

Overview of International Business

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(A concise, structured guide for quick reference and deeper study)

1. Definition & Scope

Aspect	Description
International Business (IB)	Commercial activities that cross national borders, including trade, investment, licensing, franchising, and joint ventures.
Key Activities	• Exporting & importing • Foreign direct investment (FDI) • Strategic alliances & partnerships • Global sourcing & supply chain management • Cross-border services (finance, consulting, IT) • Multinational – operations in several countries • Transnational – integrated global network, balancing global efficiency with local responsiveness • Global – single worldwide strategy, minimal local adaptation
Geographic Levels	

2. Drivers of International Business

Driver	Explanation
Economic	• Market size & growth potential • Access to cheaper inputs (labor, raw materials) • Diversification of revenue streams
Political & Legal	• Trade agreements (e.g., WTO, NAFTA/USMCA, EU) • Investment incentives & protection (IP rights, bilateral treaties)
Technological	• Digital platforms enabling remote coordination • Advances in logistics, communication, and data analytics
Sociocultural	• Changing consumer tastes, rising middle class in emerging markets • Global branding & cultural adaptation
Competitive	• Need to stay ahead of rivals that are already global • Ability to leverage economies of scale and scope

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3. The International Business Environment

Dimension	Core Elements	Typical Issues
Economic Environment	GDP growth, exchange rates, inflation, balance of payments	Currency volatility, recession risk
Political & Legal Environment	Government stability, trade policies, regulations, corruption levels	Tariffs, import quotas, legal disputes
Sociocultural Environment	Language, religion, values, consumer behavior	Mis?branding, cultural faux pas
Technological Environment	Infrastructure, R&D capacity, digital penetration	Cybersecurity, technology transfer restrictions
Ecological Environment	Sustainability regulations, resource scarcity, climate risk	Carbon taxes, supply?chain disruptions

4. Entry Strategies

Strategy	When It's Used	Advantages	Disadvantages
Exporting	Low commitment, testing market	Low risk, quick entry	Limited control, transport costs
Licensing/Franchising	Strong brand, low?capital markets	Rapid expansion, local expertise	Loss of control, lower margins
Joint Venture (JV)	Need local partner for market knowledge or regulatory reasons	Shared risk, access to networks	Potential conflict, profit sharing
Wholly Owned Subsidiary	High control needed, strategic assets	Full profit capture, brand consistency	High capital, political risk
Strategic Alliance	Complementary capabilities, short?term projects	Flexibility, resource pooling	Limited authority, coordination cost

5. International Market Selection & Analysis

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1. **Screening** – Use macro-level criteria (market size, growth, political stability).
2. **Segmentation** – Group countries by similar characteristics (e.g., income level, cultural clusters).
3. **Targeting** – Choose attractive, feasible markets.
4. **Positioning** – Define value proposition relative to local competitors.

Analytical Tools

- **PESTEL** (Political,