

Globaali liiketoimintaympäristö myllerryksessä

Kansainvälisen yrityksen johtamisen haasteita

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15.9.2023

Politics

Economic &
political blocs

Economy

Safety, security

Sanctions

Consumer
behavior

Inflation
Cost levels

Laws

Barriers to
mobility

New business
models

Values: e.g. material vs. immaterial

Regulation

Asian boom

Africa

Computing
power

Energy sources
& cost

Health

Demographics

Natural
disasters

Technology

Climate &
environment

Societies

PESTEL framework

A tool for understanding the different **macro-external factors influencing companies**.

Aspect	Factors include
Political	Government type and interference in business; taxation, stability, fiscal policy
Economic	Economic growth, employment rate, inflation, GDP, raw material costs
Social	Culture, lifestyle, attitudes, population growth, age distribution, education level
Technological	New technologies for products or processes, disruptive cross-industry innovations
Environmental	Impact on environment, sustainability, CSR, CO2 footprint, waste disposal, recycling
Legal	Labor laws, trade regulation, consumer laws, standards, patents, insurance

The field of International Business

- Builds on economics, **strategy**, sociology, psychology, economic geography; political science, law,...
- Historically dominated by economics, trade and FDI.
- From the late 1990s, increasing focus on organizational practices.
- Now, perhaps we must go more back to the fundamentals.

VUCA world and global business environment

First used in military in the late 1980s,
later adopted in business discourse.

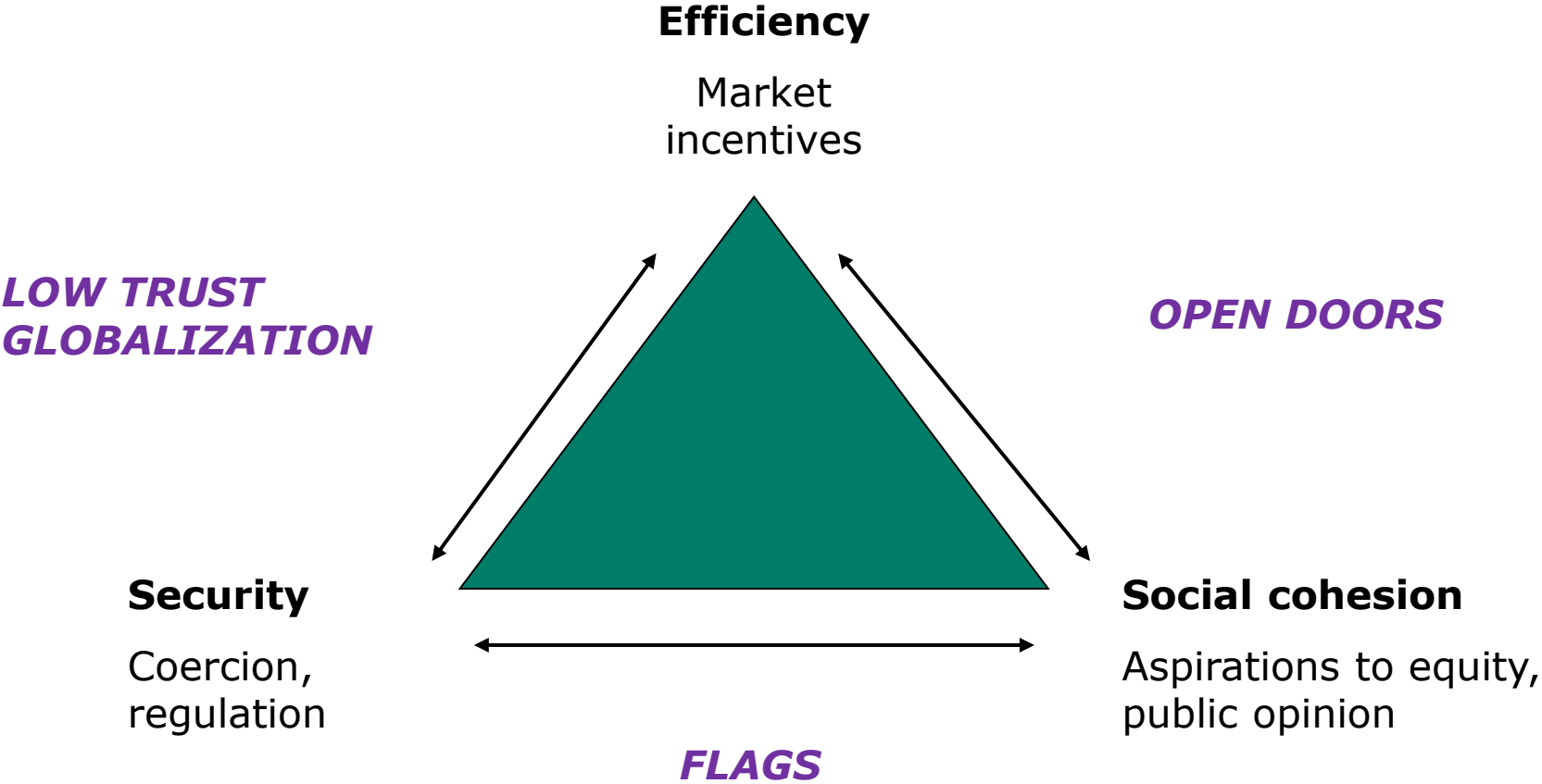
Volatility

Uncertainty

Complexity

Ambiguity

Global scenarios by Shell in 2005



Source: *Global Scenarios to 2025*, Shell 2005

How should companies prepare for the turmoil environment?

Typically, the following advice is given:

Follow & analyze the environment broadly

Build relationships, also political ones

Have close local partners abroad

Try to build an invaluable status in risky markets

Integrate vertically in risky markets

Borrow locally

...and how should companies prepare for the rapid changes?

Build strategic flexibility and agility

Ensure supplies

- strengthen ties in "secure" countries
- develop supply mechanisms (electronic trading, etc.)
- develop own capabilities in components, etc.

Ensure distribution

- build ownership in ventures in "friendly" countries
- use multiple channels