

**Webinar presentation on FOREIGN POLICY FOR A COMPANY to the class session on Global Business and Diplomacy of the Department of Management, Fowler College of Business, San Diego State University, Ca., 4 February 2021**

Most companies think about foreign policy as something that concerns only the government. However, foreign policy for a business would not only aim at understanding and influencing the way its own government works; it would devote even more time to figuring out how foreign governments are likely to behave. It is thus imperative that companies — not just multinational corporations — understand foreign politics and the way they could effect business prospects and decisions. As companies become more exposed to the outside world and business becomes more international, none dares to leave this vital aspect of its operations to chance or fate.

Any company operating across its own country's borders must have a foreign policy. Somebody must be responsible and give credence to it. It is imperative for such a company to do so for precisely the same reasons a country has a foreign policy. Commercial interests have now become a key part of foreign policy. Business needs to understand foreign affairs and how to be comfortable in that environment. Business lives from exports and international exposure.

The underlying reason for any country's foreign policy is to promote and protect the country's interests abroad. Top executives and their management teams must be *au fait* with foreign policy issues and their demands that impact on their companies, their decisions and operations abroad and maintain constructive relations with the host country's government, body politic and institutions.

All executives read newspapers, listen to the radio and watch television. They thus read, hear and watch what is going on in the world. But, do they really comprehend what is happening so that they appreciate and recognize the opportunities and threats that may occur in the countries in which their companies are present and operate — or in a neighbouring country that may spill over into other countries.

How do they translate these developments into action plans whereby opportunities and challenges are exploited and threats and disasters avoided? Or do they just simply suffer from the CNN-effect: don't pay any attention to any development or story unless and until CNN starts reporting it.

Top management, while recognising that demand — or, for that matter, that vacuum — may not have the tools at its disposal or the desire to concentrate on the opportunities and problems which must be addressed in its overseas endeavours. Companies also need to educate directors in the reality of doing business abroad. Issues such as economic opportunities, political and economic uncertainties and risks, corruption, human rights, environmental protection, need for long term horizons, and extreme flexibility in planning and operations require corporate directors with a level of experience not often found. As firms expand abroad, the qualifications for corporate governance change, with understanding of global realities given much higher priority.

A "no crisis" world does not exist. With little prior notice the fall out from political and social unrest abroad ends up at the front door of a company in various forms. Staying-at-home syndrome does not have a place in any progressive minded company. Events tend to gain their own momentum, which if not "mastered", will be more and more

difficult to handle successfully. When they do turn into crisis it is not possible to deal with them by improvisation. High level international and strategic advice is required by corporations and private entities operating on the international scene regardless of how insignificant such an involvement may be regarded by the management or members of the companies at first. Expertise, experience, credibility and dedication are required to develop close and lasting relationships. And, also to define these strategic needs and opportunities for clients in foreign countries and environment. Foreign relations must be understood and how it manifests itself in various ways.

Knowing, understanding and interpreting the political environment in any country are vital ingredient for successfully identifying the personalities and all that are involved in the make-up of that country. Also, for entering, establishing, operating and performing in that country. Knowledge and access to a considerable contact base do ensure a comprehensive view and an undertaking of what is unfolding. Political and socio-economic matters internally and externally are constantly in a state of flux. Companies must be able to react to them promptly. Being comprehensively involved abroad can be a complicated and an intricate endeavour.

Information is the commodity on which the future is built. Opportunities are the lifeblood of companies. The experience of an external advisor may be a further key to success. An intellectual guide and interpreter are basic requirements to ensure the continued success of a company abroad.

A multinational company must have personnel who can work easily across international boundaries to guide and advise on corporate strategy and policy decisions in this field

and who engages the company in strategic dialogue and also to assess opportunities and threats when it comes to analyzing geopolitics and the importance that plays within the company.

Elements of risk and uncertainty are always present when the field of foreign affairs is entered. Corporate companies face these elements on a daily basis, but yet, many fail to recognize them or find them difficult to understand them, let alone to manage them. It is imperative for proper corporates to analyze foreign policy on an ongoing basis with personnel dedicated do just that. To do it on an ad hoc basis or half-heartedly is the same as ignoring it. So how is foreign policy analysis applicable to global operations of companies? The first step in successfully approaching this analysis is not only to fully understand the foreign policy of one's own country, but also the foreign policy of the host country. With that foundation businessmen will be able to better identify and plan for global risk versus opportunity in the business cycle. Understanding foreign policy will assist companies in identifying critical factors that shape the international business environment and in enabling its practitioners to better contextualize global events and foreign policy can serve as a framework for mapping out plausible future alternatives that are critical both for strategic planning and to rapidly identify the likely cause of action and impacts of events. Once the business community understands foreign policy it is possible to integrate action into business operations abroad. Global events impact on an organization's operations and its business continuity. Geopolitical analysis must be integrated into business operations.

A company can only outperform its rivals if its unique and valuable position is based on and backed by a different set of activities. To achieve operational effectiveness a

company's management must not only be able to maintain those differences, but also perform differently and better. At home and abroad competitive strategy counts. It is all about being different and better. Not to leave a vacuum. Or to make complacency part of its philosophy. A quality company always searches for ways to strengthen, improve and extend its position at home and abroad. Such a company in maintaining its unique position will find a role for foreign activities as a central and focussed part of its establishment and will not lose sight of geopolitics.

Being in command at home is as important as being able to operate authoritatively and decisively in international arenas.

“Think Locally” and “Act Globally” is an approach, if applied by companies, will lead to disastrous consequences.

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