

Define Globalisation

The process of international integration arising from the interchange of world views, products, ideas, and other aspects of culture.

Interdependence of economic and cultural activities

Advances in transportation and telecommunications infrastructure, especially the Internet, are major factors

Enables people to get more variety, better quality, lower prices.

Growth in globalization of international business

Technology evolving and expanding, esp in transport and communications

Government lifting of trade restrictions

Growth in service industry of tools to facilitate international business

Consumer interest in international goods

Competition becoming global via the internet

Improvement in political ties in major economic powers

Cross national cooperation

Key terms

Agglomeration Benefits that firms obtain by locating near each other

Born-global Venture launched to exploit global niche from beginning

Sovereignty Independent authority over a geographic area. A nation's freedom from external control.

Transnational company A commercial enterprise that operates substantial facilities, in 2+ countries, does not consider any country national home.

Govs are reducing trade restrictions because

Citizen demand for more products and lower prices

Comp increases internal efficiencies in domestic markets

Hope other countries reciprocate

International Business Definition

All commercial transactions that take place between two or more regions, countries and nations beyond their political boundaries.

Private and governmental, sales, investments, logistics, and transportation

Private for profit

Govt profit and political

Transaction of economic resources include capital, skills, people etc

Critiques

Human Impact Social disintegration, democracy breakdown, spread of diseases, increasing poverty, alienation

Environmental Impact More rapid and extensive deterioration

The competitive advantage

Strategy Products compete by cost or differentiation (brandimage or unique characteristics). Mass market or niche. Situation differs between countries.

Resources and exp Size and resources compared to comp

Competition in each market Success depends on if comp is local or also international

Costs of globalisation

Threat to national sovereignty National priorities are sometimes compromised by international trade. Eg labour laws, minimum wage etc. External countries don't face same laws. Small countries rely on larger for markets and supplies. Poor countries inadequate capacity to deal with globalisation. Large companies dictate terms (eg tax free) and exploit legal loop holes, favour home country

Growth and environmental stress Brings economic growth, eats up non renewable resources.

Growing income inequality & personal stress Inequality growing within and between countries

Reasons companies engage in int business

Sales expansion

Resource acquisition

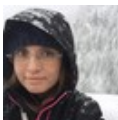
Risk minimization

Diversify their revenue stream

Types of international organisations

Collaborative arrangements - Companies work together Joint ventures, licensing agreements, management contracts, minority ownership,

Multinational enterprise Any company with foreign direct investments



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How is International business different

| | |
|---------------------|--|
| Physical factors | Geography and demography. Affect where goods and services can be produced |
| Social factors | Politics influences ease of business, law also, as well as culture and economy |
| Competitive factors | # and strength of suppliers, customers and rival firms |

Modes of operation in int business

| | |
|---------------------------|---|
| Merch export and import | Most common IB transactions |
| Service export and import | Tourism and transportation, service performance (banking, rental, engineering, mgmt services) earnings via fees |
| Asset use | Licensing agreements (contracts to use trademarks, patents, copyrights), |



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