

# **Globaali liiketoimintaympäristö myllerryksessä**

**Kansainvälisen yrityksen johtamisen haasteita**

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Politics

Economic &  
political blocs

Economy

Safety, security

Inflation  
Cost levels

Sanctions

Consumer  
behavior

Laws

Barriers to  
mobility

New business  
models

Values: e.g. material vs. immaterial

Regulation

Asian boom

Africa

Health

Computing  
power

Energy sources  
& cost

Natural  
disasters

Demographics

Technology

Climate &  
environment

Societies

# PESTEL framework

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

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

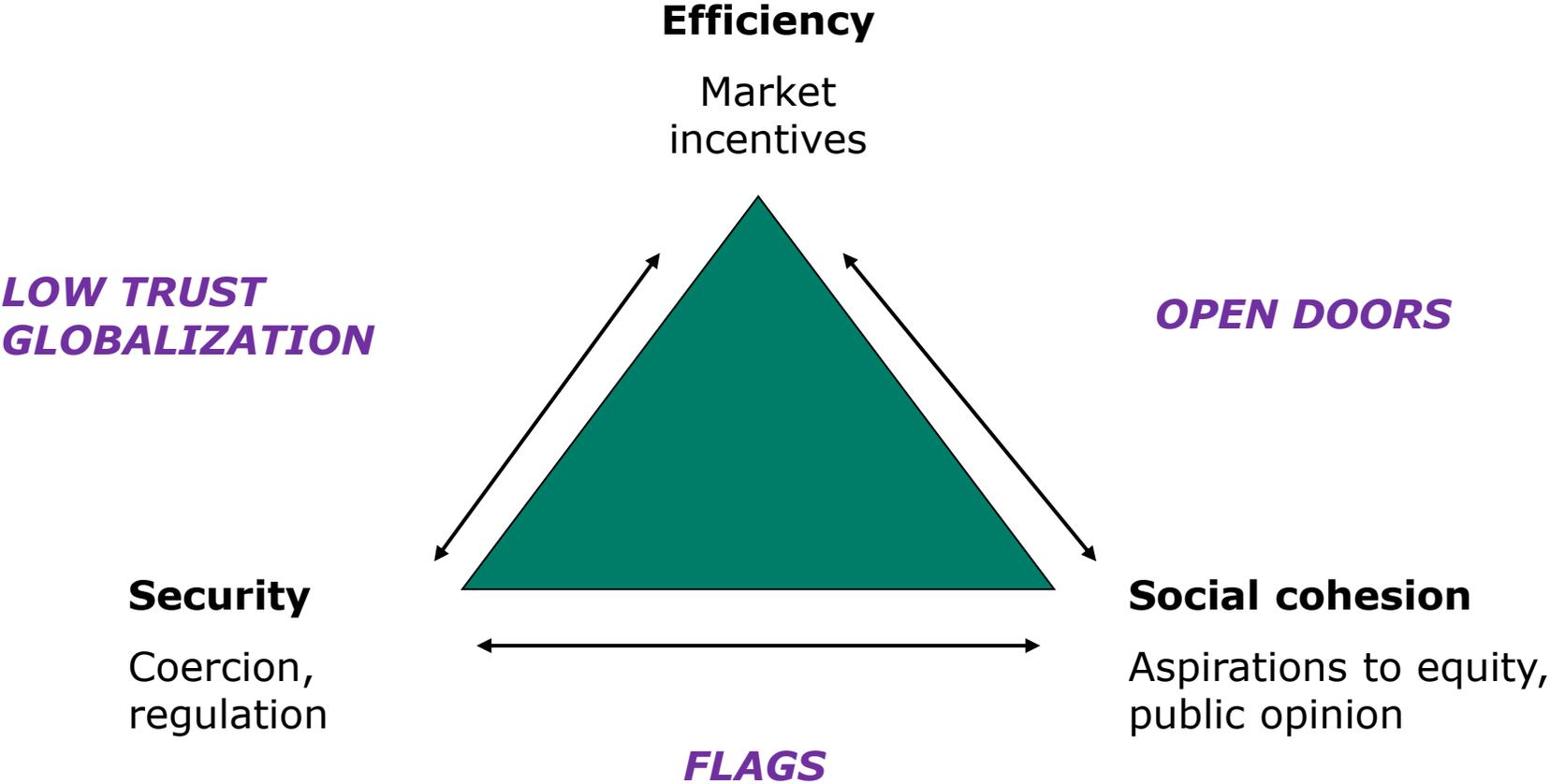
**Volatility**

**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