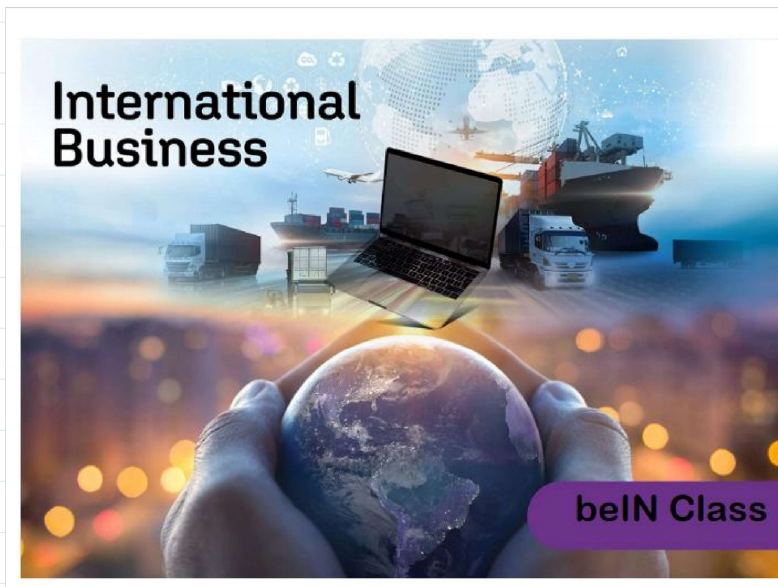




Ch 1 -
overview

Dr.Nehal Hamdy



International Business

Environments & Operations

15e, Global Edition

Daniels ● Radebaugh ● Sullivan

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1-2

Chapter 1

OVERVIEW OF INTERNATIONAL BUSINESS AND GLOBALIZATION

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1-3

Learning Objectives

- Define globalization and international business and explain how they affect each other
- Grasp why companies engage in international business and why its growth has accelerated
- Discuss globalization's future and the major criticisms of it
- Illustrate the different ways a company can accomplish its global objectives
- Recognize the need to apply social science disciplines to understand how international and domestic business differ

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Introduction

Learning Objective:

Define globalization and international business and explain how they affect each other

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1-5

عولمة
تجارة دولية

Introduction

- **Globalization** is the widening set of interdependent relationships among people from different parts of a world divided into nations
- The term sometimes refers to the elimination of barriers to international movement of goods, services, capital, technology, and people that influence the integration of world economies

العولمة

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1-6

↔

↓ Reduce
limitations
(Barrier).

عالم دوله
صغيرة

- Today, so many different components, ingredients, and specialized business activities go into products that we're often challenged to say exactly where they were made.
- For example Apple's iPhones are shipped from China and seem to be Chinese, yet less than four percent of their value is actually performed in China!

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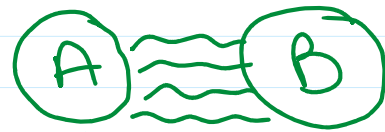
1-7

Introduction

- **International business** consists of all commercial transactions—including sales, investments, and transportation—that take place between two or more countries
 - increasingly foreign countries are a source of both production and sales for domestic companies

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1-8



علاقات تجارية

Export → تصدير

Import → استيراد

Introduction

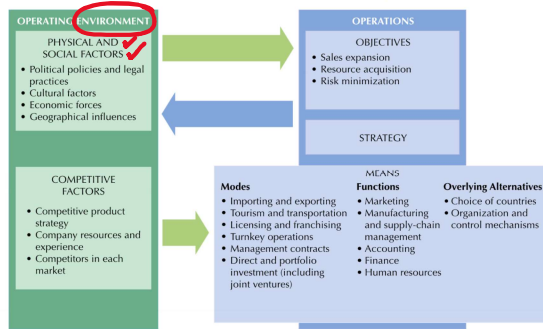
- It is important to study international business because
 - Most companies are either international or compete with international companies
 - Global events and competition affect almost all companies, regardless of industry
 - International companies have more complex environments than domestic firms.
 - An understanding of IB helps you make better career decisions
 - An understanding helps you decide what government policies to support

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1-9

Introduction

Factors in International Business Operations



This Figure shows the complex relationships among conditions and operations that a firm may face when it conducts some of its business internationally. 1-10

Forces Driving Globalization

1. Increase in and application of **technology**
2. **Liberalization** of cross-border trade and resource movements
3. **Development of services** that support international business
4. Growth of **consumer pressures**
5. Increased **global competition**
6. Changing **political situations and government policies**
7. Expanded **cross-national cooperation**

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1-11

Handwritten notes in green ink: } ~> Comp ↑, Sales ↑
Eco. growth ↑ GDP ↑

Explanation

- **One factor is technology.** In recent years, we've seen tremendous advances in technology. The pace of new product development is **faster** than ever, and many companies are finding that in order to keep up, **they need to team up with companies in other countries to gain financial resources or specialized capabilities.** Firms are also finding that to justify their investments in **new product development,** they need to expand their **sales** to other markets.
- Another factor driving globalization is the **liberalization of cross-border trade.** Today, most governments have **reduced restrictions** on cross-border trade giving their citizens access to a greater variety of goods and services at lower prices. Increased competition from foreign companies **also encourages domestic producers to become more efficient.** Governments hope that by opening their countries to trade, other countries will also lower trade barriers.

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1-12

Handwritten notes in blue and green ink: Technology → R&D ↑
New product
Sales ↑

Handwritten notes in blue, orange, and green ink: Liberalizing Trade
Restriction ↓
variety G&S ↑
Lower Cost.

Cont. explanation

- The development of new services that facilitate international business transactions have also increased further driving globalization. In addition, today's consumers are more informed about foreign products and services and are better able to afford more luxury items. Moreover, more consumers are able to comparison shop to find better deals worldwide. Companies look for growing markets where consumer pressures are high, such as China.
- Intense global competition is also driving globalization. Today, companies continually look abroad to increase market share and reduce costs in order to better compete with other firms. Expenses abroad can take many forms: so-called born-global companies start out with a global focus because of their founders' international experience and because advances in communications give them a good idea of where global markets and suppliers are. Related to this, many new companies locate in areas where there are many competitors and suppliers—a situation known as clustering—which helps them to become quickly aware of foreign opportunities.

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1-13

Competition
(fighting)
Mkt share

Cont. Explanation

- Finally, changing political situations and increased cross-national cooperation have allowed international business to flourish. Countries of different political systems are more open than before to conducting international trade with each other. Governments are spending more resources on the improvement of infrastructure facilitating the transport of goods and resources. Furthermore, governments have realized the benefits of international cooperation. In particular, governments engage in international cooperation in order to gain reciprocal advantages, to attack problems jointly that one country acting alone cannot solve, and to deal with areas of concern that lie outside the territory of any nation.

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1-14

Costs of Globalization

- Threats to national sovereignty
 - lose freedom to “act locally”
- Economic growth and environmental stress
 - growth consumes nonrenewable natural resources and increases environmental damage
- Growing income inequality and personal stress
 - promotes global superstars at the expense of others

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