

GLOBAL BUSINESS ENVIRONMENT

Title: Evaluation of Business Environment



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Introduction

International business is a cross-border transaction of goods, services, or resources across national borders or it comprises the trade of goods and services between countries.

International business environment comprises different aspects such as political, cultural, natural, exchange rate, legal, and taxation.

Here Brazil has taken as a developing country where UK based company run their business.

For this analysis was explored the business environment of Brazil.

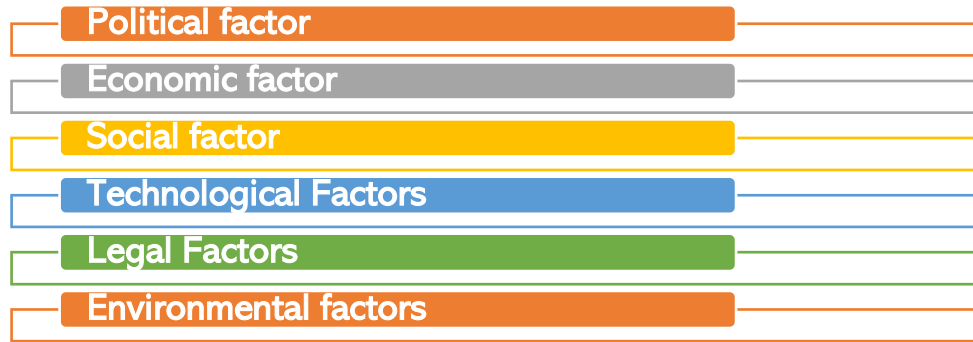
Brief of developing country

Brazil is the 5th largest country in the world and occupies 50% of South America (Heinrichs, 2014). It has the world's fifth-largest population and growing consumer market.

Natural resources and the government's positive intervention in international business create the highest possibilities in the global market, attracting the most reputable firms (Ali, 2019).

Theories of Business Environment

PESTEL Analysis



Source: (Spencer, 2013)

There are several theories to analyse the business environment.

The first one is PESTEL analysis which aims to investigate several factors such as political, economic, social, technological, environmental, and legal factors.

The second theory is Porter's diamond analysis which emphasizes the resource endowment of a country or the number of resources that a country has available for production.

And the third is value network analysis which identifies the supply chain of Brazil. Brazil's involvement in global value chains is quite unusual. Brazil has been trying to acquire a more technologically advanced position in the value network.

Porter's Diamond

Highlights the resource donation of a country or the number of resources that a country has available for production (Spencer, 2013).

Value Network Analysis

- ❖ Brazil's involvement in global value chains is quite unusual.
- ❖ Brazil has been trying to acquire a more technologically advanced position in the value network.

Theories of Business Environment cont....

Porters Five Forces analysis of Brazil



In Brazil

- High threat of new entrants
- Moderate level of rivalry among competitors
- The suppliers have high bargaining power
- Bargaining power of buyers is high
- Threat of substitute products is high

Source: (Worthington, Britton and Thompson, 2018)

Theories of Business Environment cont....

Hofstede Analysis of Brazil



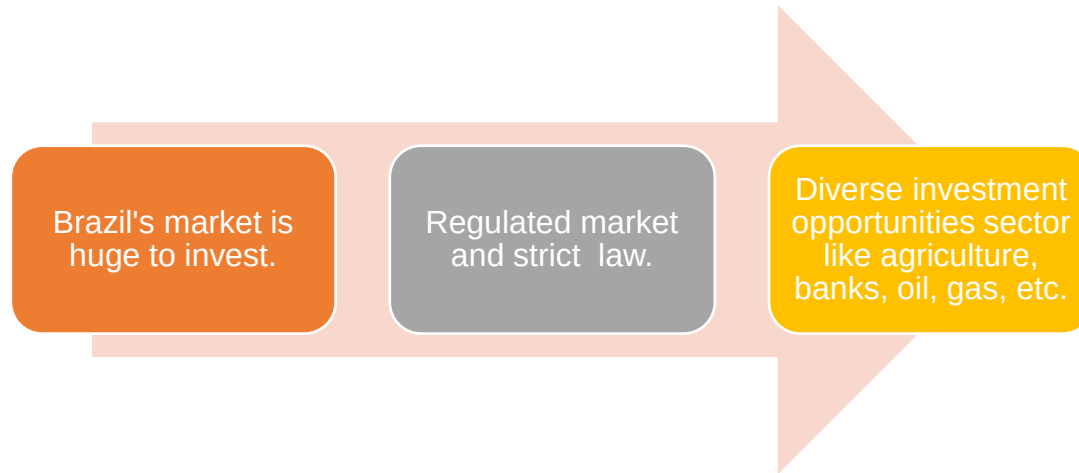
* estimated

Brazil

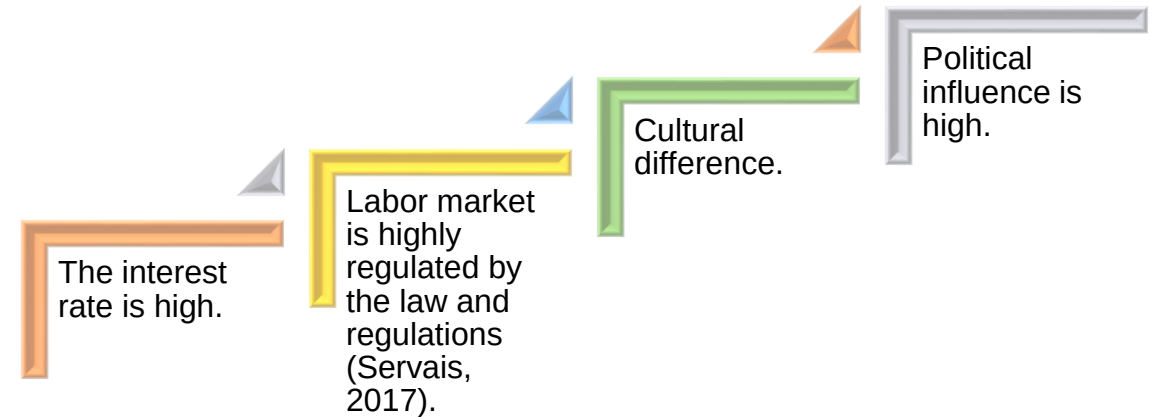
Source: (Hofstede Insights, 2022)

Opportunities, Challenges and management strategy

Opportunities



Challenges



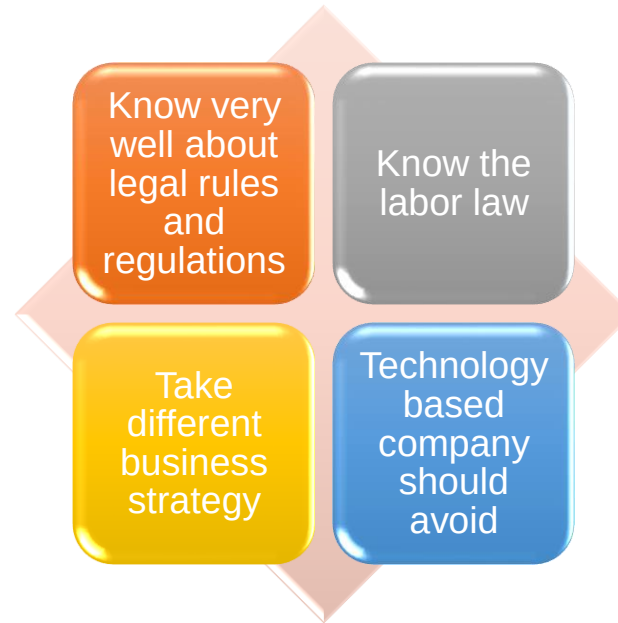
Source: (Worthington, Britton and Thompson, 2018)

Obstacles of foreign business in Brazil

There are some barriers to doing foreign business in Brazil.

For example, Brazil has a low infrastructure, the technology position in Brazil is poor, the export and import regulations in Brazil create difficulties for foreign business, different tax charges like federal, and state municipal taxes, and the local labour force is influenced because of labour law, high corruption level, etc.

Strategies and recommendation to succeed in foreign business in Brazil



Source: (Worthington, Britton and Thompson, 2018)

Conclusion

Proper strategy can make business profitable.

Knowing about the business environment is important

At last, we can say, starting a business in a developing country like Brazil is difficult but the proper strategy can make the business profitable. Before starting a business knowing about the business environment is important and it helps to figure out the business's future success

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