

The International Macro-Environment of an Organization

Ileana (Badulescu) Anastase
TOMIS University of Constanta
anastaseileana@gmail.com

Cornel Grigorut
OVIDIUS University of Constanta
cornel.grigorut@gmail.com

Abstract

The international macro-environment (supranational macro-environment) brings together all the uncontrollable factors with a global impact, and it is related to the organization's indirect relationships on international markets. Romania's globalization and the EU integration increased the importance of the macro-environment for all organizations, regardless of their degree of internationalization. In marketing, we must master the main agreements between countries and the regulations emanating from general international bodies, reflecting on their business, on different foreign markets. Knowledge of the international environment is possible only through an analysis of its components (Anastase, I., 2012, p.41).

Keywords: macro-environment, environment, marketing, commercial, worldwide.

JEL Classification: H83

1. Introduction

International organizations are organizational forms related to the achievement, within an institutional framework, of the international cooperation in various fields: political, legal, economic, administrative, scientific, cultural etc. These organizations are established under the mutual agreement of parties and include: governmental parties, whose members are sovereign states (United Nations Organization and its specialized agencies); NGOs, whose members are economic organizations or individuals; mixed bodies, including both states and organizations or individuals; regional bodies, focusing on the economic relations from a specific area (Anastase, I., 2012, p.41).

2. The international environment of an organization

In this section, we will briefly present the most representative international organizations.

A. The United Nations, established in 1945, is the most comprehensive international organization, which has a large number of specialized committees and maintains direct connections with a number of independent international bodies, relevant to the international marketing approach. The most significant specialized bodies are in direct connection with the UN. These are: the International Monetary Fund, the World Bank.

B. The International Monetary Fund is an international organization for cooperation in the currency and financial fields; it is part of the system of the UN specialized bodies. It was created by the agreements of the United Nations Monetary and Financial Conference, held in Bretton Woods, in July 1944, and it began operating on 31 December 1945. Its purpose is to supervise the application of the international monetary system and to grant credits in order to balance temporary deficits in the balance of payments. Each Member State may receive a credit of up to 125% of its interest in the fund. The IMF facilitates the balanced development of international trade and supports the reforms in developing countries, under "stand - by" agreements, granting the right to

use its resources outside the reserve tranche, under certain conditions (promoting monetary, foreign exchange and macro-stabilization policies that remove the malfunctions underlying the demand for the use of IMF resources). The IMF, based in Washington, D.C., has 183 member countries (2000) and it provides short-term liquidity. Romania became a member of this body on 15 December 1972.

C. The International Bank for Reconstruction and Development (IBRD), established under the Bretton Woods Agreements (1944), supports national sectoral policies by providing or guaranteeing loans to finance reconstruction and development projects. Together with the International Organization for Development (IOD) and the International Finance Corporation (IFC), it forms the World Bank Group. Since the IBRD is the most representative institution of the World Bank Group, it is often called the World Bank (WB). The WB grants long-term loans for economic development. The IBRD, based in Washington, D.C., has 182 members (2000). Romania joined it in 1972.

D. The WTO (World Trade Organization) resulted from the conversion in a worldwide multilateral trade forum, in 1994, following the Uruguay Round of the General Agreement on Tariffs and Trade (GATT). The WTO is an independent international organization outside the UN system, which is connected to it and to other international institutions. The WTO seeks to implement measures in order to liberalize the international trade in goods, services and industrial and intellectual property rights; it also deals with the conduct of a new round of negotiations for multilateral arrangements on trade and with trade issues related to investment flows. Another concern is related to the implementation of the members' commitments and management of dispute settlement mechanisms and trade policy review. It appears that the WTO has an action area much wider than the GATT. In 2001, the WTO had 142 members, which held 90% of the world trade (Crouse, Ch., 1993, p.35). Romania became party to the GATT and the WTO in 1971, and it participates in all the actions initiated under the aegis of this international economic body for the liberalization of global trade.

E. The United Nations Conference on Trade and Development (UNCTAD) is an international economic organization established on 30 December 1964 by the UN General Assembly, following the principles set out in the United Nations Conference on Trade and Development (March-June 1964). The main objectives of the UNCTAD are (Kotler, Ph. Dubois, B, 1992, p.92):

1. Facilitating the expansion of international trade, particularly the trade changes of developing countries, in order to accelerate their overall economic growth;
2. Drafting principles and recommendations for the development of trade between all countries;
3. Ensuring the coordination of the activities of other institutions within the United Nations system of international trade and economic development;
4. Taking, together with other competent bodies of the United Nations Organization, appropriate measures for the negotiation, adoption and operation of multilateral legal instruments, in the field of trade, between states;
5. Harmonizing the policies of governments and regional groupings in foreign trade and economic development (Anastase, I., 2012, p.42).

The UNCTAD has a greater influence over the company than the WTO. Its members (191 countries) are all UN Member States or one of its specialized agencies.

F. The Organization for Economic Cooperation and Development (OCDE) represents a group of states, the most important in economic terms, established on 09.30.1961, in the former European Economic Cooperation Organizations.

OCDE is an autonomous international organization, aiming at:

- achieving a great economic expansion, a high level of workforce employment and increasing the quality of life in the member states, under a stable financial situation;
- achieving a healthy economic development in member and non-member countries;
- enhancing world trade on a multilateral and non-discriminatory basis, in accordance with international obligations;
- shaping the opinion of member countries, on the market of other world countries;
- preparing the meetings of the "Group of 7" (the most developed countries of the world).

G. The United Nations Food and Agriculture Organization (FAO) is a specialized part of the

United Nations system, established in October 1945, with headquarters in Rome (Italy).

The main FAO objectives are:

- increasing nutrition and improving the living conditions of the populations of Member States;
- improving the production and distribution of food and agricultural products;
- supporting rural populations, in order to improve the food level.

Achieving these goals is possible through the technical and financial assistance granted by FAO to its members.

H. The International Organization for Standardization (ISO) aims at developing international uniform standards for products/services. In this regard, a reference point in international standardization efforts is the adoption by the UE of ISO 9000 standards.

The objectives of international standardization are:

- favoring the achievement of products of adequate quality in terms of acceptable prices;
- providing a framework for the protection of life, health and environment, diminishing the products with negative ecological, sanitary and genetic impact;
- increasing the compatibility and interchangeability of products/services;
- simplifying products in order to use them better;
- ensuring the optimum range of sizes, thereby reducing costs;
- increasing efficiency and facilitating the distribution of maintenance activities in using products (Anastase, J., 2012, p.43).

Within the international standardization process, in addition to the ISO, there are also the International Electrotechnical Commission (IEC) and the International Telecommunication Union (ITU).

From the perspective of those presented above, the marketer considers that the knowledge of the international organizational environment is important for the following reasons:

The IM specialist must consider the image of the country (countries) which constitute the target market(s) – from the perspective of international organizations:

- it is accepted in international bodies;
- it is not accepted; why?

The WTO provides information on reducing import duties on industrial goods and agricultural products, export liberalization for some products, rules of conduct in international trade, particularly those relating to unfair competition practices;

- the marketer will determine whether the WTO regulations and recommendations refer to the range of products that it manages, hindering or favoring their entrance on a foreign market;
- the IM specialist has to be acquainted with the UNCTAD resolutions, if the business that he/she carries out is subject thereto;
- the ISO provides the information that the marketer needs in order to standardize the networking level with the national and international company.

3. The International Business Environment

In the structure of the international business environment, we meet two basic components:

- • International trade;
- • Trade policies.

A. The International Trade (IT) is a constant of the relationships between nations, referring to the trade in goods and services on the international market. It had an upward trend, especially in the postwar period, when it experienced significant quantitative and qualitative transformations. Thus, the growth of international trade has outpaced the increase in the GNP, the GDP and in world production.

The international trade has a powerful dynamic and versatile nature. The main changes that occurred in the international trade, in recent years, are (Kotler, Ph.1997, p. 203):

- internationalization of the world economy, reflected in the rapid growth of international trade and investment;
- gradual loss of the US dominance and competitiveness on world markets, while increasing the economic strength of Japan and of various countries from the Far East;

- increase in the economic power of determined regional blocks and, in particular, of the European Union;
- increase in the influence of the global brands of cars, food, electrical products and other categories of goods;
- setting entry barriers to protect domestic markets against foreign competition;
- gradual opening of new important markets, like Eastern Europe, China, Arab countries;
- suffering caused by serious problems due to the external debt of various countries (Mexico, Brazil), while increasing the fragility of the international financial system;
- increase in the trade exchange share of international operations;
- increase in the privatization trend of public enterprises, in order to make them more effective;
- growing tendency of forming alliances between major companies from different countries (General Motors and Toyota, G.T.E. and Fujitsu);
- strong acceleration of international transport, communications and financial transactions (Anastase, 2012, p.44).

These IT changes generated international marketing development and provided a fertile field for its specific implementation techniques.

B. The trade policy refers to a set of rules (with legal, administrative, fiscal, banking etc. nature) and tools, mechanisms, institutions adapted/created in order to restrain or promote the trade with other countries and to redefine trade balances.

Protectionism seeks to protect the economy from foreign competition and reduce losses from trading activities. The causes of protectionism are multiple and can be grouped as follows (Cateora, Ph., Graham, J.L. 1999, p.68):

- protect the internal market;
- protect young branches;
- necessity of keeping money in the country;
- encourage capital accumulation;
- maintain the living standard and the real wages;
- conservation of natural resources;
- industrialization in low-income countries;
- maintaining employment and reducing unemployment;
- national defense;
- increasing the size of business;
- retaliation and advantageous transactions.

It appears that the basis for explaining protectionism is represented by economic (protection of young branches, industrialization of developing countries) and non-economic causes (employment protection), but also by non-arguments (exploiting comparative advantages, sanctioning the economic actors' behavior in other countries). In terms of sustainable development, the conservation of natural resources becomes critical.

Protectionist policies use customs policy instruments (tariffs, customs laws, customs codes, customs regulations) and non-tariff barriers (import quotas, export licenses, voluntary export restrictions, monetary barriers etc.). Protectionism diminishes the benefits of international trade. Therefore, the GATT/WTO regulations highlight the abolition of protectionist causes, in order to increase the overall share of international trade liberalism.

Liberalism aims at a restrictive international trade without barriers; it also aims at promoting intense exports and stimulating them. This is possible because, due to technical progress, the barriers of communication and transport disappeared. The promotional measures aim at informing and influencing real active external clients, in order to purchase certain products. These measures include (Crouse, Ch.1993, p. 98):

- improving the general climate, where business transactions are conducted, by negotiating and concluding trade and payments, economic cooperation agreements or other intergovernmental arrangements;
- supporting actors to participate in international fairs and exhibitions;
- modernizing and optimizing the commercial representation abroad;
- providing services in the field of advertising and public relations.

The export incentive measures aimed at increasing the competitiveness of exported goods and also at increasing the incentives for both producers and intermediaries. This category of measures includes (Crouse, Ch.1993, p.54):

- budgetary measures (direct export subsidies, direct export premiums and various forms of indirect subsidy);
- tax measures (exemption, reduction or deferral of taxes on foreign transactions, conditional exemption from customs duty or refund of customs duties levied on imports under specified conditions);
- financial and banking measures (supplier credits, buyer credits, lines of credit, export credit guarantees or insurance);
- measures relating to foreign exchange (forex or support bonuses for currency depreciation at a rate higher than the depreciation of the purchasing power of the domestic currency).

The policy of economic liberalism is supported substantially by international economic integration. The marketer must be acquainted with the dynamism and change in international trade and with the trade policies pursued by the countries that will constitute target markets.

4. The international integration media

Economic integration is a feature of the contemporary world market. Depending on the degree of economic integration, there are distinguished five forms of international integration:

- FTA;
- customs union;
- common market;
- economic and monetary union;
- political union (see, for example Table 1)

Table 1. Forms of economic integration

Integration form	Characteristics					Examples
	Abolition of Internal customs duties	Common customs duties	Free movement of production factors	Common market. Harmonization of economic policies	Political integration	
FTA	Yes	-	-	-	-	<ul style="list-style-type: none"> - Central European Free Trade Agreement (CEFTA) - North American Free Trade Association (NAFTA) - Association of South East Asian Free Trade Agreement (ASEAN)
Customs union	Yes	Yes	-	-	-	<ul style="list-style-type: none"> - European Free Trade Association (EFTA) - Economic Community of Central African States (ECCAS)
Common market	Yes	Yes	Yes	-	-	<ul style="list-style-type: none"> - South American Common Market (MERCOSUR) - Arab Common Market
Economic and monetary union	Yes	Yes	Yes	Yes	-	<ul style="list-style-type: none"> - European Union (EU)
Political union	Yes	Yes	Yes	Yes	Yes	<ul style="list-style-type: none"> - perspective and purpose of international economic integration

Source: Forms of economic integration; source: CEFTA

The integration environment, briefly presented above, offers opportunities for developing international marketing. Thus, the integration structures allow companies the access to much larger markets (mass markets), with reduced or excluded tariffs. Thus, international organizations are able to achieve scale economies not only in manufacturing but also in distribution and promotion. There is an increase in the efficiency of the international marketing approach. In addition, the integration environment generates intense international competition; economic organizations become stronger and more experienced in negotiating with large groups of countries. It intensifies the mergers between companies from the EU countries and from other non-member countries, in production, distribution, banking (Chee, H., Harris, R.1998, p.103). These mergers allow a competitive balance in relation to Japanese and North American companies and banks.

5. The International Legal Environment

The equation of the international legal environment includes three variables: international laws; regional laws; domestic laws for each market organization. The international and regional laws take the form of a collection of treaties (GATT - the most comprehensive global treaty), agreements (CEFTA) and conventions (Convention for the Protection of Intellectual Property) among nations. These legal instruments have more or less the force of laws, because there is no comprehensive international legal system. The World Trade Organization (WTO), presented above, is the broadest legal institutional framework for the development of world trade.

6. The international political environment

The multilateral agreements between the governments of different countries may have a positive or negative impact on business and international marketing. The international political factor must be assessed taking into account three categories of relations (Chee, H., Harris, R.1998, p.78):

- The business relationships with the country of origin;
- The host country's relationships with other nations;
- The relationships concerning a country's participation in international organizations.

7. Conclusion

In conclusion, the analysis of market globalization triggers two aspects of the supranational macro-environment (Munteanu, V. A., Rotariu, D.2006, p 130): forces that generate global standardization and local forces militating for the adaptation to local circumstances. In addition, we mention that the macro-environment includes the entire world or the regional factors influencing the market, often beyond the economic space, overlapping the political one or going in the technological sphere. This environment provides more homogeneous support structures, forming national market environments (Crouse, Ch.1993, p.123].

* GATT was established in 1947 (23 signatory states) and pursued the indiscriminate liberalization and promotion of international trade, particularly in material goods. Liberalization was achieved through regular trade rounds or negotiations. It contributed to the reduction of trade tariffs (in 1947, there were 40%; in 1990, they decreased to 5% (*Dicționar explicativ de marketing*, 2003), reducing qualitative barriers and discouraging government subsidies.

8. References

1. Anastase (Badulescu) Ileana, 2012, Seminar Marketing International, Editura PIM., Iasi.
2. Cateora, Ph., Graham, J.L.,1999, International Marketing, 10th Edition, Prentice Hall Inc, International Edition, New York.
3. Chee, H., Harris, R., 1998, *Global Marketing Strategy*, Financial Times and Pitman Publishing.
4. Croué. Ch., 1993, *Marketing internațional*, De Boeck Wesmael S.A.
5. Kotler, Ph., 1997, *Managementul marketingului*, Editura Teora, București.
6. Kotler, Ph., Dubois, B., 1992, *Marketing - management*, Editura Publi-Union, Paris.
7. Munteanu, V.A., Rotariu, D., 2006, *Marketing direct*, Editura Sedcom Libris, Iași.

8. *** Dicționar explicativ de marketing, 2003, Editura Economică, București.