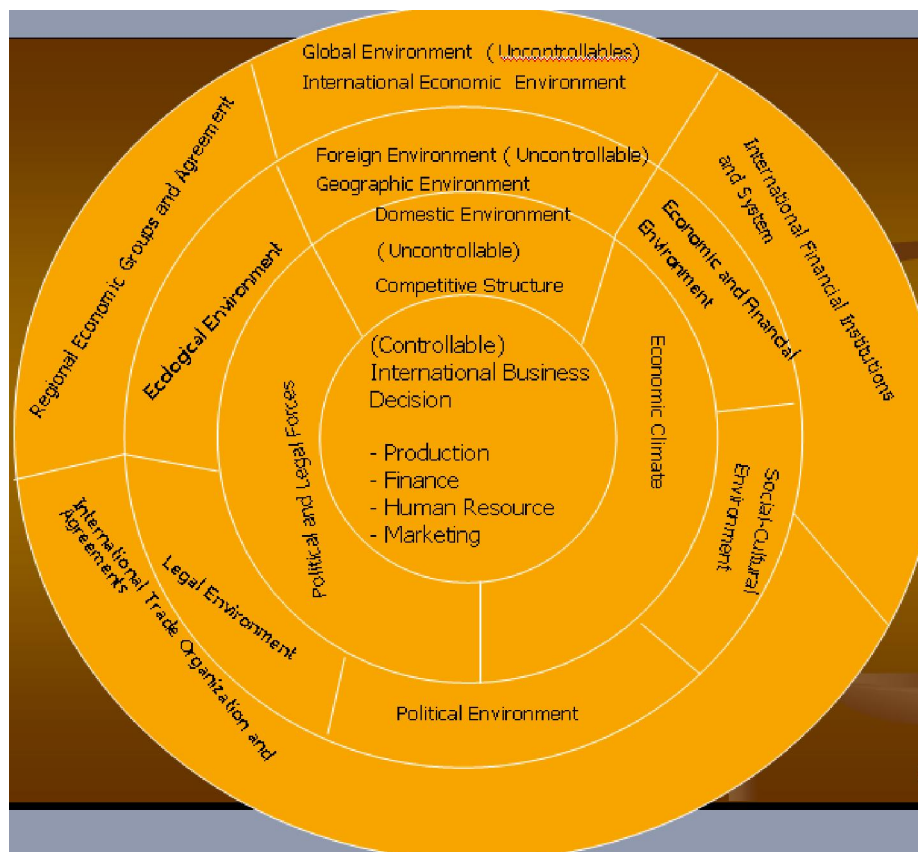
§ karKbKkgkarxlyay (Waste management)

Foreign Environment

- Physical Geographic
- Infrastructure Economic Conditions
- Socio-cultural, Family Social-Cultural Environment
- Governmental, Political & Legal forces
- Technology
- Ecology

Global Environment

- World Economic Condition
- International Financial Systems
- Working of WTO, IMF, WB..
- International Agreements & Treaties
- Regional Economic Groupings
- World-wide Economic Recession
 - § Initiatives of Regional levels
 - § European Union (EU)
 - § North American Free Trade Association (NAFTA)
 - § Association of South East Asian Nations (ASEAN)
- Domestic market & foreign Countries

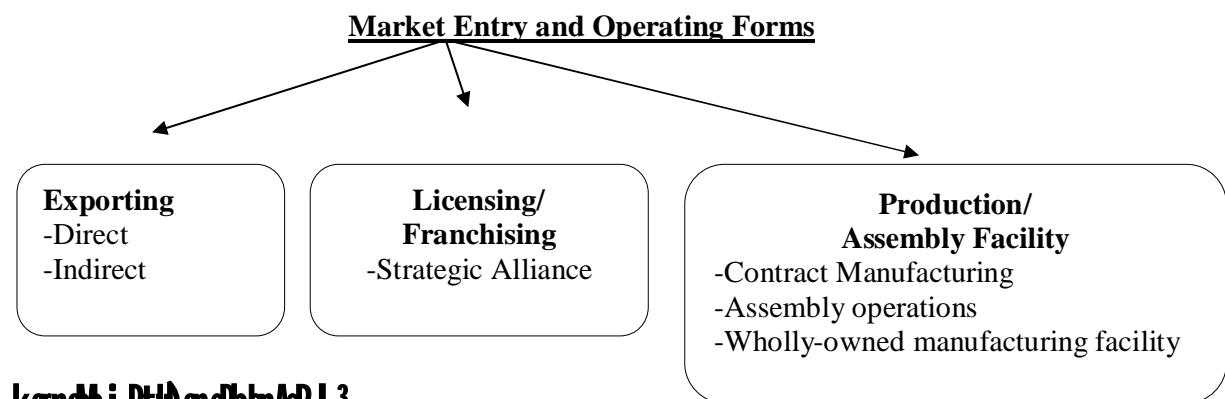


IV. Relevance of International Business Environment

Environment

Which market (s) to select?
 How to enter into those markets?
 Environmental forces.
 Market Potential?
 domestic & foreign environments
 Market Potential?
 domestic & foreign environments
 Market Potential?

How to enter (Mode) of entry?



Exporting is desirable

- home country
- XateAel karcU eTAgRoet sCaTpSareKal edA
- direct and indirect exporting

In case of import bans or excessive transportation cost and Big market

-
-
- Contract manufacturing
 - Feasible,
 1. If foreign governments allow FDI
 2. Raw materials & labor are locally available at competitive prices.
 - In case FDI is disallowed..
 - GO for either licensing/franchising
 - Joint Venture

Environmental forces & Functional & Tactical Decisions of a Firm

- What should be the scale of production?
- Should the firm employ labor or capital intensive techniques?
- How to finance firm's foreign operations?
- What marketing mix should the firm use?
- Should the firm hire local persons or employ foreign nationals?
- What should be their compensation package?

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