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From advances in technology to religious fundamentalism, business culture has come to be defined by events dictated by these forces, leaving companies with little choice but adapt to their dynamics. Globalization has brought with it both uniformity and fierce competition. Focus on Sustainability and the Environment In an effort to mitigate global warming, governments, manufacturing industries and small businesses worldwide are focusing on sustainability by encouraging environmentally friendly practices. Going green is a powerful global force that comes at a cost to small business. Every company product must have a stamp of approval proclaiming its production and disposal processes are green. The service industry must observe stringent environmental laws that add to administrative overheads. The net effect is a rise in production costs incurred by the manufacturing sector and the business community as a whole. Advances in Technology Advances in technology have led to the current global grid driven by one thing: Information technology is a strong force that continues to enhance communications in all sectors. Companies are wise to take advantage of various marketing platforms driven by the Internet, such as dedicated websites, social networks, smartphone apps and email. Small businesses are in a unique position to leverage the power of technology to expand their market base through affordable advertising on these media and reach a sizable number of potential customers. Emerging Markets One clear aspect of globalization has been the drive toward international commerce. Businesses are virtually interlinked, creating a powerful force in the form of a market without borders. As small business enterprises gain a global foothold, a contradiction emerges: This is compounded by emerging markets that have seen an increase in manufacturing industries and buying power, and companies have to compete for raw materials and customers. Cultural and Religious Ideologies Differing ideologies can be a force that defines how businesses conduct their affairs. Whether political, cultural or religious, individuals hold strong convictions and are deeply committed to maintaining and defending them, sometimes by force and intimidation. Particularly for small businesses transacting outside the United States, ideologies often dictate how, when and where they conduct business; thus, they have to devise strategies for operating within this world setting. Some products or services may be decreed in some countries due to religious reasons, even if there is clear potential for the market. The market state About the Author Based in Los Angeles, Billy Max has been an assistant professor of mechanical engineering with a state university, and has been writing engineering and business and finance-related articles since Max holds a doctorate in engineering, and concentrates on technology, policy and business development.

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Chapter 2 : Macroeconomics and the Global Business Environment by David Miles

*Macroeconomics and The Global Business Environment 2nd Edition by Miles, David, Scott, Andrew [Hardcover] [David, Sc.. Miles] on www.nxgvision.com *FREE* shipping on qualifying offers.*

Global growth is picking up somewhat after a number of weak years. A global GDP growth rate of 3. The US and UK recoveries are self-sustained, but weaker than during a normal post-crisis period. In the Eurozone, expansionary policy is still called for and further steps to support growth could be expected. In the US and Europe alike, investments levels are low, productivity growth is very weak and the export sector is only providing a small contribution to the recovery. At the same time growth is slowing in Asia and world trade is likely to grow at a slower rate than GDP. It is a recovery without a real upturn in the business cycle, threatened by a range of factors. Weak economic activity and low productivity growth mean that real wages and consumption are likely to continue to be disappointing. Job security is undermined by global competition, digitalisation and robotisation. New work opportunities ahead are more likely to be short-term contracts, part-time jobs, self-employment without full social benefits and full job security. The demands for education, expert knowledge and social skills have taken a quantum leap upwards and increased the threshold for people seeking to enter the labour market. Unionisation is on the retreat. Increased insecurity in labour markets, the weaker negotiation power of the unions and low productivity are setting narrow limitations for wage negotiations and real wages. In a period when most advanced economies need strong governments to implement far-reaching structural reforms, voters are favouring short-termism and asking for simple solutions. To restore political trust, governments need to deliver real wage increases, more jobs and better welfare. This can only happen if growth is revitalised by reforms to increase labour market flexibility and to improve the business climate. Another period of a United States that lacks direction in its foreign policy, combined with a reluctance to engage with military forces in difficult regions, will create deep security problems. Europe needs to step up its ability to deal with emerging security issues, although that is an unlikely outcome without leadership from the USA. The tragic events in Paris have created a momentum for a coalition bringing the US, France, the United Kingdom and, unexpectedly, also Russia together for a push-back of the Daesh ambition of establishing a Caliphate. It seems necessary for the US and Europe to be ready to actively counter extremist Islamic terrorism in the Middle East, North Africa and Afghanistan in the medium term as well as in the long run. To leave large areas and regions under the control of Daesh, Boko Haram, Al-Shabaab or the Taliban is a global security risk. The refugee crises in Europe will remain a major factor during In the last few weeks, the inflows have decreased. Partly that could be due to temporary harsh weather. The fact that the European Union has made a broader political agreement with Turkey could also be a factor. In addition, Daesh will face a stronger counter insurgency efforts during If Daesh is pushed back and insecurity reduced in Syria and Iraq that is likely to further improve the situation. It should however be pointed out that some 4 million refugees from the conflict in Syria-Iraq remain in the neighbouring countries in Turkey 2. The historical pattern has been that it takes a few years before the refugee numbers normalise after a period of conflict. The intensified challenge from the Taliban in Afghanistan could also increase the number of people claiming asylum in Europe about , people have come from Afghanistan to Europe during The number of refugees coming to Europe is most likely going to be lower in , but they will remain much higher than the long-term average for both and The short term economic consequence of the high migration flows will be somewhat higher GDP growth in Germany and Sweden, due to a temporary increase in public expenditure. The consequences of a growing population is positive in the long term, reducing the demographic pressure of an ageing population. Increased internal globalisation, to use the term coined by Angela Merkel, is potentially a more diversified work force and a more creative economy. In Sweden the historical experience has been that people from Syria have integrated well into the labour market. Looking ahead it is likely that unemployment will be somewhat higher in and Referendums always come with uncertainty. Unexpected events can push the results in any

direction. The best guess is that the United Kingdom remains in the European Union. The economic and political consequences of a British move towards isolationism are devastating. The political balance in Europe would shift from the idea of a Europe open to free trade and dynamic markets, turning the balance towards a more bureaucratic and centralising perspective. For the UK, the long-term economic consequences are likely to be deeply concerning. The Danish referendum set off a wave of financial turmoil back in and the implications of Brexit would be more far-reaching. One factor to bear in mind is that voters often seem to favour the status quo when uncertainty is high. At the end of , President Putin has rapidly repositioned Russia from being the outsider rocking the boat to a constructive force dealing with Daesh in Syria and Iraq. The repositioning is obviously fragile. Putin has in no way backed down in principle from the aggressive stance in the conflict in eastern Ukraine. So far the Russian intervention seems to have provided more support for President Al-Assad than actual damage to Daesh. In the long run, Russia is likely to be a declining power under the current regime. Low fertility rates and premature alcohol-related death among men, combined with excessive dependence on natural resources rather than productivity and innovations, are undermining the long-term prospects. But in the short run, any neighbouring country that shows signs of weakness face the risk that Russia will try to exploit the situation. President Putin has been a master of navigating the age of populism and could revert to the anti-western rhetoric at any point of time. For the coming years investments in Russia will be perceived as risky. Until then most investors will hibernate and hope for a thawing in the Russian tundra. Furthermore, we are also likely to see substantial turmoil in financial markets. The combination of the recovery in the US and, even if weaker, in Europe, as well as a deceleration of growth in China is creating uncertainty for the financial markets. The extraordinary monetary policy measures over the last few years have pumped short-term money into the global financial system. In combination with low liquidity in markets, partly due to the new regulatory structures that are reshaping banking everywhere, this has set the tone for turbulence. The key factor deciding the degree of turbulence will be inflation in the US and reforms in China. If inflation is picking up in the US and the Federal Reserve is perceived to be behind the curve, this could push US rates higher and reinforce the appreciation of the dollar. The best guess is that inflation will remain subdued in the US. A weak consumer recovery and very low resource utilisation is unlikely to give a demand-driven inflation push. The potential for accelerated productivity growth out of the broad technology-driven shift that is now taking place should also keep cost pressure under control. The traditional models that the Federal Reserve and other central banks are using to forecast inflation are backward-looking and are unlikely to capture the fast moving technological development that we are now seeing. On the back of higher than expected productivity it is also possible for the unemployment rate to gradually go lower without pushing a traditional wage and inflation spiral. The potential is clearly there. Many start-up companies have been printing very strong growth numbers for years, but the macro-economic impact has so far been on the weaker side because the growth has come from a low level. Every year this is gradually changing. When more and more people do their shopping and banking online that will also mean that the broader implications becomes more pronounced. The pressure on existing firms to adapt to increased competition is likely to mean that prices and profit margins are being squeezed. A more problematic impact could be that employment growth is held back during the recovery. So far that has not been the case in the advanced economies. The labour market in the US has been strong, but that has also been the trend in the United Kingdom, Germany and the Nordic countries. If China is able to gradually move forward with rebalancing the economy from investments to consumption, that could open a path towards more sustainable growth and a gradual return of optimism in the Chinese business sector. The Chinese government has many times, not least at the last meeting in Davos and at the Dalian summit, stated its ambition to push forward with reforms to open the economy and continue the transformation towards a well-functioning market economy. For the global economy, it is key to monitor any sign that reforms are being accelerated and that resistance to change is being pushed backwards. In such a scenario, the RMB would weaken and that would imply second round depreciation in the rest of Asia. In any such scenario we would also see continued turbulence on

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commodity markets as well. It will take time before we see the recovery of the super-cycle. It is important to underline how important China is for the rest of the emerging market countries. Political reforms have improved governance. Barriers to trade have been reduced. The regulatory burden and the cost of doing business have been reduced. The education level of the workforce has improved. The mobile revolution has made information accessible almost everywhere and increased political transparency. Emerging economies will be under market pressure during If the governments in Brazil, Turkey, Nigeria or Russia would see market pressure as an argument for reinforcing structural reforms that could be game changer. So far the response has been far from convincing. It is important to take on board the fundamental optimism that globalisation is bringing to emerging markets. According to the IMF forecast for there will be more than 3. That is the fastest transformation out of poverty that humanity has ever experience. Whether will bring a revival of the fundamental emerging market story or a year of disappointment is an open question, and the more market pressure is seen as an argument for reform the better the outcome will be. Growth is increasing, lead by the recovery in the US and other advanced economies, but populism, geopolitical risks and market turmoil are likely to cast some shadows over the optimism. A sign showing distances to cities all over the world is seen outside City Hall in San Bernardino, California January 23,

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Chapter 3 : 6 factors shaping the global economy in | World Economic Forum

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Assignments click here to download the assignments. There are four assignments. The assignments should be done as part of a group. Office Hours and Tutorials My office hours are Wednesday 4. I can also be reached through e-mail at nroubini.stern. He is Noe Valenzuela and his email is noe. His office hours will be announced in class and by email. Rules Late assignments will not be accepted without prior arrangement. If necessary, you can fax them to me at or e-mail them to me. Material handed out in class will not be available in the next class. You can get copies of old handouts from classmates and during office hours. Most class materials will also be available on-line in the home page for the course. Your rule of thumb should be: Would I try this on my boss? I invite all the students in the class to actively participate in this online discussion forum. Part of the final grade will depend on class and blog participation. We can share together ideas and information about interesting new articles on the WEB, discuss current policy issues and elaborate on materials presented in class. October 18th Assignment 2 due in class: November 8th Mid-Term Exam in class: November 15th Assignment 3 due in class: November 29th Assignment 4 due in class: December 13th Final Examination in class:

9/3/02 *MACROECONOMICS AND THE GLOBAL BUSINESS ENVIRONMENT Business Cycles Key Concepts Business Cycle characterization Recessions and Depressions Frisch-Slutsky Paradigm Real Business Cycle Theory Keynesian Theory Business Cycle Deviation from trend growth (i.e. fluctuations in GDP around its trend) Business Cycle Trend GDP: for a given level.*

Transport and Communication System 7. Money Supply in the Economy 8. International Debt ii Social Environment: Social Environment consists of the customs and traditions of the society in which business is existing. It includes the standard of living, taste, preferences and education level of the people living in the society where business exists. The businessman cannot overlook the components of social environment as these components may not have immediate impact on the business but in the long run the social environment has great impact on the business. So, they condemned the use of the product and there was no demand of Pepsi Cola in that region. So, the company had to change its advertisement slogan as it cannot survive in market by ignoring the sentiments of the people. In India also, there are many Social reforms taking place and the common factors of Indian Social Environment are: Some Aspects of Social Environment: Quality of life 2. Importance or place of women in workforce 3. Birth and Death rates 4. Attitude of customers towards innovation, life style etc. Education and literacy rates 6. Tradition, customs and habits of people iii Political Environment: Political environment constitutes all the factors related to government affairs such as type of government in power, attitude of government towards different groups of societies, policy changes implemented by different governments etc. The political environment has immediate and great impact on the business transactions so businessman must scan this environment very carefully. For example, in when Janata Government came in power they made the policy of sending back all the foreign companies. As a result the Coca Cola Company had to close its business and leave the country. The common factors and forces which have influenced the Indian political environment are: As a result the Coca Cola which was sent back in came back to India. Along with Coca Cola, Pepsi Cola and many other foreign companies are establishing their business in India. Some Aspects of Political Environment: Present political system 2. Constitution of the country 3. Profile of political leaders 4. Government intervention in business 5. Foreign policy of government 6. Values and ideology of political parties iv Legal Environment: Legal environment constitutes the laws and various legislations passed in the parliament. The businessman cannot overlook the legislations because he has to perform his business transactions within the framework of legal environment. Most of the time legal environments put constraints on the businessman but sometimes they provide opportunities also. The common instances of Indian legal environment which have influenced business transactions recently are: Deregulation of capital market has made it easy for businessman to collect capital from primary market. Removal of control from the foreign exchange and liberalisation in investment is encouraging foreign investors and NRIs to invest in Indian capital market. Advertisement of alcoholic product is prohibited. Compulsory to give statutory warning in Tobacco production. Delicensing policy of industries. Some Aspects of Legal Environment: Various laws and legislative acts. Legal policies related to licensing. Legal policies related to foreign trade. Statutory warnings essential to be printed on label. Foreign Exchange Regulation and Management Act. Laws to keep a check on Advertisements. Technological environment refers to changes taking place in the method of production, use of new equipment and machineries to improve, the quality of product. The businessman must closely monitor the technological changes taking place in his industry because he will have to implement these changes to remain in the competitive market. The recent technological changes of Indian market are: Digital watches have killed the prospects and the business of traditional watches. Artificial fabric has taken the market of traditional cotton and silk fabrics. Photo copier and Xerox machines have led to the closure of carbon paper business. Shift in Demand from vacuum tubes to transistors. Shift from steam locomotives its diesel and electric engine. From typewriter to Word Processors. Some Aspects of Technological

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"Written with a strong global business focus, Miles and Scott's Macroeconomics and the Global Business Environment, Second Edition examines real-world economic issues, shows why these issues matter, and uses them as an entry point into advanced economic theory.

Leo Sun As a new business manager, the first thing you must be in tune with is the state of microeconomics and macroeconomics. While we are trained to pay attention to the former, the latter can often catch us by surprise and sink our business instantly. Microeconomic factors are company-specific trends. These are the factors in your business that keep it afloat. Revenue, earnings and margin are the key micro factors at your company. The size of your workforce, the production volume of your products and your advertising campaigns are all micro factors as well. In short, micro factors are parts of your business that can be fine-tuned and changed by the management. Macroeconomic factors are national and global events which are out of your control. The September 11th terrorist attacks, the financial meltdown of and the European sovereign debt crisis of are prime examples of macro factors. Macro factors are dangerous and unpredictable, and a savvy manager must be agile to sidestep a cascading macroeconomic crisis to keep the company intact. Negative macro factors tend to occur in a cascading chain reaction. For example, increased unemployment in the United States may lead to lower consumer spending, which in turn leads to reduced imports from China, which also causes the Chinese GDP to decrease. A lowered Chinese GDP then leads to lowered expectations for growth, and leads to a decreased demand for natural resources, such as crude oil, iron or silver. This causes commodities to plummet globally, which can adversely affect the profits of miners in multiple countries. Positive macro factors occur in the same way. For example, as crude oil costs drop across the world on lowered demand, the average American consumer starts spending more on retail goods due to cash saved at the pump. These increasing retail numbers will increase demand for Chinese exports again, causing the Chinese GDP to rise. This in turn leads to a more robust Asian stock market and stronger prospects of industrial expansion. As a result, commodity prices rise again. Macro trends are largely cyclical, but are impossible to accurately time. Like a captain of a tiny schooner on the open seas, you may be able to watch for warning signs of a brewing storm, but it is impossible to gauge its full impact until you are smack in the middle of it. Negative macro factors tend to uniformly sink all companies across a market, "throwing babies out along with the bathwater" - while positive macro factors uniformly aid all companies across the market, since a "rising tide raises all boats". Discuss the projected impacts of these macro factors on your business, as well as forward projections to the direction of global markets and industry demand, and if they will cause problems down the road. Staying in tune to these industry-shaking events will help your company batten down the hatches long before your industry rivals, allowing you to weather the storm. You Also Might Like

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