

Forces in international business essay sample

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There are multiple forces that effect international business. These forces are sociocultural forces, natural resources and environmental sustainability, political and trade forces, intellectual property and other legal forces, the international and monetary system and financial forces. All of these forces are things that influence Samsung Co. on a daily basis. Along with these forces, Samsung is also tasked by ethical issues that come imposed on almost every international country. These forces are some of the founding forces that international businesses are built on and effected by on a daily basis. Sociocultural Forces

The first of the forces covered is the sociocultural force. In order to understand what Sociocultural Forces are, we must understand what sociocultural is. The Merriam-Webster dictionary describes sociocultural as a combination of social and cultural factors. (" Sociocultural." Merriam-Webster.) Dictionary. com defines it as, " the combination or interaction of social and cultural factors". (" Sociocultural." Dictionary. com) From these two definitions social and cultural are the two big factors. are hundreds of different ways to define culture, and it's a very broad term.

The book, International Business, lays down some good fundamentals about what culture is. The first point that International Business says about culture, is that it is learned, and not born with. This means that just because you're born somewhere, doesn't necessarily mean you will adapt to the culture, but spending a lot of time around people who are immersed in the culture will allow you to adapt to it. This can be a major benefit or drawback. It does allow people to move to new areas of the world and eventually adapt to their culture, but it can take a lot of time and energy. The second point is that <https://assignbuster.com/forces-in-international-business-essay-sample/>

different parts of culture are interrelated. This second is more of a logical relation of culture, it's basically defining that you can't have some parts of culture without others.

The third major point that is outlined is that " culture is shared, patterned and mutually constructed through social interactions". (Ball, Donald). This point is very interesting, and what defines culture. Throughout the world we see many different cultures, influenced by religion, and regions, and we can see how some cultures have greatly impacted other parts of the world and their culture. Because culture is shared through social interactions, we can actually start to see a lot blending of cultures through the internet. Through the article Blending Cultures via Computer in The International Journal of New Media, it discusses the blending of European art and culture blending into parts of Chinese Contemporary artists. Without the social interactions through online sources, this is something that would have never been possible.

The last major point that is made by International Business, is that culture defines the boundaries of different groups. An example made in that book is how Americans are clock-watchers. A lot of cultures don't follow a similar pattern, and it makes Americans seem to always be in a rush. This makes them appear unfriendly, arrogant, and untrustworthy, because it's not something that's globally accepted. Another interesting point on this topic is how culture varies so much even within a single country itself, and can even vary inside small areas. The best example of this that is very well known, is how people in the younger generation from the bay area in California are known for saying " hella". This is something that's only sprung up within the <https://assignbuster.com/forces-in-international-business-essay-sample/>

last few years, but is very common in that culture, and saying it outside of even the bay area of California allows people to determine where you're from very quickly.

A huge part of socio-cultural is the constantly changing of customers preference. Samsung was able to capitalize on one of these changes not too long ago, and was able to help turn the phone industry upside down. Before 2007 Nokia was the king of the cellular industry, and had complete market dominance, until apple stepped on the scene which completely changed the phone market. They added in a whole new experience to the phone market. " The hysteria surrounding the iPhone made Samsung sit up and take notice"(Pandita, Rahul) Samsung had a share in the phone market, and capitalized on the trend that apple started.

They were able to acquire a contract with Google's operating system, android. Nokia refused to adapt to the trend, and Samsung was able to take the leap and jump ahead of Nokia in 2011 as the largest market share of mobile devices. The article How Does Socio-cultural Environment Impact a Business sums up Samsungs success greatly, " Samsung, the minnow when Nokia was the shark, is now the largest handset manufacturer in the world, and in the process, has outdone Apple's iPhone, which many consider to be the innovation on which most modern smartphones are modeled." (Pandita, Rahul) Natural Resources and Environmental Sustainability.

The second major force is natural resources and environmental sustainability. This force can be split into the two different sections of natural resources, and environmental sustainability. Along with those two different

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sections there is geography which plays a semi-significant part on this force, and also Porter's Diamond to help analyze competitive advantage.

Geography has a lot of possible effects on a company. Google gives a great definition of geography, stating that it's " the study of the physical features of the earth and its atmosphere, and of human activity as it affects and is affected by these, including the distribution of populations and resources, land use, and industries." (Natural Resources - Google Search) Geography is very broad, and covers everything from topography of a region to climate. These things can have a large impact on how a country defines itself.

Mountains can separate a entire section of a country from the rest, thus leading them to having distinct cultures, industries and climate. It can even lead to boundaries such as deserts or forests that act as barriers between two separate regions. (Ball, Donald) These barriers cause different needs based on the area, even though they may simply be in the same country.

Porters Diamond helps analyze businesses based on four aspects of a country's economic environment. The four conditions the assessment is based off of are; factor conditions; related and supporting industries; demand conditions; and firm strategy, structure, and rivalry. Porters Diamond from assess the business with a high emphasis on the countries geographical attributes as a core part of its factors, and those with the most favorable diamonds are going to be the most successful. (Ball, Donald)
(Michael E. Porter)

Natural Resources play a huge factor into the economic viability of a company, and how and where a company can be successful. Google does well defining natural resources as “ materials or substances such as minerals, forests, water, and fertile land that occur in nature and can be used for economic gain.” (Non-renewable Resource.” Wikipedia) In the book, International Business it puts a lot of emphasis on the statement that natural resources are anything that’s supplied by nature which people depend on. This book also relates that both energy and nonfuel minerals play an important role to business. Energy is used daily without a thought, but is a very valuable natural resource, if not the most valuable.. There are two major types of energy, renewable, and nonrenewable.

A non renewable energy resource “ is a resource that does not renew itself at a sufficient rate for sustainable economic extraction in meaningful human time-frames.”(“ Renewable Energy.” Wikipedia) Some examples of nonrenewable energy resources are petroleum, coal, and natural gas. A renewable energy resource “ generally defined as energy that comes from resources which are naturally replenished on a human timescale.” (8) Some examples of renewable energy resources sunlight, wind, rain, waves, and geothermal heat.

Environmental Sustainability in business has three characteristics that are widely agreed upon; limits, interdependence, and equity. (Ball, Donald) The first of these three characteristics is limits. Limits is a basic term to serve as a reminder on the reality that environment resources are exhaustible, and that they can become toxic. The previous trend of global warming or global climate change is a great example of a limit, and how it’s being impacted.

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The second characteristic is interdependence. Interdependence is defined as the relationship between ecological, social, and economic systems. (Ball, Donald). This book goes on to define that an effect in one these systems will affect the other two. The last characteristic is equity. Equity is essentially applying limits to interdependence. In order of Interdependence to work, there cannot be large differences in the distribution gains. This essentially means that it isn't viable to go into an area and take extreme profits without eventual resistance.

Samsung is a company that takes its social responsibility, environmental responsibility, and sustainability incredibly seriously. In 2013 Samsung released its 92 page sustainability report, regarding topics such as: "Creating Shared Value and Giving Back with Samsung Products, Social Responsibility: Making Contributions around the Globe, Eco Product, Water Management, and a 50 page green/eco product environmental report" ("Samsung - Global Harmony." www.samsung.com) Directly from Samsung's engineering website, this is their vision, " Samsung Engineering seeks to improve conditions around the world through our social contribution programs. Company-wide, we utilize our strengths and resources to benefit local communities and help children and families in need.

Individually, our employees are encouraged to take part in the many volunteer programs offered by the company." Since 2006 Samsung has been trying to enhance their energy efficiency, and recyclability in their production. They've even implemented a " Eco-Design Process" to evaluate the eco-friendliness of each new product during the development stage. " . In 2012, the company set up comprehensive water conservation plans and <https://assignbuster.com/forces-in-international-business-essay-sample/>

expanded its efforts to reduce the consumption of water resources around the world. " (" Samsung - Global Harmony." Www. samsung. com) Samsung has not taken being a leader in global technology lightly, they're fully applying a lot pressure to help with the sustainability of their resources, and other resources around the globe. Helping many charities and different organizations to try to help sustain our planet and keep their business profitable. Political and Trade Forces

Political and trade forces are just as important in any country as its culture and environment. This is because of the major impacts that governments can have on firms. A hospitable and stable government can encourage investment and growth despite geographic or weather barriers, or even the scarcity of natural resources. The exact opposite is true as well. A hostile or unstable government can completely kill of almost any possible investments in an area, regardless of the area's natural resources or geography. Some of the major points in the political and trade forces are government stability, and trade restrictions.

Government stability can have a huge impact on business. When government stability is defined, there are two different possible definitions. Government stability can be defined as the government's ability to maintain itself and stay in power, or it can be defined as the permanence of the government's policies. (Ball, Donald) A business is able to be at its most prosperous when the government is able to keep both of these definitions intact. " Instability on the other hand is when a government cannot maintain itself in power or makes sudden, unpredictable, or radical policy changes. It is hard for business to flourish when government is unstable." (Ball, Donald)
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Business can operate under almost any set of rules and restrictions, though some are much more difficult to operate under than others. The biggest issue is when government policies are constantly changing. The reason this is difficult is because frequent changes cause business difficulties when complying to rules and regulations. This can cause business to have to change their business models or how they operate almost overnight. With changing policies it can potentially grind some firms to a halt.

Trade restrictions can be one of the biggest problems when operating an international firm. There are a lot of arguments for trade restrictions such as: national defense, sanctions to punish offending nations, protect infant industry, protect domestic jobs from cheap foreign labor, scientific tariff or fair competition, retaliation, dumping and subsidies. Some of these have a much higher impact than others, but all of these are great arguments towards trade restriction. One of the best of these arguments stems from developing nations requesting barriers on imports of competing products. This allows the developing country to sustain itself and build up it's on infrastructure while developing products that might be common place elsewhere.

The argument is that a new industry needs time develop and gain experience before being forced to compete with worldwide competition. Another good argument is the national defense argument. This argument basically requests that there are trade restrictions on certain industry imports, and that they're vital for security, and must be kept operating even though they are not competitive with the foreign suppliers. (Ball, Donald)

The reason for these vital industries are so that during times of immediate
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war a country wouldn't suffer from unnecessary problems because they're not able to have the proper defense equipment. This could range from guns and tanks, to as simple as shoes. Having an insufficient supply of footwear at times of war can cause a lack of shoes for civilians and soldiers which can lead to unnecessary casualties. These trade restrictions arguments all raise their own valid points and each have their own benefits and negativities.

Ever since the introduction of Samsung's smartphones they have been in legal battles all over the world with Apple trying to make it legal for them to sell their phones, and not be infringing on copy right laws. Almost every country has had their own legal battle with Samsung and apple with new ones immerging every day. With Samsung being based on South Korea they were able to have a lot of political influence there. In the article , Korea Fair Trade Commission clears Samsung's use of standard-essential patents against Apple, it refers to how Samsung used its power in Korea to basically influence these decisions. With Samsung being a massive part of Koreas market they were able to get their essentials patents against Apple cleared allowing them to continue operation as usual. (" SAMSUNG ENGINEERING." Samsung Engineering) Intellectual Property and Other Legal Forces

The fourth of the international environmental forces is intellectual property and other legal forces. The best way to sum up this section is given by, International Business, saying " International business is affected by many thousands of laws and regulations issued by states, nations, and international organizations." The reason this is a really outstanding summary is because not only are international businesses subject to the laws of the countries they operate in, but also the states and even cities they are <https://assignbuster.com/forces-in-international-business-essay-sample/>

based in. The other few main points of this section include international legal forces, international dispute settlement, and intellectual property.

International legal forces are governed by international laws. International laws can be divided into two subcategories, public international law and private international law. Public international law can be defined as the relations between governments, including laws concerning diplomatic relations and all matters and obligations of those nations. (Ball, Donald) Private international law are the laws concerning the transactions of individuals and companies crossing international borders. (" Private International Law." U. S. Department of State) International laws come from several different sources, but the main and most important of these are treaties between nations. (Ball, Donald)

A treaty is basically an agreement under international law, and can also be known as " an agreement, protocol, covenant, convention, pact, or exchange of letters, and all of these forms of agreements are, under international law, equally considered treaties and the rules are the same" (" Treaty." Wikipedia) Some International organizations have been created to provide a forum to help create treaties between different countries. A few examples of these would be the United Nations or the European Union.

Handling international laws are great, but without being able to enforce them they lead nowhere, this is where international dispute settlement comes in. Litigation is the process conducted in order to determine and enforce legal rights, this is essentially the investigation process behind laws such as international treaties. This process can be incredibly complicated and

expensive, and in addition to the trial itself the process can require a pretrial. A pretrial is essentially an pre investigation which requires all facts and relevant information to the litigation from both sides to come forth. (Ball, Donald) The other part of international dispute settlement is arbitration. Arbitration is a process agreed to by both parties that instead of going to court, they will attend a neutral person or party the makes a binding decision. Legal Dictionary gives a great summary of arbitration, saying “

Arbitration is a well-established and widely used means to end disputes. It is one of several kinds of Alternative Dispute Resolution, which provide parties to a controversy with a choice other than litigation. Unlike litigation, arbitration takes place out of court: the two sides select an impartial third party, known as an arbitrator; agree in advance to comply with the arbitrator’s award; and then participate in a hearing at which both sides can present evidence and testimony. The arbitrator’s decision is usually final, and courts rarely reexamine it.” (10)

Intellectual property encompasses many different exclusive manufacturing rights. These are patents, trademarks, trade names, copyrights, each which have their own separate meaning and purpose. A patent in the United States is defined as, “ an intellectual property right granted by the Government of the United States of America to an inventor “ to exclude others from making, using, offering for sale, or selling the invention throughout the United States or importing the invention into the United States” for a limited time in exchange for public disclosure of the invention when the patent is granted.” (11)

A trademark or trade name can be defined as, “ A shape, a color, design, catchy phrase, abbreviation, or sound used by merchants or manufacturers to designate and differentiate their products.”(Ball, Donald) A copy right is, “ Exclusive legal rights of authors, composers, creators of software, playwrights, artists, and publishers to publish and dispose of their works” and are protected under the Berne Convention of 1886 which is adhered to by 164 countries. (Ball, Donald)

Possibly one of the biggest legal battles regarding intellectual property in history is a battle still being fought today. That battle is Apple Inc v. Samsung Electronics Co. These cases are strictly regarding the design of smartphones and tablets. The spring of 2011 apple began litigation over several patent infringements by Samsung. (United States District Court) Eventually the litigation opened up to 19 different cases spanning across ten different countries. (Albanesius, Chloe) A basic summary of this case is that apple patented the shape of its iPhone and the color design and layout of its OS right before the release of the first iPhone in 2007.

In 2011 Apple opened up some cases against Samsung referring to Samsung breaking patents, trademarks, and the use of its style over multiple devices. (“ Apple Inc. v. Samsung Electronics Co., Ltd.” Wikipedia.) After a few months in dispute apple submitted evidence of side by side comparison between an iPhone and a specific galaxy model. This evidence turned out to be tampered with which lead to even further investigation. (Albanesius, Chloe) Since the cases were opened, there have been multiple trials and appeals. This has lead to some countries fully banning Samsung products, and countries punishing Apple forcing them to essentially pay to Samsung <https://assignbuster.com/forces-in-international-business-essay-sample/>

for slandering their name. (" Apple Inc. v. Samsung Electronics Co., Ltd."

Wikipedia.) International Monetary Arrangements and Terrorism

International monetary system and terrorism have a large impact on how some international businesses are able to operate. One of the major factors in the international monetary system is Foreign Exchange. The reason why this is a large factor is because most corporations like to do business in their own currency, because then they don't have to assume the risk that can come with currency exchange. (Ball, Donald). This is prevalent because it can cause major problems when converting to other currencies.

Samsung being one of the world largest manufacturers and suppliers of electronics faces themselves working with many different currency on a daily basis. Being the largest Smartphone supplier in the world they deal with a large amount of exchanges. This is because some of their phone parts are produced in different nations, and then sold in almost of every country around the world. Ethical Issue

One of the probably the biggest ethical issues faced before Samsung is the entire child labor debacle in 2012. In 2012 Samsung was investigated for using illegal labor practices in their Chinese manufacturing facilities. The claims against Samsung were that in some cases were that employees were working 16 hour days, and also that some employees were under the legal working age of 16 years old. (wantchinatimes. com) After the investigations were complete Samsung was found guilty of these practices, but that they were not the ones responsible for these practices. They were able to essentially cover their tracks in these cases and switch a majority of the

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blame.(Grandoni, Dino) Samsung probably didn't portray Christian values in this situation, as they were not respecting the laws in that country. This is definitely a large issue in the manufacturing process, as it is able to provide cheap labor for their company. Conclusion

Samsung is an international company that is effected by the different international force of business on a daily basis. These forces determine everything from where and when to sell products, how to ship, where to manufacture a long with a multitude of other things. Samsung is also faced with ethical issues. Through the thick and thin Samsung has been able to use these forces to put themselves at the head of the pack becoming a leader in international electronic manufacturing.

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