

Sample report on global business

[Sociology](#), [Population](#)



Country: Russia

Macro Environment Analysis:

Secondary Research methods were used to determine the state of the macro environment in the country that has been chosen for analysis.

Politics, Legality and Economy:

The political environment of Russia is currently more inclined towards capitalism, after a long history of communism and the Soviet Union disintegration. This means that private ownerships are allowed and supported, paving the way for foreign investments. However, democracy is a missing phenomenon which may pose higher risks to doing business in the country. There have also been some activities increasing an alarm among the international society. This may have long-term implications for the nation which hurts not just foreign but even domestic investment prospects. It has also been imposed with asset freeze in the past. The launch of strictest protectionism policies by the country in 2013 is a big trade restriction, which includes the cut in foreign workers, and state support for a number of businesses including aircraft and rare earth metals (The Moscow Times, 2015).

There are many sectors of the Russian economy that have been made open to foreign investments. Primary sectors and the manufacturing sector are open to the entry of international capital. The level of corruption is however considered to be high. The country ranks 112 out of 185 nations in the ease of doing a business survey by the World Bank, which is quite poor. Because of high corruption levels, the Company has signed the Anti-Corruption

strategy in 2012, along with the Anti-Bribery Convention by OECD (U. S. Department of State, 2015). Intellectual property rights and procedures should be well considered by international companies who wish to take their business to Russia.

The sixth largest economy of the world, Russia is a member of the Great eight as well as Great twenty and belongs to the BRIC economies. The country entered into WTO a few years back and can be taken as an emerging economy.

Business Risk Assessment:

Russia can be said to be an economic powerhouse. However, there are a number of reasons why the difficulty for business operations is high for foreign Companies. The risk assessment grade for the country is B, which indicates that there is moderately poor climate of business (Insights, G., Desk, R., Data, T., Connected, G. and Academy for students, t. 2015). There are uninformed law and regulation changes meaning that the business operation environment is quite unpredictable. This increases complexity in business negotiations for commercial purposes.

Population Demographics:

The population distribution of Russia consists of 75% urban population and the rest rural. The total population stands at 143. 7 million in 2014, which means that there was a 0. 4% increase in the population from the year 2010. The estimated growth rate for the future is -0. 02% (Tradingeconomics. com, 2015). The indication is that there will not be a significant decrease and that stagnation is likely.

The two main cities where economic power is concentrated are Moscow and Saint Petersburg. Two third of the total foreign investments are invested in Moscow. However, there are almost ten remaining cities where the population is quite high and is a potential market of affluent groups (Tradingeconomics. com, 2015). The overall population of the country is however expected to decrease expressively in the coming ten years. While other countries have an increasing population, there has been a drastic population decrease for Russia since 1991, which accounts to almost five million.

The position of Russia in the FDI receiving nations is third in 2013, which is mostly because of the oil joint venture TNK-BP started between British Petroleum and Rosneft. Besides, the demographic figures are quite encouraging. The disposable income has seen a rising trend and stood at \$1, 296, 794. 5, in 2014 and the rise since 2010 is 14% (Oecdbetterlifeindex. org, 2015). The annual gross income has also seen a rising trend of 15% from \$1, 104, 853. 9 in 2010 to \$1, 597, 846. 9 in 2014. Consumer expenses are also on a rise with 15% increase. The GDP increased from \$19486 per capita in 2009 to \$2358922 per capita in 2013 (Data. worldbank. org, 2015).

The recovery of the Russian economy from the 2008 crisis is a positive signal for the economy in gaining foreign investments.

Market Demographics:

The average figures of OECD suggest that the there is a healthy employment and labor market in Russia. The proportion of females with jobs is 64% whereas the same for men is 72%. Both these figures are higher than the

OECD average of 60%. There are opportunities for the nation to improve the female employment opportunities. The unemployment rate for the population between 15 to 24 years is 15. 5%, which is also a good position given the OECD average of 16. 2%.

The free trade agreements currently happening in the country suggest that Moscow is on the verge of creating a free trade zone (FTZ) between the EU of the past Soviet States and the European Union. This indicates future possibilities of association relationships of EU with Russia. There is no difficulty in foreign exchange transactions. A licensed bank can easily carry out all foreign exchange transactions. There are no barriers for investment remittance returns to abroad, which includes remitting interests, dividends and capital returns (Moorman, C. 2014).

Society:

Healthcare maintenance is one of the major issues in Russia. The average investment in health systems accounts for only 5. 1% of the total Russian GDP. The percentages of people who are confirmed to be in health comprise to be 37%. The reasons for the same can be older facilities, poorly equipped hospitals, inefficient infrastructures and lack of health sector human resources. The private sector in health is thus booming to fill this gap. The Government expenses are increasing in these sectors of infrastructures. The state of social inequalities is also degrading these days. The gap between the rich and poor is the highest in the world in Russia (Ellyatt, H. 2013).

The education is free of cost in Russia to ensure education feasibility for all.

The level of education is high with as much as 91 percent adults between the age 25 and 64 having a high school degree or equivalent.

Technology:

The Research prospects of the country are significant and represent 1. 12% of the total GDP, which represents a decrease from 2009 (Tradingeconomics.com, 2015). The IT market is significantly growing along with the rise of communication technology and information collection. At the end of 2014, the information technology was taken to be worth of \$32 billion. The foreign investments to Russia in the E-commerce field are also raising with the top US and other international Companies diverting investments to the country. Innovation led markets are the main centers for attraction for investors. The support of Governments for foreign start-ups is also a motivation factor (Moorman, C. 2014).

Cultural Dimensions and Beliefs:

The power distance score for Russia is comparatively very high (93). Colors pose an important place in the Russian culture. For instance, beauty is reflected by the color “ red”. Indifference is represented by violet and homosexuality is represented by blue. Collectivism is dominant in the society and high patriotism (Rbth. co. uk, 2013).

The luxury item industry is dominated by foreign Companies, with brands like Audi, Louis Vuitton, Hilton, Rolex and BMW, Bulgari and others. The online businesses are in the boom stage as the urban population is on a rise. Consumers thus have higher choices with low price options. Shopping is considered to be the major activity with sixty percent pretax income being spent for shopping purposes.

Based on the above assessment, the marketing mix for the multinational hospital UPMC has been prepared.

UPMC International Hospital comprises of about 3, 200 physicians and 20 Hospitals spread across various locations and 29 nations. The achievements of the Hospital include being the only medical center to be presented with the “ World Report Honor Roll of America’s Best Hospitals” in the western region of Pennsylvania (Upmc. com, 2015).

The global expansion of UPMC is because of the leading health care and technology that the Company uses combined with its impeccable management efficiencies. A partnership with new partners is also a key factor. The nations where UPMC is shining as the leader in infrastructure consultation and management of the clinical side throughout various communities are:

Ireland: With the establishment of a cancer center

China: Consultations of Pathology and collaborations in health care

Japan: Primary care education and medicine

Italy: Biotech centers, radiotherapy and transplantation facilities

United Kingdom: Cancer care considerations and Information technology

The package to be offered in Russia can be summarized as:

Product

Basic product offered by the hospital services in healthcare. Like many other hospitals, UPMC International Services provides health care to many departments. It also provides wellness packages through its Wellness Center. But unlike wellness packages in other hospitals which are standardized, UPMC International Services provides wellness packages which are

customized as per requirement of patients which are determined by physicians after a free of cost preliminary consultation with the patient.

Pricing

According to the marketing officer, pricing of services provided by the hospital is not based on Return on Investments but rather it is set on par with other private hospitals operating in Moscow. Pricing has been derived by taking an average of similar services provided by other four private hospitals in the region.

Promotion

The hospital will have its own media team which looks after promotions of the hospital and various services that it designs and offers. The hospital will use media such as national newspapers, TV, radio, hoarding boards for its mass media promotions, whereas it will conduct sales presentations of its wellness packages to chosen organizations as a part of its personal selling. The media team will also look to promotions by managing public relation and publicity with national news agencies. The hospital also believes that good word-of-mouth through its customers (patients) is also one of the media which promotes offerings of the hospital.

Place (Distribution)

Since healthcare is a product categorized as service, there is simultaneous consumption and production of the services provided by the hospital. So there is a direct interaction between the service provider and its consumers, and hence there is a zero channel distribution in the hospital.

People

The hospital will employ 900 (approximately) technical and non-technical staffs to provide healthcare services. The staff members go through preliminary orientations, off-the-job training, and on-the-job training to provide quality service to the customers. They are trained to carry a value of the hospital that it is a world class hospital having a brand mantra to provide international quality service to all of its patients.

Physical evidence

UPMC International Services will stand tall with its 15 storied building built in a spacious campus with huge parking space to prove its grandeur. Every facility of the hospital will conform to quality through its spacious, well-lit, odorless, climate controlled, and clean environment. Use of up-class furniture and decors will provide evidence of a world class facility.

A striking difference that we use in all our Hospitals throughout the world is that there will be no foul smell (typical to most of the private and public hospitals) anywhere in the hospitals including the patient wards which reinforces a point of difference for the service through the physical evidence.

Process

Customers arriving at the hospital will be greeted and guided from the strategically placed reception area in the entrance lobby. Additionally there will be various consultation kiosks and inquiry points created throughout the hospital to provide guidance to the customers.

Unlike standardized wellness packages in other hospitals, UPMC International Services will provide a customized wellness package which is offered with a

free preliminary consultation with a doctor. The presence of a huge number of medical staffs, nurses, and doctors, and high ratios of number medical staff to the patient will ensure personalized healthcare. UPMC International Services does not allow and require patients to have any companion or personal assistant in any of its wards for the convenience of the customers who may not have time to attend the patients.

Russia Profile in 2020 and Comparative Assessment:

There are many mega trends that will arise in Russia in the year 2020, five years down the line. For this project, we would have to search for major trends in our chosen location that is Moscow. The major trends in 2020 in Moscow will comprise of the following estimations:

The production of 25-30% of the country's total GDP will take place in Moscow.

The proportion of the population living in Moscow by 2020 will be 20%.

There will be growth in the city of Moscow in size by 2.5 times; possibly a rise of Big Moscow.

Moscow Metro will see the opening of 150 km new tracks and addition of stations at an estimated number of 70.

The business implications of these trends in 2020 would be:

The rise of a global level economic force sustaining on its own.

The establishment of a business model of hub and spoke.

Diversity and Dynamism in the mix of socio-economic forces.

The rise of a tech-savvy generation which requires the internet connected and are connected almost 24/7.

The rise of something called Mega-corridors which exist in the form of Moscow-St. Petersburg route and Moscow-Nizhniy Novgorod route.

The change in social demographics may be summarized in the various aspects. The middle class will see a rise in the total consumer expenses and stimulation of the overall growth of the economy. The country will be able to develop possibly the greatest consumer market in the whole of Europe.

There will be a growth in the demand for intangible products such as the entertainment, service sectors and leisure activities. The expected level of wellness and wellbeing is much improved as compared to the present situation. Healthy nutrition and lifestyle involving a special emphasis on sports and fitness are expected to be the future.

The level of education is supposed to rise with increased investments up to 140.5 billion additional investments. The focus will be quality as well as quantity. The establishment of federal and corporate universities and research centers on a national level will see a new emphasis on education rise. There will also be enhanced opportunities for business, and the population will be well mobilized. The main focus of economic concerns is the eastern region of Russia.

Basically, there can be three situations in 2020, depending on the way in which Moscow shaped up the consequences in future as the given political scenario remains the same (Russia 2020. 2015). The three alternatives are: Working Authoritarianism: This arises as a result of liberty rejection by the Russian Government so that there is a compulsion to shift gears. Political openness is an important feature. Strategic and financial associations with China, South Korea, and Germany are other added features.

Bottom-Up Liberalization which will result if there is staling in the struggle between the conservative power elements in Moscow for the power of dominance. This will weaken the ability of the Government to act in the rightly decisive manner and to report the drift in the economy. There will be a rise of new businesses and enterprises increasing the boom and spending in the entrepreneurial commercial sectors with the vigor of the new generation. The end result is the rebound of the Russian economy and political forces.

Degeneration: This situation will be the result of the inability of the Russian Government to address the deep-rooted issues in the economy. There is low tolerance on the side of Moscow towards substitute solutions which have weakening power on the political grip of the regime. There is continued stagnation, with fend for themselves policy in the regions. Fragmentation in politics and geography grows as the governing abilities of the state weaken.

Any of these three could be the future resulting scenario.

Comparative analysis: 2015 to 2020

The comparative analysis of the market and feasibilities in 2015 and then in 2020 clearly depicts that there is an inordinate necessity for private sector and Government sectors to work hand in hand in order to achieve the objectives and let the population grow at the correct pace. The current situation of the market may be assessed with the expectations in the future.

Current:

The life expectancy is the lowest in Russia among all the developed nations. The lifestyle is particularly unhealthy with inefficiency in the health systems.

There was a decline in the overall population by a whopping 7 million in a period between 1991 and 2009 (Russia Mega Trends: Macro to Micro Implications for 2020. 2015).

Expected in 2025:

Optimistic scenarios

When we talk specifically about the health sector which we will be mostly concerned about, the comparative analysis provides the following assessment:

Current:

The rate of installed base MRI and CT scanners is 4 and 9 respectively per a million populations.

There is the absence of qualified health professionals including radiologists and other applied fields.

There is a high dependency on imports of health care systems.

The needed estimations for meeting the needs are: MRI and CT scanners are 14 and 25 respectively per a million populations.

Expected in 2020:

The market will grow steadily.

There will be the optimal use of local production and technology transfer will be facilitated.

Conclusion:

Thus, Russia is a strong economy with immense business potential especially for our product, as the health care sector seeks consistent growth at present as well as five years down the line.

References

- Anon, (2015). [online] Available at: <http://iab.worldbank.org/Data/Explore%20Economies/Russia> [Accessed 21 Jul. 2015].
- Bu. edu, (2015). ISCIIP - Perspective. [online] Available at: <http://www.bu.edu/iscip/vol8/Sossinsky.html> [Accessed 21 Jul. 2015].
- Data.worldbank.org, (2015). GDP per capita, PPP (current international \$) | Data | Table. [online] Available at: <http://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD> [Accessed 21 Jul. 2015].
- Ellyatt, H. (2013). Is Russia Too Corrupt for International Business?. [online] CNBC. Available at: <http://www.cnbc.com/id/100805382> [Accessed 21 Jul. 2015].
- EurActiv | EU News & policy debates, across languages, (2015). Moscow pork embargo causes havoc in Brussels. [online] Available at: <http://www.euractiv.com/global-europe/russian-embargo-european-pork-ca-news-534308> [Accessed 21 Jul. 2015].
- Expatica. ru, (2015). The education system in Russia | Education | Expatica Moscow. [online] Available at: http://www.expatica.ru/education/school/The-education-system-in-Russia_15732.html [Accessed 21 Jul. 2015].
- Insights, G., Desk, R., Data, T., Connected, G. and Academy (for students, t. (2015). Russia: Risk Assessment >> globalEDGE: Your source for Global Business Knowledge. [online] Globaledge. msu. edu. Available at: <http://globaledge.msu.edu/countries/russia/risk> [Accessed 21 Jul. 2015].
- Insights, G., Desk, R., Data, T., Connected, G. and Academy (for students, t. (2015). Russia: Economy >> globalEDGE: Your source for Global Business Knowledge. [online] Globaledge. msu. edu. Available at: [http://globaledge.](http://globaledge.https://assignbuster.com/sample-report-on-global-business/)

msu. edu/countries/russia/economy [Accessed 21 Jul. 2015].

Moorman, C. (2014). The Riddle Of Marketing In Russia. [online] Forbes.

Available at: [http://www. forbes.](http://www.forbes.com/sites/christinemoorman/2014/02/18/the-riddle-of-marketing-in-russia)

[com/sites/christinemoorman/2014/02/18/the-riddle-of-marketing-in-russia](http://www.forbes.com/sites/christinemoorman/2014/02/18/the-riddle-of-marketing-in-russia)
[Accessed 21 Jul. 2015].

Moorman, C. (2014). The Riddle Of Marketing In Russia. [online] Forbes.

Available at: [http://www. forbes.](http://www.forbes.com/sites/christinemoorman/2014/02/18/the-riddle-of-marketing-in-russia)

[com/sites/christinemoorman/2014/02/18/the-riddle-of-marketing-in-russia](http://www.forbes.com/sites/christinemoorman/2014/02/18/the-riddle-of-marketing-in-russia)
[Accessed 21 Jul. 2015].

Oecdbetterlifeindex. org, (2015). OECD Better Life Index. [online] Available
at: [http://www. oecdbetterlifeindex. org/countries/russian-federation](http://www.oecdbetterlifeindex.org/countries/russian-federation)

[Accessed 21 Jul. 2015].

Rbth. co. uk, (2013). Red, White, Blue: Color symbolism in Russian language |
Russia Beyond The Headlines. [online] Available at: [http://rbth. co.](http://rbth.co.uk/blogs/2013/11/14/red_white_blue_color_symbolism_in_russian_language_31727.html)

[uk/blogs/2013/11/14/red_white_blue_color_symbolism_in_russian_language_3](http://rbth.co.uk/blogs/2013/11/14/red_white_blue_color_symbolism_in_russian_language_31727.html)
1727. html [Accessed 21 Jul. 2015].

Russia 2020. (2015). 1st ed.

Russia Mega Trends: Macro to Micro Implications for 2020. (2015). 1st ed.

The Moscow Times, (2015). Russia Leads the World in Protectionist Trade
Measures, Study Says | News. [online] Available at: [http://www.](http://www.themoscowtimes.com/news/article/russia-leads-the-world-in-protectionist-trade-measures-study-says/492368.html)

[themoscowtimes. com/news/article/russia-leads-the-world-in-protectionist-](http://www.themoscowtimes.com/news/article/russia-leads-the-world-in-protectionist-trade-measures-study-says/492368.html)
trade-measures- study-says/492368. html [Accessed 21 Jul. 2015].

Tradingeconomics. com, (2015). Research and development expenditure (%
of GDP) in Russia. [online] Available at: [http://www. tradingeconomics.](http://www.tradingeconomics.com/russia/research-and-development-expenditure-percent-of-gdp-wb-data)

[com/russia/research-and-development-expenditure-percent-of-gdp-wb-data.](http://www.tradingeconomics.com/russia/research-and-development-expenditure-percent-of-gdp-wb-data)

<https://assignbuster.com/sample-report-on-global-business/>

html [Accessed 21 Jul. 2015].

Tradingeconomics. com, (2015). Russia Population | 1960-2015 | Data | Chart | Calendar | Forecast | News. [online] Available at: [http://www.](http://www.tradingeconomics.com/russia/population)

[tradingeconomics. com/russia/population](http://www.tradingeconomics.com/russia/population) [Accessed 21 Jul. 2015].

U. S. Department of State, (2015). Russia. [online] Available at: [http://www. state. gov/e/eb/rls/othr/ics/2012/191223. htm](http://www.state.gov/e/eb/rls/othr/ics/2012/191223.htm) [Accessed 21 Jul. 2015].

Upmc. com, (2015). UPMC's International Health Care Locations. [online] Available at: [http://www. upmc.](http://www.upmc.com/ABOUT/INTERNATIONAL-SERVICES/LOCATIONS/Pages/default.aspx)

[com/ABOUT/INTERNATIONAL-SERVICES/LOCATIONS/Pages/default. aspx](http://www.upmc.com/ABOUT/INTERNATIONAL-SERVICES/LOCATIONS/Pages/default.aspx) [Accessed 21 Jul. 2015].