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Chapter 1 : What does International Business mean?

Word of the Day. fire hydrant. a large pipe in the street that firefighters can get water from to use to stop fires from burning.

As the economic process continues, businesses are going to be given with opportunities and face challenges. It can have entirely different political systems, economic systems, and cultures. Her business has been terribly successful. However, she believes she has tapped out of her domestic market. She desires to require her merchandise to the world market. She is aware that conducting business globally is sophisticated and needs careful designing. However, merchandise a product in the global market and understanding the environment is called the global business environment. Different Political Systems is a part of the environment Markets still operate among the ambit of national territories. Therefore, a faster-growing firm should perceive the social group of every country within which desires to conduct business. Some political systems area units are safer places for business. But, political system changes the most of the business environment. For example, democracies tend to follow the rule of law that could be a constitutional principle that states nobody, as well as the govt, is higher than the law. On the opposite hand, business regimes usually do no matter they need to change the environment. She may additionally face import quotas from her business, which can limit the number of imports from other countries and which will enter the market throughout a selected time. Because of, these quotas which she imported from the urban center could also be restricted to some toys. She will be able to sell in an exceedingly foreign market for these products. Nancy may additionally be helped through entirely different levels of economic integration between countries. As an example, if her country and another have entered into a trade, she might not be subject to tariffs or different trade barriers in her business. This business environment had a major impact on human resources, especially during the s and 90s the concept of global business environment has changed. The global business environment has changed dramatically since the end of World War Second in Definition of global business environment The global business environment can be defined as the societal and task environment of an organization, which is influenced by the global forces. These global forces include the global labor market, economic, technological force, and global competition, legal and political forces etc. The world will be a dangerous place, and typically events have serious effects on business. Threats of an act of terrorism will obstruct distribution systems, like airports and shipping ports. Different Economic Systems Nancy will face completely various economic systems once she starts to commerce her toys abroad. The simplest business surroundings for the urban center could be a free market system wherever the abundant govt just about stays out of economic activities and does not regulate all that much. At the opposite extreme area unit command economies wherever most production and distribution of products and field of services unit done by the govt. Most economies area unit mixed economies that have aspects of each free market and command economies. This kind of economy is wherever urban center is going to be commerce most of the toys. Different Cultures One of the most significant hurdles that an urban center can face is making an attempt to grasp the cultures of her new markets. From a business point of view, shoppers from completely different cultures usually have different preferences for merchandise or services. You May Like Also:

Chapter 2 : What is International Business

Global business refers to international trade whereas a global business is a company doing business across the world. The exchange of goods over great distances goes back a very long time.

Global Business Global Business Law and Legal Definition Global business refers to international trade whereas a global business is a company doing business across the world. The exchange of goods over great distances goes back a very long time. Anthropologists have already established long-distance trading in Europe in the Stone Age. Sea-borne trading was commonplace in many regions of the world in times predating Greek civilization. Such trade, of course, was not by definition "global" but had the same characteristics. In the 16th century all of the continents came to be routinely linked by ocean-based communications. Trading activity in the modern sense rapidly followed at the beginning of the 17th century; it might be more accurate to say that it "returned" again because trading of such character had taken place in Roman times as well. It is not intended here to discuss another and related subject covered separately in this volume: Globalization is a long-standing program advocated by the economically advanced nations to free up international trade across the globe through treaties. It has also come to mean the relocation of production or service activities to places that have much lower labor costs. Global business in the pastâ€”or currentlyâ€”does not require what advocates of globalization seek, namely a so-called level playing field. International trade has always had a mixed character in which national organizations and private enterprises have both participated, in which monopolies have been imposed, frequently defended by armed forces, in which all manner of restraints and tariffs have been common and participants have made all sorts of efforts to counter such interference or to profit from it. Very high profits could be achieved trading in spices and silk with the "Indies"; such profits justified the risks. In parallel with such private trading, government-sponsored ventures also took to the oceans; they became the dominant form of international trade shortly before and all through the period of colonialism. Thus Spain exploited its discoveries in South America by shipping gold and silver from America to Europeâ€”thus setting off a great inflationary period. Global enterprise, thus, in the modern sense, began to develop during the Age of Discovery. It was instrumental in stimulating colonialism. Single merchants or groups of explorers went forth and came back with treasures. The two earliest global companies, both government chartered, were the British East India Company begun in and the Dutch East India Company, established in Both have now passed into history. The British company dissolved in , but in its nearly year history it had launched and for a long period had practically run the British Empire. Early global companies were usually state-chartered trading companies. Japan established companies known as the sogo shosha for "general trading company" in the 19th century. Japan had tried and failed to preserve its isolation. When it opened itself to the world, it channeled trade through these ventures. Great trading companies were and continue to be important in transportation as well; operating shipping supports their activities. A contemporary American example is the privately held Cargill Corporation which trades internationally in agricultural, food, pharmaceutical, and financial products. Commodity-based international corporations emerged in the 19th century with oil. The first global oil company was Standard Oil, founded by John D. Major companies in turn emerged in chemicals and in artificial fibers, in automobiles, in aircraft manufacturing, and then in virtually every industry in the second part of the 20th century. Multinationals The term "multinationals" came into currency during the same time to designate corporations that operated in at least two different countriesâ€”but the actual use of the label applies to corporations that have a global presence. The term is used in a neutral sense simply to indicate very large size and participation in global markets. A more negative connotation of the term is that such corporations are effectively beyond the full reach of national laws because they have a presence in many locations, can move money and resources around at will, can sometimes escape taxation, and thus represent a power beyond public control. The "scoreboard" is based on unique products thus the "brand" label applied here and by definition excludes some very important multinationals that operate in unbranded commodities like crude oil, grains, food products, minerals and similar categories; Phillips, British Petroleum, and Shell, for instance, make the top but Aramco does not.

Based on this scorecard, the U. Royal Dutch Petroleum, is listed as both British and Dutch. The two largest industrial categories are electronics and software with 17 brands and autos and related with As Coca-Cola with its sweet soda leads the list so Heineken with its beer closes the list in the th spot. The most current data available in early were for the year ; all economic data lag the current time, but international data more so than national. Services are divided into transportation, travel, and the "other services" categories. Merchandise Trade The largest category of foreign trade is in machinery and transportation equipment, representing Fuels and Mining Products is second with The other major categories are Office and Telecom Equipment Just ten countries around the world represent Germany led the world in with a 10 percent share of all exports, followed by the U. Other leading exporters in order of share were China 6. At the top of world trading, anyway, the same countries were also the top importers, but not in the same order. The others were China 5. More interestingly, six of 10 countries achieved a trade surplus and the others had a trade deficit. Commercial Services In the export and import of commercial services, the U. The other leading exporters of services were United Kingdom 8. Countries that are part of the top 15 to which the U. On the import side, in addition to the largest trade partners, the top 15 import partners include Venezuela, Malaysia, Italy, Ireland, Saudi Arabia, and Nigeria. These listings are for trade results achieved in March , but looking back at intervals over several years, much the same results obtain. Related Parties When a company imports from or exports to a foreign-based element of its own companyâ€"to a branch, a subsidiary, or a partnerâ€"the goods or services nevertheless cross country borders and are handled as foreign trade. In , 47 percent of all U. These ratios have been fairly steady over time; the import ratio in was the same and the export ratio just one percentage point higher. Related party trading is, of course, an indirect measure of global-izationâ€"especially the rather high import percentage: Balanced trade means that exports will be the same as imports, one balancing the other. Exports generate the currency with which imports must be bought. A country that persistently experiences trade deficits slides into debt or dependency on foreign investmentâ€"the current situation of the U. The United States has experienced trade deficits continuously since ; it has been able to sustain its way of life only because of foreign investment here. Current trends point to continued and ever-growing trade deficits. The only bright spot in the picture is a trade surplus in the commercial services export category. Such surpluses, however, would have to increase fold based on data before they erased the merchandise trade deficit. The other alternatives open are as yet invisible innovations that lead to the creation of new, proprietary exports no one else can matchâ€"or a drastic diet of consumption so that imports take a dive and exports can catch up. The future will tell which way the problem will be resolved.

Chapter 3 : What is global marketing? definition and meaning - www.nxgvision.com

Word of the Day. fire extinguisher. a device containing water or a special gas, powder, or foam (= a mass of small bubbles) that is put onto a fire to stop it from burning.

International business encompasses all commercial activities that take place to promote the transfer of goods, services, resources, people, ideas, and technologies across national boundaries. International business occurs in many different formats: The study of international business involves understanding the effects that the above activities have on domestic and foreign markets, countries, governments, companies, and individuals. Successful international businesses recognize the diversity of the world marketplace and are able to cope with the uncertainties and risks of doing business in a continually changing global market. A multi-domestic company with independent subsidiaries that act as domestic firms; OR Global operations with integrated subsidiaries; OR A combination of the two The challenging aspect of international business, however, is that many firms combine aspects of both multi-domestic and global operations: The Benefits of International Business and the Concept of Comparative Advantage Participation in international business allows countries to take advantage of their comparative advantage. The concept of comparative advantage means that a nation has an advantage over other nations in terms of access to affordable land, resources, labor, and capital. In other words, a country will export those products or services that utilize abundant factors of production. Further, companies with sufficient capital may seek another country that is abundant in land or labor, or companies may seek to invest internationally when their home market becomes saturated. Participation in international business allows countries to take advantage of specialized expertise and abundant factors of production to deliver goods and services into the international marketplace. This has the benefit of increasing the variety of goods and services available in the marketplace. International business also increases competition in domestic markets and introduces new opportunities to foreign markets. Global competition encourages companies to become more innovative and efficient in their use of resources. For consumers, international business introduces them to a variety of goods and services. For many, it enhances their standard of living and increases their exposure to new ideas, devices, products, services, and technologies. The Growth of International Business The prevalence of international business has increased significantly during the last part of the twentieth century, thanks to the liberalization of trade and investment and the development of technology. Some of the significant elements that have advanced international business include: The formation of the World Trade Organization WTO in The inception of electronic funds transfers The introduction of the euro to the European Union Technological innovation that facilitates global communication and transportation The dissolution of a number of communist markets, thus opening up many economies to private business Today, global competition affects nearly every companyâ€”regardless of size. Many source suppliers from foreign countries and still more compete against products or services that originate abroad. International business remains a broad concept that encompasses the smallest companies that may only export or import with one other country, as well as the largest global firms with integrated operations and strategic alliances around the globe. The Challenges and Considerations of International Business Because nation-states have unique government systems, laws and regulations, taxes, duties, currencies, cultures, practices, etc. The major task of international business involves understanding the sheer size of the global marketplace. There are currently more than national markets in the world, presenting a seemingly endless supply of international business opportunities. However, the diversity between nations presents unique considerations and a plethora of hurdles, such as: Wealth disparities among nations remain vast. Regional diversity according to wealth and population: Country size and population diversity: There were about 60 countries at the start of the twentieth century; by , this number grew to more than Some of the challenges considered by companies and professionals involved in international business include: Economic Environment The economic environment may be very different from one country to the next. The economy of countries may be industrialized developed , emerging newly industrializing , or less developed third world. Further, within each of these economies are a vast array of variations, which have a major effect on everything from education and infrastructure to technology and healthcare. For example, free market economies allow international business activities to take place with little interference. On the opposite end of the spectrum, centrally planned economies are government-controlled. Political Environment The political environment of international business refers to the relationship between government and business, as well as the political risk of a nation. Therefore, companies involved in international business must expect to deal with different types of governments, such as multi-party democracies, one-party states, dictatorships, and constitutional monarchies. Some governments may view foreign businesses as positive, while other governments may view them as exploitative. Because international companies rely on the goodwill of the government, international business must take the political structure of the foreign government into consideration. International firms must also consider the degree of political risk in a foreign location; in other words, the likelihood of major governmental changes taking place. Just a few of the issues of unstable governments that international companies must consider include riots, revolutions, war, and terrorism. Cultural Environment The cultural environment of a foreign nation remains a critical component of the international business environment, yet it is one of the most difficult to understand. The cultural environment of a foreign nation involves commonly shared beliefs and values, formed by factors such as language, religion, geographic location, government, history, and education. It is common for many international firms to conduct a cultural analysis of a foreign nation as to better understand these factors and how they affect international business efforts. Competitive Environment The competitive environment is constantly changing according to the economic, political, and cultural environments. Competition may exist from a variety of sources, and the nature of competition may change from place to place. It may be encouraged or discouraged in favor of cooperation, and the relationship between buyers and sellers may be friendly or hostile. The level of technological innovation is also an important aspect of the competitive environment as firms compete for access to the newest technology. To ensure success in a foreign market, international businesses must understand the many factors that affect the competitive environment and effectively assess their impact.

Chapter 4 : Globalization | Definition of Globalization by Merriam-Webster

International business refers to the trade of goods, services, technology, capital and/or knowledge at a global level.. It involves cross-border transactions of goods and services between two or more countries.

Anton Balazh Today, business is acknowledged to be international and there is a general expectation that this will continue for the foreseeable future. International business may be defined simply as business transactions that take place across national borders. This broad definition includes the very small firm that exports or imports a small quantity to only one country, as well as the very large global firm with integrated operations and strategic alliances around the world. One distinction that can be helpful is the distinction between multi-domestic operations, with independent subsidiaries which act essentially as domestic firms, and global operations, with integrated subsidiaries which are closely related and interconnected. These may be thought of as the two ends of a continuum, with many possibilities in between. Firms are unlikely to be at one end of the continuum, though, as they often combine aspects of multi-domestic operations with aspects of global operations. International business grew over the last half of the twentieth century partly because of liberalization of both trade and investment, and partly because doing business internationally had become easier. At the same time, worldwide capital movements were liberalized by most governments, particularly with the advent of electronic funds transfers. In addition, the introduction of a new European monetary unit, the euro, into circulation in January has impacted international business economically. As of early , the United States dollar continues to struggle against the euro and the impacts are being felt across industries worldwide. In terms of ease of doing business internationally, two major forces are important: Private enterprises seek to function profitably as well. Why, then, is international business different from domestic? The answer lies in the differences across borders. Nation-states generally have unique government systems, laws and regulations, currencies, taxes and duties, and so on, as well as different cultures and practices. An individual traveling from his home country to a foreign country needs to have the proper documents, to carry foreign currency, to be able to communicate in the foreign country, to be dressed appropriately, and so on. Doing business in a foreign country involves similar issues and is thus more complex than doing business at home. The following sections will explore some of these issues. Specifically, comparative advantage is introduced, the international business environment is explored, and forms of international entry are outlined. Trade and investment can be examined in terms of the comparative advantage of nations. Comparative advantage suggests that each nation is relatively good at producing certain products or services. Simply, consider only two factors of production, labor and capital, and two countries, X and Y. This is a very simplistic explanation, of course. There are many more factors of production, of varying qualities, and there are many additional influences on trade such as government regulations. Nevertheless, it is a starting point for understanding what nations are likely to export or import. The concept of comparative advantage can also help explain investment flows. Generally, capital is the most mobile of the factors of production and can move relatively easily from one country to another. Other factors of production, such as land and labor, either do not move or are less mobile. The result is that where capital is available in one country it may be used to invest in other countries to take advantage of their abundant land or labor. Firms may develop expertise and firm specific advantages based initially on abundant resources at home, but as resource needs change, the stage of the product life cycle matures, and home markets become saturated, these firms find it advantageous to invest internationally. Typically, a firm understands its domestic environment quite well, but is less familiar with the environment in other countries and must invest more time and resources into understanding the new environment. The following considers some of the important aspects of the environment that change internationally. The economic environment can be very different from one nation to another. Countries are often divided into three main categories: Within each category there are major variations, but overall the more developed countries are the rich countries, the less developed the poor ones, and the newly industrializing those moving from poorer to richer. Better education, infrastructure, technology, health care, and so on are also often associated with higher levels of economic development. In addition to level of economic development, countries can be classified as free-market, centrally planned, or mixed. Free-market economies are those where government intervenes minimally in business activities, and market forces of supply and demand are allowed to determine production and prices. Centrally planned economies are those where the government determines production and prices based on forecasts of demand and desired levels of supply. Mixed economies are those where some activities are left to market forces and some, for national and individual welfare reasons, are government controlled. Clearly the level of economic activity combined with education, infrastructure, and so on, as well as the degree of government control of the economy, affect virtually all facets of doing business, and a firm needs to understand this environment if it is to operate successfully internationally. The political environment refers to the type of government, the government relationship with business, and the political risk in a country. Doing business internationally thus implies dealing with different types of governments, relationships, and levels of risk. There are many different types of political systems, for example, multi-party democracies, one-party states, constitutional monarchies, dictatorships military and nonmilitary. Also, governments change in different ways, for example, by regular elections, occasional elections, death, coups, war. Government-business relationships also differ from country to country. Business may be viewed positively as the engine of growth, it may be viewed negatively as the exploiter of the workers, or somewhere in between as providing both benefits and drawbacks. Specific government-business relationships can also vary from positive to negative depending on the type of business operations involved and the relationship between the people of the host country and the people of the home country. To be effective in a foreign location an international firm relies on the goodwill of the foreign government and needs to have a good understanding of all of these aspects of the political environment. A particular concern of international firms is the degree of political risk in a foreign location. Political risk refers to the likelihood of government activity that has unwanted consequences for the firm. These consequences can be dramatic as in forced divestment, where a government requires the firm give up its assets, or more moderate, as in unwelcome regulations or interference in operations. In any case the risk occurs because of uncertainty about the likelihood of government activity occurring. Generally, risk is associated with instability and a country is thus seen as more risky if the government is likely to change unexpectedly, if there is social unrest, if there are riots, revolutions, war, terrorism, and so on. Firms naturally prefer countries that are stable and that present little political risk, but the returns need to be weighed against the risks, and firms often do business in countries where the risk is relatively high. In these situations, firms seek to manage the perceived risk through insurance, ownership and management choices, supply and market control, financing arrangements, and so on. In addition, the degree of political risk is not solely a function of the country, but depends on the company and its activities as wellâ€”a risky country for one company may be relatively safe for another. The cultural environment is one of the critical components of the international business environment and one of the most difficult to understand. This is because the cultural environment is essentially unseen; it has been described as a shared, commonly held body of general beliefs and values that determine what is right for one group, according to Kluckhohn and Strodtbeck. National culture is described as the body of general beliefs and values that are shared by a nation. Beliefs and values are generally seen as formed by factors such as history, language, religion, geographic location, government, and education; thus firms begin a cultural analysis by seeking to understand these factors. Firms want to understand what beliefs and values they may find in countries where they do business, and a number of models of cultural values have been proposed by scholars. The most well-known is that developed by Hofstede in This model proposes four dimensions of cultural values including individualism, uncertainty avoidance, power distance and masculinity. Individualism is the degree to which a nation values and encourages individual action and decision making. Uncertainty avoidance is the degree to which a nation is willing to accept and deal with uncertainty. Power distance is the degree to which a national accepts and sanctions differences in power. And masculinity is the degree to which a nation accepts traditional male values or traditional female values. This model of cultural values has been used extensively because it provides data for a wide array of countries. Many academics and managers found this model helpful in exploring management approaches that would be appropriate in different cultures. For example, in a nation that is high on individualism one expects individual goals, individual tasks, and individual reward systems to be effective, whereas the reverse would be the case in a nation that is low on individualism. While this model is popular, there have been many attempts to develop more complex and inclusive models of culture. The competitive environment can also change from country to country. This is partly because of the economic, political, and cultural environments; these environmental factors help determine the type and degree of competition that exists in a given country. Competition can come from a variety of sources. It can be public or private sector, come from large or small organizations, be domestic or global, and stem from traditional or new competitors. For the domestic firm the most likely sources of competition may be well understood. The same is not the case when one moves to compete in a new environment. This could change the nature of competition dramatically. The nature of competition can also change from place to place as the following illustrate: To be effective internationally, firms need to understand these competitive issues and assess their impact. An important aspect of the competitive environment is the level, and acceptance, of technological innovation in different countries. The last decades of the twentieth century saw major advances in technology, and this is continuing in the twenty-first century. Technology often is seen as giving firms a competitive advantage; hence, firms compete for access to the newest in technology, and international firms transfer technology to be globally competitive. It is easier than ever for even small businesses to have a global presence thanks to the internet, which greatly expands their exposure, their market, and their potential customer base. For economic, political, and cultural reasons, some countries are more accepting of technological innovations, others less accepting. Some of the most common include exports, licenses, contracts and turnkey operations, franchises, joint ventures, wholly owned subsidiaries, and strategic alliances. Exporting is often the first international choice for firms, and many firms rely substantially on exports throughout their history. Exports are seen as relatively simple because the firm is relying on domestic production, can use a variety of intermediaries to assist in the process, and expects its foreign customers to deal with the marketing and sales issues. Many firms begin by exporting reactively; then become proactive when they realize the potential benefits of addressing a market that is much larger than the domestic one. Effective exporting requires attention to detail if the process is to be successful; for example, the exporter needs to decide if and when to use different intermediaries, select an appropriate transportation method, preparing export documentation, prepare the product, arrange acceptable payment terms, and so on. Most importantly, the exporter usually leaves marketing and sales to the foreign customers, and these may not receive the same attention as if the firm itself under-took these activities. Larger exporters often undertake their own marketing and establish sales subsidiaries in important foreign markets. Licenses are granted from a licensor to a licensee for the rights to some intangible property e. Many companies feel that production in a foreign country is desirable but they do not want to undertake this production themselves. In this situation the firm can grant a license to a foreign firm to undertake the production. The licensing agreement gives access to foreign markets through foreign production without the necessity of investing in the foreign location. This is particularly attractive for a company that does not have the financial or managerial capacity to invest and undertake foreign production. The major disadvantage to a licensing agreement is the dependence on the foreign producer for quality, efficiency, and promotion of the productâ€”if the licensee is not effective this reflects on the licensor.

Chapter 5 : International business - Wikipedia

Global business is defined as corporate or economic activity that takes place across different countries. When a company has factories and distributors in the U.S., Europe and Asia, this is an example of global business.

Globalization Global business refers to international trade whereas a global business is a company doing business across the world. The exchange of goods over great distances goes back a very long time. Anthropologists have already established long-distance trading in Europe in the Stone Age. Sea-borne trading was commonplace in many regions of the world in times predating Greek civilization. Such trade, of course, was not by definition "global" but had the same characteristics. In the 16th century all of the continents came to be routinely linked by ocean-based communications. Trading activity in the modern sense rapidly followed at the beginning of the 17th century; it might be more accurate to say that it "returned" again because trading of such character had taken place in Roman times as well. It is not intended here to discuss another and related subject covered separately in this volume: Globalization is a long-standing program advocated by the economically advanced nations to free up international trade across the globe through treaties. It has also come to mean the relocation of production or service activities to places that have much lower labor costs. Global business in the pastâ€"or currentlyâ€"does not require what advocates of globalization seek, namely a so-called level playing field. International trade has always had a mixed character in which national organizations and private enterprises have both participated, in which monopolies have been imposed, frequently defended by armed forces, in which all manner of restraints and tariffs have been common and participants have made all sorts of efforts to counter such interference or to profit from it. Very high profits could be achieved trading in spices and silk with the "Indies"; such profits justified the risks. In parallel with such private trading, government-sponsored ventures also took to the oceans; they became the dominant form of international trade shortly before and all through the period of colonialism. Thus Spain exploited its discoveries in South America by shipping gold and silver from America to Europeâ€"thus setting off a great inflationary period. Global enterprise, thus, in the modern sense, began to develop during the Age of Discovery. It was instrumental in stimulating colonialism. Single merchants or groups of explorers went forth and came back with treasures. The two earliest global companies, both government chartered, were the British East India Company begun in and the Dutch East India Company, established in Both have now passed into history. The British company dissolved in , but in its nearly year history it had launched and for a long period had practically run the British Empire. Early global companies were usually state-chartered trading companies. Japan established companies known as the sogo shosha for "general trading company" in the 19th century. Japan had tried and failed to preserve its isolation. When it opened itself to the world, it channeled trade through these ventures. Great trading companies were and continue to be important in transportation as well; operating shipping supports their activities. A contemporary American example is the privately held Cargill Corporation which trades internationally in agricultural, food, pharmaceutical, and financial products. Commodity-based international corporations emerged in the 19th century with oil. The first global oil company was Standard Oil, founded by John D. Major companies in turn emerged in chemicals and in artificial fibers, in automobiles, in aircraft manufacturing, and then in virtually every industry in the second part of the 20th century. Multinationals The term "multinationals" came into currency during the same time to designate corporations that operated in at least two different countriesâ€"but the actual use of the label applies to corporations that have a global presence. The term is used in a neutral sense simply to indicate very large size and participation in global markets. A more negative connotation of the term is that such corporations are effectively beyond the full reach of national laws because they have a presence in many locations, can move money and resources around at will, can sometimes escape taxation, and thus represent a power beyond public control. The "scoreboard" is based on unique products thus the "brand" label applied here and by definition excludes some very important multinationals that operate in unbranded commodities like crude oil, grains, food products, minerals and similar categories; Phillips, British Petroleum, and Shell, for instance, make the top but Aramco does not. Based on this scorecard, the U. Royal Dutch Petroleum, is listed as both British and

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The spread of international business, in which larger multinational corporations outsource production to poorer nations in order to cut costs, has created controversial situations across the world, in which business ethics are skirted around and.

There are many different geographical factors that affect international business. The use of conventional SWOT analysis, market research, cultural researches, will give the firm the appropriate tools to reduce risk of failure abroad. Risks that arise from poor planning include: There are also cultural risks when entering a foreign market, lack of research and understanding of local customs can lead to alienation of locals and brand dissociation. As such, they are key matters for the board and impinge on the whole business, rather than just an isolated unit. If the expenditures and costs are controlled, it will create an efficient production and help the internationalization. Fraud or other criminal activity. Any event that disrupts business processes. The government might be corrupt, hostile, totalitarian, etc. Political risk tends to be greater in countries experiencing social unrest. Corrupt foreign governments may also take over the company without warning as seen in Venezuela. This may cause aggravation to the people living there, which in turn can lead to a conflict. People want to live in a clean and quiet environment, without pollution or unnecessary noise. Actual or potential threat of adverse effects on living organisms and environment by effluents, emissions, wastes, resource depletion, etc. As new business leaders come to fruition in their careers, it will be increasingly important to curb business activities and externalizations that may hurt the environment. The effect of exchange-rate and interest rate make it difficult to conduct international business. In practice, the biggest problem arising from economic mismanagement has been inflation. Historically many governments have expanded their domestic money supplying misguided attempts to stimulate economic activity. It might be higher or lower in the host countries. In most cases, acts of terrorism is derived from hatred or ignorance of religious, political and cultural beliefs. Terrorism not only affects civilians, but it also damages corporations and other businesses. These effects may include: Firms engaging in international business will find it difficult to operate in a country that has an uncertain assurance of safety from these attacks. This is considered to an unethical form of practicing business and can have legal repercussions. Firm that want to operate legally should instruct employees to not involve themselves or the company in such activities. Factors that influenced the growth in globalization of international business[edit] There has been growth in globalization in recent decades due to at least the following eight factors: Technology is expanding, especially in transportation and communications. Governments are removing international business restrictions. Institutions provide services to ease the conduct of international business. Consumers want to know about foreign goods and services. Competition has become more global. Political relationships have improved among some major economic powers. Countries cooperate more on transnational issues. Importance of international business education[edit] Most of the companies are either international companies or compete with other international companies. Modes of operation may differ from those used domestically. The best way of conducting business may differ by country. An understanding helps one make better career decisions. An understanding helps one decide what governmental policies to support. Managers in international business must understand social science disciplines and how they affect different functional business fields. To maintain and achieve successful business operations in foreign nations, you must understand how variations in culture and traditions across nations effect business practices. This idea is known as cultural literacy. This can create a blind spot during the decision making process and result in ethnocentrism. Education on international business introduces the student to new concepts that can be applicable in international dilemmas such as marketing and operations. Advantages of being an international businessperson who is fluent in the local language include the following: Examples of the benefit of understanding local culture include the following: Being able to provide marketing techniques that are specifically tailored to the local market Knowing how other businesses operate and what might or might not be social taboos Understanding the time structure of an area. Some societies are more focused on "being on time" while others focus on doing business at "the right time". Associating with people who do not know several languages. Language barriers can affect transaction costs. Linguistic distance is defined as the amount of variation one language has from another. For example, English, French, and Spanish are all languages derived from Latin. When evaluating dialogue in these languages, you will discover many similarities. However, languages such as English and Chinese or English and Arabic vary way more and contain no similarities. The alphabet and writing of these languages are also different. The large the linguistic distance there, the wider language barriers to cross and these differences can reflect on transaction costs and make foreign business operations more expensive. Importance of studying international business[edit] The international business standards focus on the following: By focusing on these, students will gain a better understanding of Political economy. These are tools that would help future business people bridge the economic and political gap between countries. There is an increasing amount of demand for business people with an education in international business. Increasingly, companies are sourcing their human resource requirement globally. Sony Corporation, for example has only fifty percent of its employees who are Japanese. The following table provides descriptions of higher education in international business and its benefits.

Chapter 7 : Define Global Business Plan | www.nxgvision.com

Medical Definition of global 1: having the shape of a globe 2 a: of, relating to, or involving the entire world global health conditions.

Chapter 8 : Global Business Law and Legal Definition | USLegal, Inc.

The process of conceptualizing and then conveying a final product or service worldwide with the hopes of reaching the international marketing www.nxgvision.com global marketing has the ability to catapult a company to the next level, if they do it correctly.

Chapter 9 : What is International business protocol? Definition and meaning

of, relating to, or using a terrestrial or celestial globe. (of a computer operation, linguistic rule, etc.) operating on a group of similar strings, commands, etc., in a single step.