

INTERNATIONAL BUSINESS

BBM – 6th Semester

University of Mysore

Syllabus - Unit 1:

International Business Environment – International Business Orientation – Ethnocentric, Polycentric, Region-centric and Geocentric. Globalization and Liberalization, Liberalization in India – Economic Policy of 1991.

International Business Environment

Introduction: India in International Business

The Economic Policy 1991, is the basic and core step, to step into Globalization. The LPG (Liberalization, Privatization and Globalization) was the basic step in changing the Indian Market from a isolated Indian Products to International Products. The Government had then made several reforms from LPG to the present MAKE IN INDIA, inviting investors (FDI), and motivating Indians to go international..... India has also been country making reforms from Wars in 1960s and 1970s to a peace lover and taking part in several Regional Trade Blocs, to improve economical condition also to make India a 'ATTRACTIVE INVESTMENT DESTINATION IN THE GLOBE...'

India needs a lot to understand and grow, gradually....

International Business Environment

International Business: Definition

- International Business or marketing is defined as the performance of business activities designed to plan, price, promote, and direct the flow of a company's goods and services to consumers or users in more than one nation for a profit. These Marketing concepts, processes, and principles are universally applicable all over the world

International Business Environment

Who can Stand in International Business?

- (a) Should be capable to identify the ‘Unsatisfied Needs and Wants of International Consumers’,
- (b) Should be capable in framing, International Marketing Mix Strategy,
- (c) Should be aware of international markets and different modes of entries,
- (d) Should be capable and flexible to cope the decisions to the prevailing market conditions.

International Business Environment

International Business Environment:

- (a) **Internal Environment** (This include the controllable factors in the International Marketing Mix Strategies) and
- (b) **External Environment** (This shall include the uncontrollable factors like Competition, Legal issues, Economical Conditions, Advancing Technology and so on),
- (c) **Trade and Commerce Environment** (This includes the business or trade relationships beyond boundaries).

International Business Environment

International Business Environment:

Global Environment would refer to those factors which are relevant to business, such as the WTO (World Trade Organization) Principles and Agreements, other international conventions, Agreements, Declarations, Protocols at Regional Trade Blocs (RTB) etc.

Apart of the two as mentioned above – Internal and External Environment there is a third component in the Global Environment:

Global Environment refers to the sum total of all those '***Internal and External Factors***' that have a significant bearing on decisions that relate to '***trade relations beyond boundaries***'. Internal Factors are also called 'Company Related Factors, and External Factors are 'Market Factors such as Economic, Social, Cultural, Technological, Political and other macro factors.

International Business Environment

International Business Operations:

- (a) Exports.,
- (b) Imports.,
- (c) Re-Exports.,
- (d) Agents in International Business (Dealing with documentation, Selling or Buying, Facilitating, and so on)
- (e) Profit Motive.

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International Business Features:

- (a) Large scale operations,
- (b) Sensitivity Character,
- (c) International Restrictions and Trade Blocks,
- (d) A long term objective,
- (e) Need for specialized operations,
- (f) Importance of technology (On-Going),
- (g) Develops World Peace,
- (h) Cultural and Social relationships are developed
- (i) Requires Marketing Research,
- (j) Should be keen to compete in the Global Market

International Business Environment

Factors effecting International Business:

- (a) Social and Cultural Environment.,
- (b) Economic Environment.,
- (c) Legal and Political Environment.,
- (d) Technological Environment.,

*(In Brief, remember – **PEST** – Political, Economical, Social and Technological Environment)*

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Drivers in International Business Expansion:

- (a) Liberalization of cross border business,
- (b) Growth of Transport and Telecommunications,
- (c) Changing Political Scenario,
- (d) Changing Consumer's style and preferences,
- (e) Advancement in Technology,
- (f) Growth of international co-operation

International Business Environment

Growth of Business: Transition from Domestic to International Markets/ Globalization:

The Business Stages include from:

Localization -> Regionalization ->
Nationalization -> Internationalization ->
Multi-Nationalization and Trans-
nationalization

(Arrange the above, in a vertical order)

International Business Environment

The Business Stages include from: Further the firm's stages can be said as follows:

- (a) Domestic Marketing Company.,
- (b) Export Marketing Company.,
- (c) International Marketing Company.,
- (d) Multinational Marketing Company.,
- (e) Global Marketing Company.,
- (f) Trans National Marketing Company.

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International Orientation:

- (a) **Ethnocentric Orientation:** The international business is based on 'Home Country' and finds scope identifying the same in other countries.
- (b) **Polycentric Orientation:** The business is based on the foreign countries needs and wants, as it trusts that, "Every Country is Unique".
- (c) **Region Centric Orientation:** This business is based on a region in the Globe, comprising of countries in the region.
- (d) **Geo Centric Orientation:** This business sees that the Globe is one market, and the needs and wants are almost the same and never differs.

International Business Environment

International Orientation Approaches:

- (a) **Ethnocentric Orientation Approach:** The Marketing Manager or the Sales Manager can tackle all issues, including International Business.
- (b) **Polycentric Orientation:** The firm emphasizes to have a independent/ specialized officer for every country for decisions.
- (c) **Region Centric Orientation:** The firm would prefer to employ a manager, who can take care of the entire operations in a region.
- (d) **Geo Centric Orientation:** This business is centralized in one location and has its operators scattered across, but decisions will be taken only by their head office.

International Business Environment

New Industrial Policy or the Economic Policy 1991:

The term 'Industrial Policy' refers to the Government Policy towards Industries – Their Establishing, Functioning, Growth and Management. The policy will indicate the respective areas of large, medium and small scale sectors. It also spells out the government policy on Capital Formation from domestic and foreign, Labor, Tariff and other related aspects. Industrial development is possible by a effective Industrial Policy, which can shape, guide, foster, regulate and control the economy.

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Industrial Policy 1991 has the features, viz.,

A. Industrial licensing.,

B. MRTP Act.,

C. Foreign Investment.,

D. Public sector policy.,

E. Foreign technology policy.,

International Business Environment

Please revert with your valuable suggestions, and most important is also complaints therefore the same can be delivered even better,:

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