

International Business Environment Impact of Globalization on Business

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Abstract

Economic globalization is an irreversible development trend of the contemporary world economy. It is related to the decision-making of governments around the world and the vital interests of ordinary citizens. Its influence has been increasingly concerned by the international community. In this regard, this article examines the development process of economic globalization and believes that the fundamental premise of economic globali-zation is the global unification of large markets. This paper is premised on the discussion of international business environment. In the extent of globalization, international business environment had managed its strong firm.

Keywords

Integration, business, economic, globalization.

1. Introduction

This paper is premised on international business environment on the extent of globalisation. International business management involves private and governmental, all kinds of commercial transactions between various parties of more than two countries. International business environment is more diverse and complex than any kind of domestic environment firm. To continue a business, an international business environment involves import and export of goods and services, license to produce new goods and products in host countries, provides managerial services to companies with whom a joint venture is started and also requires opening a branch in order to produce and distribute goods and services in the host countries. In this essay paper, relevant examples are assumed and the impacts of globalisation on the international market are also discussed depending on its positive and negative aspects. The political, technological, economical and the socio-cultural factors are assumed to influence the international business structure depending on leadership and management styles. For the vast number of developing countries, economic globalization is tantamount to a "double-edged sword." While bringing new opportunities for developing countries to catch up with developed countries and promoting their economic development, they will inevitably pose new challenges to the sovereignty and economic security of developing countries, and have many negative impacts and even development. The serious impact of the national economy. In the process of participating in economic globalization, developing countries must be treated with caution and not blindly. From a strategic perspective, countries should comprehensively consider the current economic situation of the country, comprehensively balance the relationship between various aspects, and on the basis of objective and calm analysis, not only see the great prospects of economic globalization, but also fully consider the problems that may arise and prepare for them. Good countermeasures, actively integrate into the process of globalization, bravely meet the challenges, make strategic choices in line with the national conditions of each country, and strive to achieve the economic take-off of the country.

Critically comparing different perspectives of the impact of globalization on business environment

In the past decades, the world has transformed into the global marketplace and internationalized financial institution, market and politics. Globalization is integration between countries and people

of the different organisations over the world that are brought by huge reductions on cost of transport and communications are increased in the workplace.

2. Theories of Globalization in Business Environment

Globalisation is changes in the world and globalisation in business environment is the change in business of a company that is associated with a single country. It is usually represented as different perspectives. Pro globalisation and anti globalisations are the two perspectives of business environment. According to Neelankavil (2015), pro globalisationists are the small evidence of income inequality because of no past data to prove hypothesis and not determining the level of income inequality in pre globalisations. In the opinion of Hamilton and Webster (2015), anti globalisation are the lowest cost providers that do not refer to more income equality for people. In accordance to Czinkota, Moffett and Rokainen (2015), the impact of globalisation in business is roughly based on two broad categories.

Firstly, market globalisation, this is the decline of selling products and goods in different countries other than the home countries. This kind of change in business will allow the company to sell its products internationally as the lower charge keep consumer's rate low and some restrictions are allowed while crossing limit and makes it easier for the company to enter into the foreign market. This type of international business category permits a company to adopt cultures of different countries and develop the business strategies. Secondly, production globalisation, this is the source of services and materials that are gained from other countries to achieve profit from price difference in various nations. As suggested by Meyer and Peng (2016), organisational change leads to reduction in cost for consumers as the cost of the products are less to produce. Joseph Nye, dean of the American theory of globalization at Harvard University, believes that the first meaning of globalization is the economic field, which refers to the long-distance flow of goods, services, funds, and information. Some scholars believe that the essence of economic globalization is the historical process of market economy development on a global scale, and it is the overall advancement and unprecedented development of the market economy. After the end of the Cold War, the former "socialist camp", which accounted for one-third of the world market.

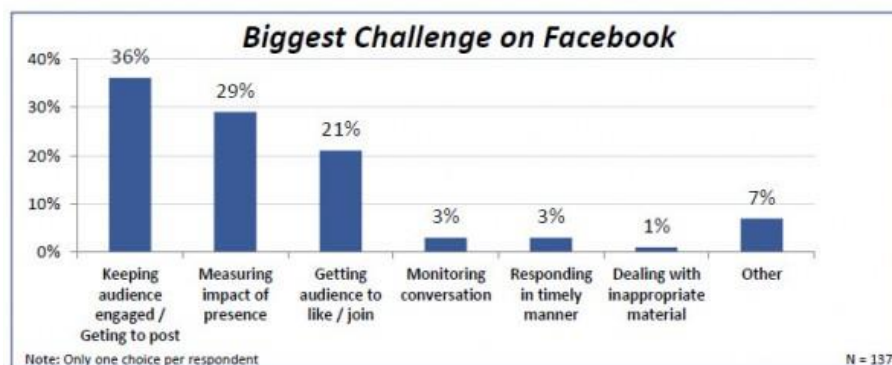


Figure 1: Impact of globalisation

Technology associated with international business policies and strategies has made it easier and simple for the people for communicating with different organisations in different countries and also lead to the cost declaration in transportations. As commented by Khan and Quaddus (2015), globalisation is increasing day by day with the increase in technology. Technology has improved the mode of transportation, which has improved the performance of the business organisation. For example, TESCO have taken the help of digital platform to boost its business growth. As transportation is a pro-active agent of globalisation in international business market. Another technology that helped business to expand its firm is by internet facility. Internet facility allowed companies to transfer files and other important documents by internet connections that were not possible before. According to Belás et al. (2015), new technologies has now revealed inefficiency of

financial market with the development of the technology and the financial markets deregulation, which leads to increase investment in telecommunications and other technological advancement.

3. The liberalisation of trade policies of governments

Globalization is an unavoidable process. Government has formed a huge area for globalization by developing principles of global trade and monitoring it by shaping the privatized sector. Globalisation in a country is achieved by improving investment generating ability of the country. The principles function of the government in the business environment is to create and form an improved marketplace by giving corporate government structure and laws related to business.

4. Factors influencing the structure of the business organisations

For creating a successful business in the international market, business executives need to evolve different leadership and management styles. Leaders in business environment recognise limitations of any individual's cultural norm. Based on various aspects of politics, environment, economic, social and technological factors, it varies from company to company and country to country.

Czinkota, Moffett and Rokainen (2015) opined that Political factors for different foreign countries examine the recent regulations of a specific country. Market environment that are governing industries requires to reveal on the restrictions that are placed on any company, market and the ability of the company to produce products and services for that market now and in future. This factor also need to look upon structures and the tax laws of foreign countries, import and export facility of the company and so on. In the opinion of Brouthers et al. (2015), leadership and management are linked directly to the political factors of an organisation. Leadership helps to influence people or employees in an organisation and helps in processing the organisation.

Economical factors of an international business company are important and help in influencing customers and revenue globally. Khan and Quaddus (2015) stated that this factor cannot be eroded in the business world. For any country, its economic factor is the prime indicator as it implies the profit of a company from the market. This factor involves the inflation rate, gross domestic profit (GDP) and other exchange rates for identifying the benefit of any organisation operating in the international market. Leaders and managers require keeping the employees engaged even when bad economic news rises and distracts employees.

Technological factors are another important factor for any organisations. Improved technology is an important factor that a company requires to pay attention in order to allow to produce goods and services. This factor helps in expanding business effectively and efficiently. In accordance to Khan and Quaddus (2015), a business is allowed to compete with other organisations with the help of improved technology and allows determining feasibility and profitability for the new ventures. Technology is a factor that affects leaders of a business and it impacts the performance of a leader or a manger. As technology virtually influences every factors of a business, so a leader encourages the employees to make use of latest technology for improving performances and contributes to the success of the organisational business.

A legal factor depends on the legislative changes that occurs within an organisation and varies time to time. Many factors are there that affects the business environment such as laws that impacts the industries and industries by analyzing the legal development. Some of the laws that every organisation need to follow are antitrust law, consumer protection law, various insurance law, and gender discrimination law and so on. Some of the legal factors also determine the final cost of doing a business and demand of services of a company.

Impact of Globalization on Business Environment

Wheelen et al. (2017) opined that over the last few decades, increased globalization has resulted in increase in competition among business organization. This increase in business competition has its negative and positive effect on business strategies and has affected a change in business culture and ethics. The areas in which this increased competition has its impact are associated with change in the

market demand, change in product price and service cost. It has also affected the brand equity of the organizations and has further resulted in change in the target market. The rapid globalization have forced technical and creative heads of companies to think innovative and bring in changes in it technologies and adapt to the contemporary market environment.

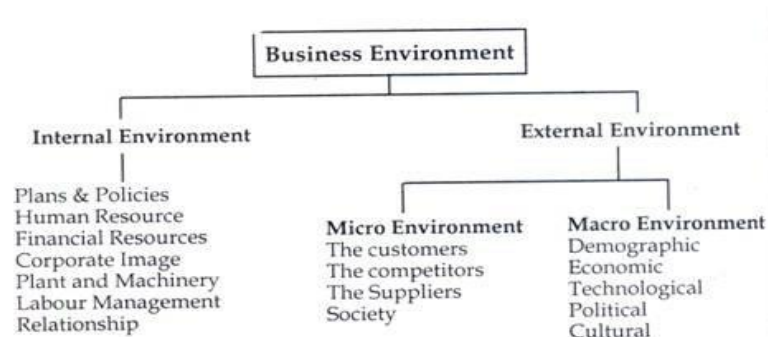


Figure 2: PESTEL analysis of business

According to Yamao and Sekiguchi (2015), globalization is defined as the integration of the worldly measures and narrows the communication gap between different countries. Similarly, globalization in terms of business policies and environment refers to the change in business dealings of an organization as it spreads its branches and captures multiple markets of different nations. This expansion of business organization has both positive and negative impact on the local and international market. For example, with expansion of business of a specific company on foreign territories makes way for new brands and services of products for the consumers. This makes the local business organization dealing in the same sector to make innovative changes in its technologies and present more exclusive range of products for the target customers. This brings in scenario the concept of competitive advantage of effect of globalization on business environment.

Yamao and Sekiguchi (2015) opined that the negative impact is that it saturates the market and makes it difficult for relatively young business organization to penetrate the market and create its own brand unless and until it brings in something relatively new that captures the consumer's attraction towards it. The stakeholders' relationship also gets unsettled with globalization of business environment.

According to Bowen, Baker and Powell (2015), globalization has become a major factor that has affected the business life over the past few decades. This have resulted in change of global economic structure, business dealings and methodologies, society and every business corporation have been affected by this rapid increase in globalization. The major positive impact of globalization on business environment can be briefed as follows:

Competition: Globalization has led to increased competition among the consumers to grab the best possible product in the market at an affordable range. This have made business organizations to bring in market products with fewer prices than their competitors and shifted their focus on economies of scale to earn more revenues. As a result of globalization, consumers can choice from a wide range of products available to them and this has changed their behavioural pattern.

Yamao and Sekiguchi (2015) suggested that customers nowadays try to access products in a more efficient way and this has paved the path for companies to opt for digital marketing to promote their products. They also expect higher quality of products and services from their preferred brands since there is lot of young companies offering same product at a cheaper rate to conquer the market. Organizations have to meet with the global parameters of having a successful business in order to adapt to the rapidly changing international market.

Exchange of Technology: The most positive impact that globalization has is on the technology front as business organizations have looked forward to adapt to the latest technologies. According to Bowen, Baker and Powell (2015), they have also tried to bring new innovations and employ efficient strategies to reach out to a wide range of consumers. This have resulted in companies opting for e-

commerce based business strategies and have gone for tools such as SMEs to promote their product on social media and digitized platforms. It has enhanced the technological aspect and has resulted in fast transfer of technologies. For example, Burberry has invested in digital technologies and has gained 32% positive feedback from social media. M&S have facilitated their consumers to design the trench coats according to their choice.

Information Transfer: One of the most important aspects to develop an effective business strategy in this modern era of globalization is to access information and data in an efficient way. Yamao and Sekiguchi (2015) opined that it is the most expensive intangible asset of any business organization and globalization of business has resulted in effective transfer of information across international boundaries. The probability of a company to access this information makes it adapt to global shift in business pattern.

Table 1: Trade Exchange Report

	Residency-Based Framework		Ownership based frameworks	
	Cross-Border Business dealings	Cross-Border Business dealings and net sales	National Academic record of Business Proposals	Julius proposals
U.S. sales to foreigners	581	632	816	2,523
U.S purchase	609	608	652	2,499
Balance	-28	24	164	24

Analysis of the relationship between Globalization and organisational structure

The relationship of various cultures has impact on both personal and corporate sphere of society. In the opinion of Terjesen *et al.* (2016), cultural values are an important part of our daily life. Cultural values are behaviours, actions and communication that one learns from childhood. Hofstede had introduces five dimensions to describe national cultures. Firstly, power distance index (PDI), this dimension refers to the extent in which the members of an organisation believes that the power are distributed unequally. Mainly, the lower level of the index perceive for inequality and power.

According to García-Peñalvo *et al.* (2016), high level of the index notices that the hierarchy is clearly executed and established in the society. Secondly, collectivism and individualism (IDV), this dimension explores the level to which people in an organisation are connected into a group. Individualistic organisation or society are often lose relates an individual to its own family, whereas, collectivism is that society or organisation has tight relationship that ties the families of an individual to others and forms a group. Thirdly, femininity vs. masculinity (MAS), in this dimension femininity society refer to preferences for an organisation in which modest, quality of life and care are equally provided to women, whereas, its counterpart refer to the heroism, achievement, assertive and rewards success for men.

In this index, the society that scores high degree are chosen for behaviour, laws, truth and guidelines and the society with low degree shows integrating of thoughts and ideas. Finally, Long term orientation (LTO), according to this dimension, there is a connection between the past and the future challenges. The low level of the index are the people from different traditions are honoured and valued and the high degree of the index are adaptable and circumstantial and are solves problems according to its necessity.

In the opinion of Bettis *et al.* (2016), every organisation has some distinct values for each of the characters composed. These are innovations, emphasis on people, teamwork, attention to detail, aggressiveness and stability. As suggested by Kolk (2016), the characters help people to make judgement on the values on the behaviour of the people within an organisation.

Theories of competitive advantage and innovation.

Table 2: Competitive Advantage
Competitive Advantage

		Lower Cost	Differentiation
Competitive Scope	Broad Target	1. Cost Leadership	2. Differentiation
	Narrow Target	3a. Cost Focus	3b. Differentiation Focus

According to Brouters et al. (2015), competitive advantages are strategic advantage that a globally representing company deals within competition. This determines the economic strength of a firm and focuses on its primary ability to excess return on capital.

According to Rosemann and vom Brocke (2015), Porter’s generic strategies seek competitive advantage in four segments.

5. Relevant theoretical concepts to business dilemmas or issues affected by Globalization

According to Bowen, Baker and Powell (2015), every organisations faces problem while starting a business and day to day, it faces issues as it grows. For example, Facebook faced many criticism and problems in early days of starting. It is now a stunning remark for the world that Facebook has been in the Forbes list since last year. Mark Zuckerberg is the co-founder, chairman and CEO of Facebook and started this small idea in 2004 as a college student. One of the biggest problems that Facebook faced was on attracting investors and bringing money to the company. As there was no fund available, Mark Zuckerberg has put his own money for its improvement. Mark had also dealt with criticism in which his college mates criticized him for stealing ideas from harvardconnectins.com, a social networking website designed for Harvard students.

In accordance to Bowen, Baker and Powell (2015), at every level, Mark faced problems in making decision while the business started growing and each decision in the business are linked with another decision for the upcoming level. Protecting Facebook was a big issue while starting. In order to develop an organisation, distinctive opportunities and issues demands on diverse solution as the thing that worked one year back might be not popular on the next year. There were rumours that Facebook was sold to a larger media but Mark had stated that he didn't want to sell the company. Mark faced issue regarding security facility of Facebook. In the year 2005 and 2006, mark in an interview stated about the details of the security of the website and with the launch of new products in Facebook website, it insisted users to share more personal issues and made them believe that it is secure.

Even after so many successful years, Facebook still faces problems. A report in 2017 shows that there are 1.2 billion daily users and the numbers are rising accordingly (Investor.fb.com, 2017). Facebook is filling customer or user’s newsfeed with advertisement and it is now running out of place. This ad load had a major contributor in the growth of revenue and expected the earning to be reduced strategically. The company is required to develop another way to engage the customers and increase the level of satisfaction. Facebook paid almost \$19 billion to Whatsapp that is a popular messaging app and over 450 million users are active in this app monthly (Investor.fb.com, 2017). Another big issue faced by the company in 2017 was that people announced Facebook for spreading fake news. Now the company is facing problem in gaining trust from its users and finding good ways to

discriminate between the real and fake contents. This approaching year will demonstrate how Facebook will address the issue of fake news propagation. Technological innovation is conducive to the creation and cultivation of core competence of enterprises. Under the condition that new technologies are advancing by leaps and bounds, the speed of market demand is accelerating, and the speed of product upgrading is getting faster and faster, technological innovation can enable enterprises to rely on product market position and pursue product market. While maintaining the competitive advantage of the company, it pays more attention to the cultivation and construction of sustainable competitive advantage. The fundamental purpose of technological innovation is to cultivate and train the core competitiveness of the enterprise. The core competitiveness of the enterprise includes the innovation capability, service capability, organizational synergy and flexibility of the enterprise. Based on the theory of resources and capabilities, the resources of enterprises include both tangible resources, such as capital, equipment, personnel, etc., as well as intangible resources, such as corporate reputation and know-how. They believe that the company's revenue comes from these valuable resources. These valuable resources have the following characteristics: scarcity, difficulty in substitution, imitation and sustainability, and once the company has these valuable resources, it can establish its own competitive advantages, such as the low cost of products or services. Advantages such as novelty, uniqueness, and exclusivity, so as to win their own competitive advantages and better adapt to changes in the environment.

6. Conclusion

This paper is premised on the discussion of international business environment. In the extent of globalisation, international business environment had managed its strong firm. Different concept, terminologies and theories associated with international business have been incorporated in this paper. In addition, liberalisation of government trade policies and strategies are also explained. In international business structure it is important to understand the political, economical, environmental, technological and other factors are necessary to be explained. The positive impact of globalization outweighs the negative impact and increase the competition among rival companies. This facilitates better range of choices for consumers. Occupational and national cultures are also explained that make the employees to understand and behave with the different cultures of the people within an organisation. There are advantages related to the competitive environment on internationalisation and innovative ideas as compared to other industries and companies. This paper had also discussed about the problems and issues that any company faces when the business starts globally. So, to conclude, it can be stated that this paper has put forward various issues that are required to understand clearly about international business environment. In the context of economic globalization, companies should combine international marketing strategies with today's global market environment, and the world as a whole, seek markets on a global scale, develop and sell global products, and face new international markets. competition. Recognize the development trend of international marketing under globalization, effectively transform the management and competition methods, improve the network marketing knowledge and skills of enterprises, understand the changes in consumer consumption concepts and purchasing habits, and actively participate in international marketing is the survival and development of enterprises. Compulsory course. By participating in economic globalization, it is also possible for developing countries to improve the competitiveness of their national enterprises as soon as possible in the increasingly fierce international competition, accelerate economic reform and opening up, and promote the early realization of economic modernization. In addition, economic globalization can also promote political reform in developing countries and accelerate the process of democratization. For the trend of economic globalization, it is useless for developing countries to condemn or evade it. Many scholars have emphasized that developing countries should adopt economic countermeasures, seek advantages and avoid disadvantages, and seek development.

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