Geography

- Climate,Topography,Distance may affect in terms of proximity and opportunities

People

- Defines potential market/location for production
- Pop distribution
- Income distribution
- Human capital – Educated, mobile and healthy ppl + to productivity accepting of new g/s to willing to adopt new tech

Infrastructure and institutions

- Assets that facilitate and support economic growth
- Physical: Transport, Logistic networks,energy prod.
- Institutions : Banks, Insurance companies, Stock exchange = secure and efficient payment system for day to day transactions

Productivity and Competitiveness

- Quality specific to a firm that enables it to prosper in the market place despite the actions of its rivals
- External economies are cost efficiencies in production and marketing as a result of the action of others ext. to the firm e.g skilled labour
- Internal source: Product dy/dx, new products, process redesign, innovative org arrangement
- External source: Quality infrastructure

Economic performance :

Macroeconomic stability

- Occurs when an economy grows w/o persistent and major fluctuations in the lvls of economic activity, inflation rates, u/e and BOP
- More focused on the current economic conditions as reflected in the biz cycle
- To stablise the economy: Fiscal policy = Changes in the gov. tax/expenditures, Monetary= Changes in IR and money supply

Economic growth

- Increase in productive capacity and national output of country
- Measured by rate of increase of GDP
- Indicator of buoyancy of economy in consumer confidence and expenditure = undermines the biz and investor confidence

Inflation

- Increase in general lvl of price/time
- Periods of high and volatile IR = high uncertainty, ppl less willing to save and lend
- High IR= Rise in real interest bc investors want compensation for the decline in value of their money/time (fisher effect)

External viability and BOP

- Country's ability to pay internationally affects IR and Exchange rates = affect investment potential of country
- High CAD relative to nation's GDP and large proportion of foreign debt relative to foreign equity flows = signals financial instability for some countries
- Countries with high CAD= Rely on foreign savings = increase foreign ownership and dependence: Politically and economically controversial outcomes
- To reduce CAD gov implements polices e.g higher taxes, IR to deflate the economy = reduction in prices and expenditures reducing business sales and profitability

Economic development

- Increasing capacity of an economy to improve and sustain the standard of living of the entire population

Emerging/Developing markets

Possible negatives	Possible attractions
• Low income, high foreign debt • Small industrial sector • Inadequate infrastructure • Poor living conditions • High inequality, weak middle class • Weak institutions, esp rule of law • Higher degree of risk	• Rapidly growing population • Many experience rapid industrialization • Cheap labour • Potential first mover adv to MNE • Low average income conceal pockets of wealth

Economic Risk

- Likelihood that changes arising from economic mismgmt /ext forces adversely affect operations of a frim in the host country. Not independent of

Economic stability	Role of Gov	Intl economic relations
• Economic growth rate • Biz cycle • Inflation (CPI) • U/E • Productivity • Gross domestic investment • Biz/consumer confidence	• Fiscal policy • Monetary policy • Institutional framework	• BOP • Current accounts • Capital accounts