Global Business Opportunities in a Rapidly Changing World

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Abstract

In the past, business has been limited only to the supply of goods and exchange of capital. It hasn't been centred so much on the user, as today, and was heavily influenced by political and personal preferences. But gradually, the entrepreneurs found that consumer preferences are the engine of trade. To succeed, they had to comply with the customer. Furthermore the Government, in pursuit of its political and socio-economic goals, may impose restrictions and requirements that interfere with the development of a business. It all remains valid today, with the difference that the business is also facing a lot of technological, ecological, economic and governmental challenges. The business must also satisfy growing consumer necessity for new products and services, while withstanding to the modern financial crisis and growing competition.

The key for solving these problems lies within the benefits of today's globalization. Thanks to globalization, the business has global opportunities for selection and sharing one of its most important resources - labour. So each company can choose the most appropriate staff for its needs from the global market. It can adequately help to take important decisions and solve their problems through appropriate market research, advertising campaigns, partnerships and collaborations.

Keywords: International Business, Globalization, International Cooperation
JEL Nr.: F23, F61, F66

Introduction

In the past, business has been limited only to the supply of goods and exchange of capital. It hasn't been centred so much on the user, as today, and was heavily influenced by political and personal preferences. As an example we can give chartered companies. They are an association formed by investors or shareholders for the purpose of trade, exploration, and colonization. From the sixteenth century onwards, groups of European investors formed companies to underwrite and profit from the exploration of Africa, India, Asia, the Caribbean and North America, usually under the patronage of one state, which issued the company's charter. But chartered companies go back into the medieval period.

Authorizations of charters enabled even small states to greatly augment their influence by indirect rule, steering private resources into national pursuits of

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exploration and trade. As they grew wealthier, some companies developed extensive administrations for their ventures, and frequently conducted local affairs with little homeland oversight. Chartered companies in many cases benefited from the trade monopolies. To carry out their many tasks, which in many cases included functions – such as security and defense – usually reserved for a sovereign state, some companies achieved relative autonomy. More chartered companies were formed during the late nineteenth century's "Scramble for Africa" with the purpose of seizing, colonising and administering the last 'virgin' African territories, but these proved generally less profitable than earlier trading companies.

Another example are Concessionary Companies. Most typically, these were private European businesses lured to make investments of capital and manpower in Africa in return for a grant (or concession) of land, over which it gained privileged rights of exploitation. The concessionary policy in colonial Africa evolved out of the European tradition of chartered companies, which had successfully enlarged imperial possessions and trade in Asia and North America in the sixteenth and seventeenth centuries. When Europeans became interested in Africa in the mid-nineteenth century, private companies again expanded the territorial and commercial domain of European powers.

But gradually, the entrepreneurs found that consumer preferences are the engine of trade. To succeed, they had to comply with the customer. One of the postulate for this was Consumer Theory. It is the study of how people decide what to spend their money on given their preferences and their budget constraints. Consumer theory shows how individuals make choices given their income and the prices of goods and services and helps us to understand how individuals' tastes and incomes influence the demand curve. Consumers can choose different bundles of goods and services. Logically, they will choose the bundle that gives them the greatest benefit (that maximizes utility, in economic parlance). Consumer theory therefore makes several assumptions to simplify the process of discerning what consumers will choose.

The other postulate is the theory of supply and demand. It is an organizing principle for explaining how prices coordinate the amounts produced and consumed. In microeconomics, it applies to price and output determination for a market with perfect competition, which includes the condition of no buyers or sellers large enough to have price-setting power. Demand theory describes individual consumers as rationally choosing the most preferred quantity of each good, given income, prices, tastes, etc. A term for this is "constrained utility maximization" (with income and wealth as the constraints on demand). Here, utility refers to the hypothesized relation of each individual consumer for ranking different commodity bundles as more or less preferred. Supply is the relation between the price of a good and the quantity available for sale at that price. It may be represented as a table or graph relating price and quantity supplied. Producers, for example business firms, are hypothesized to be profit-maximizers, meaning that they attempt to produce and supply the amount of goods that will bring them the highest profit. Supply is typically represented as a function relating price and quantity, if other factors are unchanged. That is, the higher the price at which the good can be sold, the more of it producers will supply. In perfectly competitive markets studied in the theory of supply and demand, there are many producers, none of which significantly influence price.

Furthermore the Government, in pursuit of its political and socio-economic goals, may impose restrictions and requirements that interfere with the development of a business. In spite of the benefits of international trade, many nations put limits on trade for various reasons. The main types of trade restrictions are tariffs, quotas, embargoes, licensing requirements, standards, and subsidies. The main reasons to block trade are:

1) To halt unemployment. Businesses must lay off workers if their goods can't compete with cheaper foreign goods.

2) To protect "crucial" domestic industries.

Protectionists (people against free trade) argue that entire industries, such as oil, steel, cars, etc. are vital to the economy of the USA, and therefore must be protected from foreign competition.

3) To protect new "infant" industries. If these companies are shielded from competition for a while, they can grow strong enough to compete in the world market.

However, all three of these reasons are simply about giving an advantage in industries where a country should not have one. In other words, blocking free trade is the same as blocking the free market. However, there is a fourth reason to block free trade that has nothing to do with competition or prices:

4) To isolate and punish totalitarian governments and regimes that support terrorism, genocide, nuclear weapons programs, or (in some cases) Communism. It all remains valid today, with the difference that the business is also facing a lot of technological, ecological, economic and governmental challenges. To go throughout this they may use different methods and analyses.

Businesses operate in an external environment in which as well as competition from rivals businesses have to take account of legal, political, social and economic influences. A SLEPT (Social, Legal, Economic, Political, Technological) analysis is often carried out by business planners which enables them to develop more informed strategies (i.e. long term plans). Social factors - relate to change is society and social structures. Changes in the structure of the population, and in consumer lifestyles and behaviour affect buying patterns. Legal factors - relate to changes in laws and regulations. Businesses must be careful to keep within the law and to anticipate ways in which changes in laws will affect the way they must behave.

Economic factors - relate to changes in the wider economy. A growing economy provides greater opportunities for businesses to make profits, so businesses welcome rising living standards.

Political factors - relate to ways in which changes in government and government policy can influence business.

Technological factors - provide opportunities for businesses to adopt new breakthroughs, innovations, and inventions to cut costs and develop new products.

Environmental scanning - is the process whereby businesses examine the external environment to identify key structural changes in the world around them which affect demand and supply conditions for their products.

A SLEPT (Social, Legal, Economic, Political, Technological) analysis can also help the companies to satisfy growing consumer necessity for new products and services. But they also have to learn how to withstanding to the modern financial crisis and growing competition. The key for solving these problems lies within the benefits of today's globalization. Globalization is far from a new concept, with its roots tracing back thousands of years. The international exchange of both goods and ideas has resulted in an ever-increasing opportunity for people to explore and appreciate the diversity of world culture. While the negative consequences of globalization are undeniable, it's important to acknowledge the positive consequences of globalization as well.

The argument in support of globalization is multifaceted, involving complex political, cultural, economic, and ethical factors.

Political

The central pillar in political globalization is the ever-increasing need to cooperate. It is clear that through the proverbial shrinking of the world, countries and cultures are brought together to facilitate international agreement. The creation and existence of the United Nations, for example, has been called one of the classic examples of political globalization.

Cultural

Along similar lines, the "shrinking of the world" has allowed individuals across the globe to explore new cultures either via travel or through local exposure to international art, music, religion, theater, TV, movies, and countless other cultural outlets and perspectives.

Ethical

While there are ethical concerns associated with globalization, there are ethical benefits as well. International awareness carries with it, for example, the opportunity for nations and organizations to address human rights injustices committed across the globe. This allows for a rising sense of global civics, the notion that we have certain rights and responsibilities towards each other by the mere fact of being human on Earth.

Economic

Globalization allows for the exchange of goods and services across the globe. As a result of globalization, areas with limited resources (i.e. areas with limited farmland or no access to medicine) are able to access goods that can substantially improve their population's standard of living.

Globalization also allows for specialization, allowing different parts of product, for example, to be manufactured in different regions of the world. While one area may excel in producing the semiconductor for your phone, another area might excel in crafting your touch screen, and so on. This creates synergies through collaboration, enabling specialists to focus on their business strengths.

Thanks to globalization, the business has global opportunities for selection and sharing one of its most important resources - labour.

So each company can choose the most appropriate staff for its needs from the global market. It can adequately help to take important decisions and solve their problems through appropriate market research, advertising campaigns, partnerships and collaborations.

Global Labor Market

First, we should define the meaning of a labor market. A labor market is the relationship of communication between the suppliers and the demanders so that they are able to do business together. The global aspect of the labor market refers to the world and all that contribute within this measure, also known as globalization. You can learn and use ideas and customs from other countries and this process profits all that take part in it. Culturally, this is beneficial because we are learning from other countries and bridging the gap between countries. All around, globalization is a positive action because we can learn from each other and better our countries with other ideas and in turn work for the good of the whole world.

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