Cheatography

Globalisation and international business Cheat Sheet

by Natalie Moore (NatalieMoore) via cheatography.com/19119/cs/2194/

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 begining
Sovereignty	Independent authority over a geographic area. A nations 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 efficencies 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 disintergration, democracy breakdown, spread of diseases, increasing poverty, alienation
Environmental Impact	More rapid and extensive deterioration

The competative 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 dont 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, fovour 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 arrangments - Companies work together	Joint ventures, licensing agreements, management contracts, minority ownership,
Multinational enterprice	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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