

**THE ROLE OF INTERNATIONAL ENVIRONMENT FACTORS TO ACHIEVE THE SUCCESS
STRATEGIC PLANNING IN ORGANIZATION:****A CASE STUDY IN DNO COMPANY – ERBIL****Diyar A. Mustafa Khoshnaw**

Business Administration Department/ Cihan University

dr.ahmed_aunun67@yahoo.com**ARTICLE INFO****Article History:**

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10.25212/lfu.qzj.2.5.35**Keywords:***International environment,
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planning, organization, DNO***ABSTRACT**

The current business field is characterized by high competition. The field is in continuous change as most organizations look for new strategies to achieve a state of leadership and uniqueness in the international market in order to make advances in the competition. Therefore, they look for new methods to enter the markets by minimum costs and to get maximum benefits. The current research aimed to identify the role of international environment factors in achieving success strategy planning in organizations. Through field testing of the views of managers, assistants and heads of departments in a sample of OMV company city in Erbil - Kurdistan, these factors were found to vary in their effects toward the strategic planning dimensions. There has recently been a sudden change in the international business environment as a result of increased competition especially in the economic sector. Also, the field has witnessed variation in the capacity in adoption, and strategic planning is one of the modern models in the conduct of organizations. Therefore, the subject of international environment factors and strategic planning for business has attracted the attention of many researchers and scholars focusing on contemporary themes with a huge impact on the performance of organizations in pursuit of excellence. In the field, a presumptive scheme was developed to indicate the relationship between the variables of the study and adopted a model relationship in one direction. The study was based on a set of assumptions that field-tested on a sample of foreign companies operating in the city of Erbil. A number of basic questions for the study were prepared for 30 administrative leaders (managers and their assistants, and department heads) who answered the questions.

The questionnaire of this research was designed to collect data which included several measures derived from previous

studies, but were modified and redesigned to align with the requirements of the current research. While operations of statistical analysis of the data was done using the software statistical (SPSS) and a number of statistical indicators were calculated which formed the basis to present and discuss the results of field-based analysis.

The study reached a number of conclusions, including:

1. The theoretical sector for research dealing with international environment shows that there is confusion between this concept and the concept of the International Management, especially among writers and researches.
2. The presence of a significant correlation between the independent variables (international environment factors) overall and adopted variable (the success strategy planning) in organizations.

The research reached a number of recommendations including:

The need to work and focus on the analysis of the factors of international environment. This can be achieved by offering training workshops or through field work in administrative levels. In order to achieve the dimensions of strategic planning in the organizations in the sample companies, focus should be directed to the ability of management of organizations within the international environment to discover opportunities and create value. These can reduce the threats and challenges which prevent achieving the best strategy planning.

Introduction

One of the most dramatic and significant world trends in the past two decades has been the rapid and sustained growth of international business. Markets have become truly global for most goods and services especially financial, instruments, and other commodity sectors. The world trade has expanded by more than 6 percent a year since 1950, which is more than 50 times faster and is a dramatic increase as a result of globalization.

This pervasive of the growth in market interpenetration makes it increasingly difficult for any country to avoid the substantial external impacts on its economy. In particular, massive capital flows can push exchange rates away from levels that accurately reflect competitive relationships among nations if national economic policies or performances diverse in the short run. The rapid dissemination rate of new technologies speeds the pace at which countries must adjust to external events.

Chapter 1: Research Methodology

In this chapter the researcher will introduce the research problem, objectives, importance, methods used in collecting data, hypothesis and the sample of the study to be understood the structure and main elements that aimed during the research process.

1.1 Research Problem

The factors of international environment as the key of driving forces for increasing the successful for strategic Planning in the firm which is bee more interesting among the writers,

Also Growing interest in the subject international environment in the current era, and became topics that expand the international business, this is to describe the situation of organizations that desire to seize opportunities and respond to them in order to achieve excellence. also explain the rapid changes that have occurred in the world of the factors of economic and trade cooperation in the international Markets and the development and opening-up enormous in the areas of technology and the various connections, epecially the international business and the speed of change in the quality and nature of opportunities and threats intense competition between international organizations to acquire a greater number of opportunities for the least possible time as a real challenge for those organizations, Therefore, we explain the research problem by :

How does the international environment factors relate to achieve the success strategic planning in organization?

1.2 Research Importance

The research importance stems from the following points:

1. the study demonstrates, the importance of international environment factors, which are various kinds (Economic, political, Technology and Culture)
2. this study explain how the managers and decision Makers designing the process to get success strategic planning
3. international business in current time be the focus topic by writers in managerial field as a factor to analyzing them.
4. The study will demonstrate new ideas for Kurdish organizations and managers of the importance of strategic planning that achieved in searched company.
5. The study focus on a lot of factors will affect to strategic planning.

1.3 : Research Objectives

The main research objectives are listed in the following manner:

- 1 Identify the search organization's ability to achieve the strategic planning of harmonization with the international environment factors.
- 2 To design right system of successful strategic planning by adapting with current changes in international business

- 3 identify the role the international environment factors in the strategic planning in the Searched company To understand the role of financial Incentives on employee to raising their performance in the searched firm
- 4 To investigate the impact of international Factors on strategic planning in the case of DNO Company-Erbil.

1.4 : Research Hypothesis

H1: International environment factors positively related to strategic planning in searched company.

H2: International environment factors play essential role in strategic planning in in the searched company

1.5 : Research Methods

Research method is to identify the study plan for hypothesis investigations , the research applies both the quantitative and qualitative research methods. In this research qualitative method is used because it makes it possible to answer to the questions of why, how and in what way. It also applies because an interview was conducted with individuals in DNO Company-Erbil.

Quantitative approach is also equally important as questionnaires and surveys are used to collect the numerical data from employees of the searched firm, by the likert questioner prepared by 3 dimension answer (1- Agree 2- Neutral 3- Disagree) that is to more analyzing the data and information.

Also follow the academic methods to transfer the quantities data to qualitative by statistical Package for the Social Sciences (SPSS).

1.6: Research Sample

The sample participants who took part in the survey is 30 out of which 40, consists of 20 male (79%) and 12 females (11%). All participants work at DNO Company-Erbil main branch in which located Erbil city, Kurdistan Region /Iraq

DNO Company, established in is a Norwegian oil and gas operator focused on the Middle East and North Africa. Founded in 1971, it started work in Kurdistan in 2007, after the new investment role issued in Kurdistan Parliament – Iraq in 2006, they complemented many power projects in Erbil, Duhok, Basrah and Kirkuk in Iraq

Chapter 2 Theoretical Framework

2.1: concept of the international environment

The international environment is very important from the point of view of certain categories of business and activities. Also it is particularly nessecerey for industries directly depending on imports or exports and import-competing industries. For example, a recession in foreign markets, or the adoption of protectionist policies by foreign nations, International business environment includes any type of business activity that crosses national borders. (Ferreira and Dani Li, 2007).

(Ebrahimi, B. 2000) international business is defined as organization that buys and/or sells goods and services across two or more national boundaries, even if management is located in a single country.

Most writers link the international environment by global Markets, The global competition characterized by networks of international linkages that bind countries, institutions, and people in an interdependent global economy (Boddewyn and Brewer, 1994).

(Guisinger, 2001) mention that international business is equated only with those big enterprises, which have operating units outside their own country.

(Henisz, 2002) said the international environment is activities and actions by the firm across national borders, where these activities focus on relations between the international firms and the environment in which it operates.

(Inkpen and Beamish, 1994) further suggested International environment includes detect, evaluate, and exploit to getting the opportunities across international borders to create goods and services through business.

On the other hand (Kobrin, S. 2001) the maintenance and development of an organization's production or market interests across national borders with either local or expatriate staff.

As Young, concluded that international environment is focused on the special problems resulting from the fact that the international organization operating in more than one country (Young, S. 2000).

According to (Werner, S. 2002) International business environment define as a terms and factors used to collectively describe topics relating to, the operations of firms with interests in multiple countries, such firms are sometimes called multinational corporations (MNCs), Well known MNCs include fast food companies McDonald's and Yum Brands vehicle manufacturers such as General Motors and Toyota, consumer electronics . Companies like Samsung LG and Sony, and energy companies such as Exxon Mobil and BP. Most of the largest corporations operate in multiple national markets.

On the other hand, (Hisrich & Peters, 2002) said international environment factors are international risk that firms want to prevent it, like competitions, and finance. Which direct relate with success or fail organization.

Moreover, (Burke, et all, 2010) international business environment is expand of local factors that face to organization want to benefit.

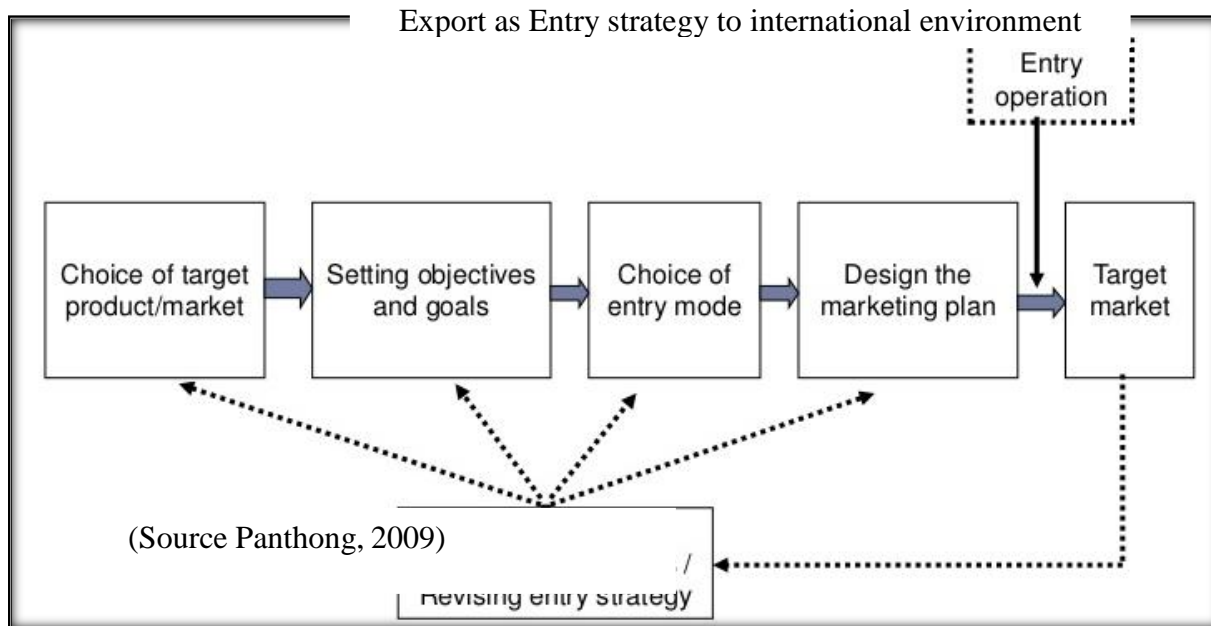
1.2 Patterns of access to the international environment:

With sustain develops that happened international environment that caused to raising the opportunities, needs to developing the patterns to enter this kind of environment. There are three types of patterns include; Exporting, Direct Foreign Investment and Non-Equity Agreement. (Panthong, 2009), (Kobrin, S. 2001):

- a. Exporting: The term export means shipping in the goods and services out of the jurisdiction of a country or out of bounders, (Henisz, 2002).

(Werner, S. 2002) also said the exporting is internationalization strategy, and remember internationalization is simply the potential for a firm or organization to enter a foreign markets and compete there around the world. This mission is important to enter the international environment a way to understand the countries law and culture to discover the opportunities and threats, as (Panthong, 2009) said the Exporting is the activity to arrive the services/ goods to customer in anywhere counties. But should have knowledge to select a method to enter the target markets to avoid the challenges to getting the best entry operation.

Figure (1)



Moreover, (Shaoming and Stan, 1998) focus on exporting there are two methods in exporting:

- Direct Exporting between producer and customer country to receiving the products service/goods to customers.
- Indirect Exporting to arrive the customer by a channel between producer and customer country.

- b. Direct Foreign Investment: According to the IMF and OECD definitions, direct investment reflects the aim of obtaining a lasting interest by a resident entity of one economy (direct investor) in an enterprise that is resident in another economy other country (the direct investment enterprise). The “lasting interest” implies the existence of a long-term relationship between the direct investor and the direct investment enterprise and a significant degree of influence on the management of the latter. Direct investment involves both the initial transaction establishing the relationship between the investor and the enterprise and all subsequent capital transactions between them and among affiliated enterprises for any other countries.
- c. Non-Equity Agreement: the activities to enter other economics by three main methods; Licensing to an brand, Turn-Key Project to joining in experts, and Management Contracts

1.3 International Environment Factors:

There are various opinions among writers in the international area subject each of them focus in method to understand the markets in global before enter to make business, but major of them agree that the international environment factors that affect to business are (Economic, Political, Technological, and Culture) (Robins, 1994), (Hisrich & Peters, 2002) and (Mubarak, 2009).

Each of them have impact on strategic planning, but the related subject area is the international economic factors as this is caused of many problems emergence to face activities and plans of

companies that working in international businesses in different fields. So this research deals with economic factors to measure the impact of it. In more details that have impact on strategic planning to success or fail.

International economic integration is not a new phenomenon. Some communication and trade took place between distant civilizations even in ancient times and since the travels of Marco Polo seven centuries ago, global economic integration—through trade, factor movements, and communication of economically useful knowledge and technology—has been on a generally rising trend. (Geirsbach, 2010).

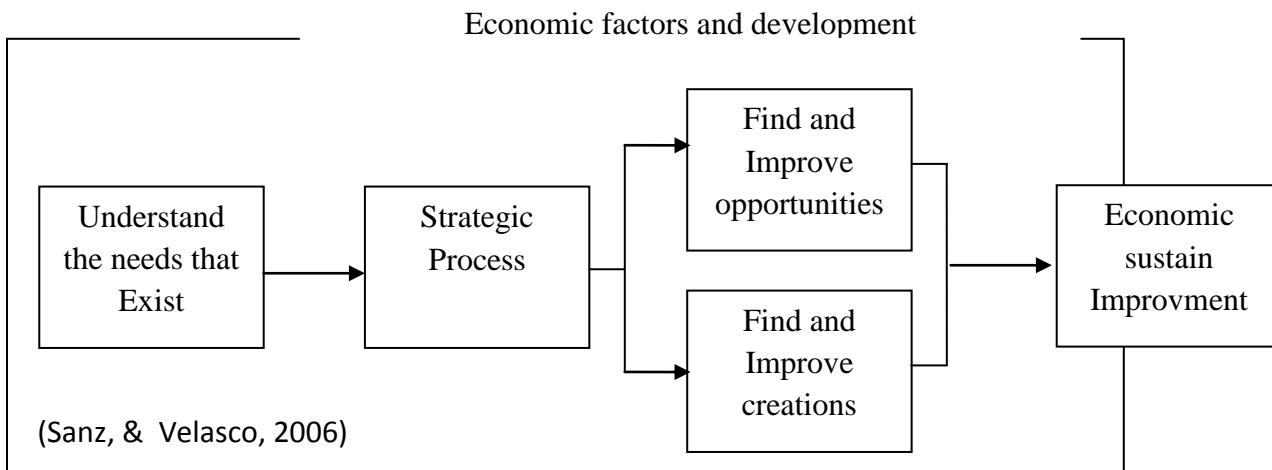
In first (Ferreira and Dani Li, 2007) identify the concept of International Economic factors as the differences between needs across the countries national borders with either local or expatriate staff.

According to (Shaoming and Stan, 1998) international economic factors related with all items related to public economic orientation in country and effect on activities.

Same time (Werner, 2002) see that the economic environment may vary from country to country that effect to strategies of organization. It just as international business strategy is likely to have unique features and needs to be understood well to make the best decisions.

(Sanz, & Velasco, 2006) always says the economic set on the needs of customers in all markets, if firm can understand the real needs it lead to growth as final aim as explain in figure number (2).

Figure (2)



The economic issues and factors that have impact on organization strategy various from market to other and from country to other, we summaries the economic factors and issues as below: (Delphi,1980) , (Sanz, & Velasco, 2006):

- 1- Economic system in country, like the individual incomes, investments law, demands
- 2- Market value as stabilities and prices.
- 3- Export and import movements.
- 4- Inflation, recession and stagnation in country.
- 5- The deficit and surplus in finance public budget.
- 6- The relation between public and private sector.

- 7- The tax law and instructions
- 8- Infrastructures and natural resources.
- 9- The country towards and relation with other countries special with Capitalist countries.

1.4 Strategic Planning

Strategic planning is the cornerstone of every common-interest community without strategic planning, the community will never know where it is going, the strategic planning concerns to major parts in organization, organization success depend on strategic planning success (Judy, et all 2014),

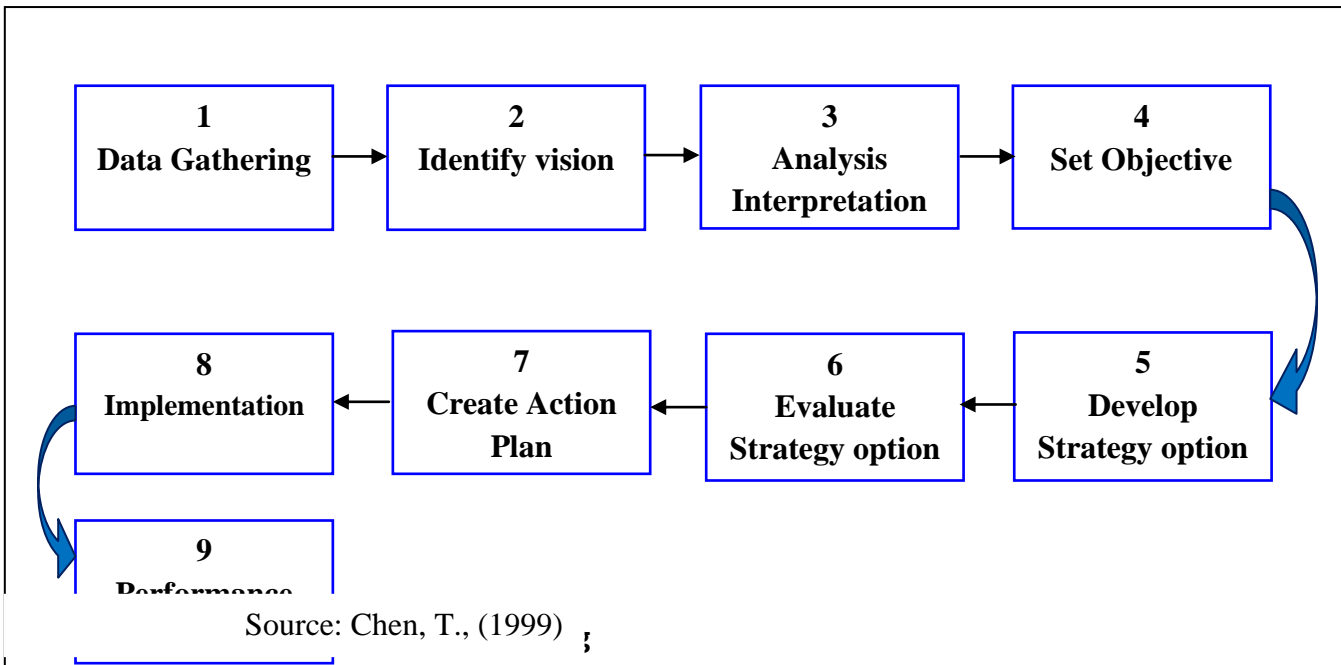
Strategic planning is process organizations go through in order to determine what they want to achieve, how they will achieve it, and how they will measure their success. (Burke, et all, 2010)

As (Ekerete, P. 2001) defined strategic planning is a systematic process start form strategic thinking of envisioning a desired future, and translating this vision into broadly defined goals or objectives and a sequence of steps to achieve them.

Chen, in his book focused on strategic as sustain process to bring out new methods (Plan) and success achieving it by seriously steps, which are start from gathering and collect data to updating the decision makers by fresh information. As explained in figure number (3)

Figure (3)

Strategic Planning Process



(Richard, 2002) agree with (Capacity building for local NGOs, 2010) when said strategic planning is a tools that provides guidance in fulfilling a mission with maximum efficiency and impact If it is to be effective and useful, it should articulate specific goals and describe the action steps and resources needed to accomplish them. But it influenced by many factors some of them from external factors to set the SOWT system (Strength, opportunities, Weakness, Threats) as below:

- 1- Public Polices: the planning should increase to achieving polices of firm that high management want to get it.

- 2- Organizational Culture: believes and ethics for individual in organization holds the trust, informal relations among them, communications... which effect drive the knowledge management, some of writers mixed between social and culture item in organization.
- 3- Geographical situation: the position of firm that make it easy planning.
- 4- The population have own effect, the strategic plans be more difficult to huge populations then easy to less of it.

What is worth to mention as the organization should analyzing all the above challenges by SWOT system, to know be aware of both of external environment factors, and internal factors to be more successful (Ekerete, P. 2001), the SWOT system is automatic approach to aware and inform by all events and challenges around organization, as explain in figure number (4)

Figure (4)

SWOT system



Source: Ekerete, P. 2001

Chapter 3: Empirical Study

Chapter three in the research will analyze the data that was collected through the questionnaires method and interview with in the searched firm employees, and then we will test the hypothesis to reach the conclusion.

This research has 2 variables, it focuses on impact relation of IV (international environment factors) on the DV (Strategic planning), and that is reasons to make both of correlation and regression between variables to get the real impact conclusion as below:

1- Correlation analysis:

To explain the correlation effect of the international environment factors (IV) on the strategic planning (DV) as table number (1)

Table (1)
Correlation analysis between research variables

IV DV	International environment factors	Positive Rate
Strategic Planning	0.218	0.247

The correlation effect explain the real positive relation on international environment factors of strategic planning in the research, also the relation measured by (0.218) degree with deviation standard deviation sig (0.247) degree, which support the first research hypothesis: (International environment factors positively related to strategic planning in searched company), as explained by results of SPSS program.

The searched organization have aware of international factors, but have to expand knowledge about all the factors, this is because the planning for long time to implementing the vision, have affect by each factor of international factors.

2- Regression analysis

To explain the regression effect of the international environment factors (IV) on the strategic planning (DV) as table number (2):

Table (2)
Regression analysis between research variables

The DV	IV	International environment factors				table
	Strategic Planning	B0	R ²	F	Sig	
		1.287	0.047	13.96	0.247	

explains the impact relation of research variables, there is an regression impact relation of International environment factors on the strategic planning in searched company, shows that any changes from any

factors in international business caused to change in strategic planning of organization in the country, sometimes some change lead to fail of strategic planning if not aware. the that is ensure the second research hypothesis (International environment factors play essential role in strategic planning in the searched company), as explained by results of SPSS program

Chapter 4: conclusions and recommendations

4.1 Conclusions

The research brings new conclusions as below:

- 1) The study resulted there is agreement on the role international environment factors to success of strategic planning in searched company. we can attribute this to the importance and sensitivity of the subject especially in service organizations
- 2) The study is depended on the collection and analysis of data and information through the inclusion of the views of the majority of opinions in the searched organization.
- 3) The results indicated that there is agreement that the international environment factors in the affect direct or indirect of organization performance through the planning.
- 4) The factors in international business represented by (Economic, Political, technology and culture) have great side affection on total activities in organization.
- 5) This study showed a range of challenges front of administration to achieve the organization's strategy and performance measurement, the lack of an organizational culture, and the real needs and want of employees

4.2 Recommendation:

- 1) In current time the international field be useful challenges for companies, should be aware to various factors when the start business in any markets.
- 2) This research recommend searched company to make training courses to decision makers to learn how make analysis for international fields.
- 3) According to research results, there is correlate impact so the company should analyzing for SWOT system to be able to take best decisions.
- 4) Markets are fighting area for companies, also this fight needs confided information to win in competitions.
- 5) International business has a lot of challenges, one of them the risk to fail, the searched company should have technics to run the risks.

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Appendix: the questioner of research

The Questioner

Given are table for information about research paper in named (The role of international environment factors to achieve the success strategic planning in organization A case study in MOV-Erbil), Please answer this questions below :

Best regards

Researchers

Supervisor

First: Personal data

N	Items	Answers				Second: the questions
		Male	Female			
1	Gender	Male	Female			
2	How old are you?	20-29	30-39	40-49	+50	
3	Education	Diploma	B.Sc.	M.A.	P.HD.	
4	Address Occupation	head of department	head of section	Team leader		
5	How long have you been working for this organization?	Less than one year	2-5 years	6-10 years	+ 10 years	

No.	Phrase	I agree	I strongly agree	Neutral	I don't Agree	I strongly don't agreed
1.	The company growth with sustain improvements in investment issued in country.					
2.	Political stability of the country contributes to the increase of entrepreneurial business to in our company.					
3.	The technical level of the machines in our company is high comparison with international companies that operate in the same sector.					
4.	Our management is trying to achieve social responsibility and a work ethic in the country.					
5.	Our company relies on external sources for equipment, machinery and vehicles.					
6.	The infrastructure of the Kurdistan Region - Iraq will attract global companies with whom we can work with.					
7.	The business factors effect on our long level planning.					
8.	Increasing the opportunities in local market strong effect to plans to achieving the goals.					
9.	Our planning towards to achieving our visions and missions through the international markets.					
10.	We depend on joint ventures strategies with other firms to create new opportunities and SWOT system.					