

# International Business

I MBA II Semester

18MBA206



## **Prof. Chanchal Mukherjee**

**Associate Professor & Head of the Department  
Department of Management Studies (MBA)  
Radhakrishna Institute of Technology & Engineering (RITE)  
Bhubaneswar, Odisha**


# International Business Environment

## MODULE- I




# Meaning and Definition of International Business

- International Business is an all inclusive term which includes FDI ( Foreign Direct Investment), Globalization, Trade Policies, Multi-National Companies (MNC) & their tactics, mergers and acquisitions, export-import, managing international human resources, cross-cultural management and the effects of dynamic global factors on business.

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- When economic resources like goods, capital, services are exchanged across international borders, international business takes place.
  - It just doesn't deal with only tangible products but it also involves services like finance, banking, construction, etc.
  - International business also encompasses FDI (Foreign Direct Investment)

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- “International business is defined as a field of management training that deals with the special features of business activities that cross national boundaries” – Robock & Simmonds
  - “International Business is defined as transactions devised and carries out across international borders to satisfy corporations and individuals”.

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- All commercial transactions related to sales, transportation, investments, insurance, commodities, etc. among nations whether private or government come under international business.
  - However the main aim of government organizations is not to earn profits but the private organizations undertake international business with the sole motive of earning huge profits.

## 3 categories of organizations operate under International Business.

- 1. Organizations have managerial operations in only one country but involve in transactions of goods and services beyond borders of two or more nations.
- 2. Organizations having managerial operations outside their home country.
- 3. This is in between the above two categories, i.e., The organizations may form joint ventures with overseas governments or local businesses.



# Features of International Business:

- Includes Commercial Activities
- Prone to political risk
- Proactive or reactive approach
- Different from domestic business
- Large scale operations
- Amalgamation of economies
- Maximum control enjoyed by MNCs and Developed Nations

# Reasons Underlying International Business:

## PULL FACTORS

- Growth
- Profitability
- Achieving Economies of Scale
- Risk Spread
- Access to imported inputs
- Economic Integration & Free Markets
- Emergence of WTO
- Unifying effect and peace

## PUSH FACTORS

- Uniqueness of product or service
- Marketing opportunities due to Life Cycles
- Spreading R & D Costs
- Resource Utilisation
- Competition and costs
- Quality improvement
- Government Policies & Regulations

# ***Thank You Class***

