

INTERNATIONAL BUSINESS IN A NEW ERA

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Abstract: The paper is about international business, its importance and the meaning, the way of company's international development. For better understanding of business between different countries and cultures, there is a list of benefits to participating countries and the main features of this process. As the main advantage of International business: it provides access to new customers, affords economies of scale, and permits the honing of competitive skills.

Key words: commercial transactions, employment opportunities, export, foreign exchange, globalization, import, international business, multinational companies, national business.

Nowadays the meaning of International management is increasing rapidly. More people are getting involved in International business, which includes almost all spheres and organisations all around the world. It is widely known, one of the main goals in each company is to be "international", gain new, free of rivals, undiscovered business world full of new opportunities. We cannot ignore international business because virtually every company, be it large or small, is affected by global events and competition. Almost every company sells its products or services to foreign countries, secures suppliers from overseas, and competes against products and services that come from abroad.

International business offers companies new markets. Today and in the future, only a combination of domestic and international activities will allow for expansion, growth, and increased income. International business enables the flow of ideas, services, and capital across the world. The result is higher levels of innovation, faster dissemination of goods and information worldwide, more efficient use of human capital, and improved access to financing. International business facilitates the mobility of factors of production—except land—and provides challenging employment opportunities. (Sinha, 2008)

International business benefits consumers by offering new choices. Consumers not only have a wider variety of goods to choose from, but international competition leads to improved quality and reduced prices. As we can see, there are wide range of benefits from International business. Last three – four decades it is growing with unbelievable scale. In fact, the main reason is globalisation.

Globalization—defined as awareness, understanding, and response to developments and linkages—holds the promise of improved quality of life and a better society, even leading, some believe, to a more peaceful world. The global economy is increasingly becoming integrated as a result of the following factors: technology is expanding, especially in transportation and communications; most governments are removing international business restrictions; growth in institutions that provide services to ease the conduct of international business. Also consumers know about and want foreign goods and services; competition has become more global; political relationships have improved among some major economic powers; countries are cooperating more on transnational issues; and the abundance of cross-national cooperation and agreements.

International business conducts all commercial transactions – private and governmental - between two or more countries all over the world. An international business has many options for doing business, it includes, exporting goods and services, giving license to produce goods in the host country, starting a joint venture with a company, opening a branch for producing and distributing goods in the host country, providing managerial services to companies in the host country. (Sinha, 2008)

Each company has own life cycle, should go through the same for all stage to become "global". Evolution of business means its origin, growth, and continuous development with expansion in various sectors that contribute and run economies. The evolution of business went through many progressive stages or so called developmental steps, in each stage getting more mature than previous stage. First,

the local business evolved from its three basic sub-stages, namely, starting with barter economy, and then followed by village and town economy. Local area comprises of surrounding neighbourhood and can be initiated as various exchange activities happening regularly among people of a local-area. Secondly, the regional business grew because of cooperation between different states. Region is a huge landmass or area that comprises of numerous town economies. When a business alliance of town economy from any specific region feels the need to extend the scope of their business, it results in business expansion at a regional level.

Thirdly, the national business was an outcome of a business presence felt in the entire country. National business is present in the entire country. In a practical sense, it is spread in the most parts of a country. The business at a national level first started in England during the era of Industrial Revolution. The joint-stock companies became very popular during this stage. The size of a national business is always large when compared with the business done at a regional level. National business helps to make the availability of goods and services in the most parts of a country.

Then, international business emerged as an answer to fulfil the scarcity of resources felt within each country. To overcome scarcity of resources, nations often trade among themselves. They satisfy each other's needs by supplying their surpluses and expertise, and in return bring home, the scanty resources. The term international business implies "businesses conducted among or between different nations." Here, two or more countries do business with each other. It mainly consists of imports and exports. The international business has its origin in the ancient times. It began when merchants from different kingdoms started exploring remote parts of the old world in search of wealth and opportunities. For examples, European traders came to the south-Asia via a new sea-route in search of cheaper spices, which were in huge demand in Europe. Today, international business has increased many folds. It is so, mostly due to availability of faster modes of communication and transport, regional cooperation between countries, and adaptation of free trade policies.

Finally, an idea to see the entire world as one huge market was realised. This paved the way to form a new concept called global business. Here, the entire globe or world is considered as one huge market of opportunities. This market has the enormous levels of customer base than any other type of market. It has no borders and is almost restrictions free. All companies can sell their goods and services in this kind of one open global market. However, here, the competition is very severe. Large funds, skilled human resource, an ample amount of creativity and innovation, best quality of produce and services, along with world-class logistics and marketing are required to sustain the tremendous pressures of its severity. Generally, this market is fully controlled by the rich cartels of multinational companies (MNCs). The global business is a new concept and is also referred as Globalisation.

For better understanding the meaning of International business it is necessary to mention about the nature and characteristics or features of its. The main features are benefits to participating countries and integration of economies. It is clear that the developed countries get the maximum benefits. On the other hand, the developing countries get foreign capital and technology, rapid industrial development and more employment opportunities. International business integrates the economies of many countries. Developed countries and their multinational corporations dominate international business. At present, MNCs from USA, Europe and Japan dominate foreign trade. This is because they have large financial and other resources, the best technology and research and development. Their employees and managers are highly skilled because they give very high salaries and other benefits. Therefore, they produce good quality goods and services at low prices. This helps them to capture and dominate the world market. Next not less important feature of International business - all the operations are conducted on a very huge scale. As a result, companies receive surplus. International business has to face keen competition in the world market. The competition is between unequal partners, such as developed and developing countries. Additionally, International business gives a lot of importance to science and technology. Developed countries dominate global business, because of using high technologies. Science and Technology help the business to have large-scale production. The international business is very sensitive in nature. Any changes in the economic policies, technology, political environment, etc. has a huge impact on it. Therefore, international business must conduct marketing research to find out and study these changes. They must adjust their business activities and adapt accordingly to survive changes. (World Investment Report, 2007)

It is necessary to highlight once more time regarding meaning and importance of international business. Due to International trade, goods and services exported all over the world. This helps to earn

valuable foreign exchange. This foreign exchange is used to pay for imports. Foreign exchange helps to make the business more profitable and to strengthen the economy of its country. International business makes optimum utilisation of resources, because it produces goods on a very large scale for the international market. The main objective of an international business is to earn high profits. International business spreads its business risk. Therefore, a loss in one country can be balanced by a profit in another country. The surplus goods in one country can be exported to another country. The surplus resources can also be transferred to other countries. All this helps to minimise the business risks. International business has very high organisation efficiency. All the modern management techniques are used to improve efficiency. Managers hire the most qualified and experienced employees and managers. They are highly motivated with very high salaries and other benefits such as international transfers, promotions. All this results in high organisational efficiency, i.e. low costs and high returns. International business brings a lot of foreign exchange for the country. Therefore, it gets many benefits, facilities and concessions from the government. It gets many financial and tax benefits from the government.

For the conclusion, it is also important to note that international business affects both large multinational companies as well as small companies located outside major cities. International commerce is a hallmark of successful local communities. Many large and small companies benefit from selling goods and services internationally. International business creates better-paying jobs and positions, increases company profits and local public revenues, and stimulates purchases from local suppliers. (Asongu, 2011)

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