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International Business

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Lecture - 1

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Topic covered

- Concept of Internal Business (IB)
- Difference between domestic business & International Business
- Approaches of International Business
- International Business: Operations and Influences



Introduction to International Business (IB)

IB—all commercial transactions between two or more countries Involves modes of business that differ from those at the domestic level Foreign conditions diversity company's external environment.

International Trade: Exports of goods and services by a firm to a foreign-based buyer (importer)

International Marketing: It focuses on the firm-level marketing practices across the border, including market identification and targeting, entry mode selection, and marketing mix and strategic decisions to compete in international markets

Introduction to International Business (IB)

International Investments: Cross-border transfer of resources to carry out business activities.

International Management: Application of management concepts and techniques in a cross-country environment and adaptation to different social-cultural, economic, legal, political and technological environments

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Introduction to International Business (IB)

Why Companies Engage in IB

Expand sales—greater purchasing power in the world as a whole

Acquire resources—products, services, components also, foreign capital, technologies, information

Diversify sources of sales and supplies—takes advantage of business cycle differences among countries

Minimize competitive risk—prevent competitor from gaining advantages

Difference between domestic business & International Business

Conducting and managing international business operations is more complex than undertaking domestic business.

Differences in:

- the nationality of parties involved,
- relatively less mobility of factors of production,
- customer heterogeneity across markets,
- variations in business practices and political systems,
- varied business regulations and policies

Difference between domestic business & International Business

- Use of different currencies are the key aspects that differentiate international businesses from domestic business.
- Moreover, these are the factors that make international business much more complex and a difficult activity

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Approaches of International Business (IB)

- **Ethnocentric**

Under this approach, target market is own country , Excessive production will export due to change in customer taste, preferences

- **Polycentric**

Under this approach, the companies customizes the marketing mix to meet the taste, performance and needs of the customers of each international market

Approaches of International Business (IB)

- **Regiocentric**

Under this approach, the company operating successfully in a foreign country thinks of exporting other neighboring countries of the host country.

At this stage, the concerned subsidiary considers the regional environment (such as laws, culture, policies etc.) for formulating the policies & strategies

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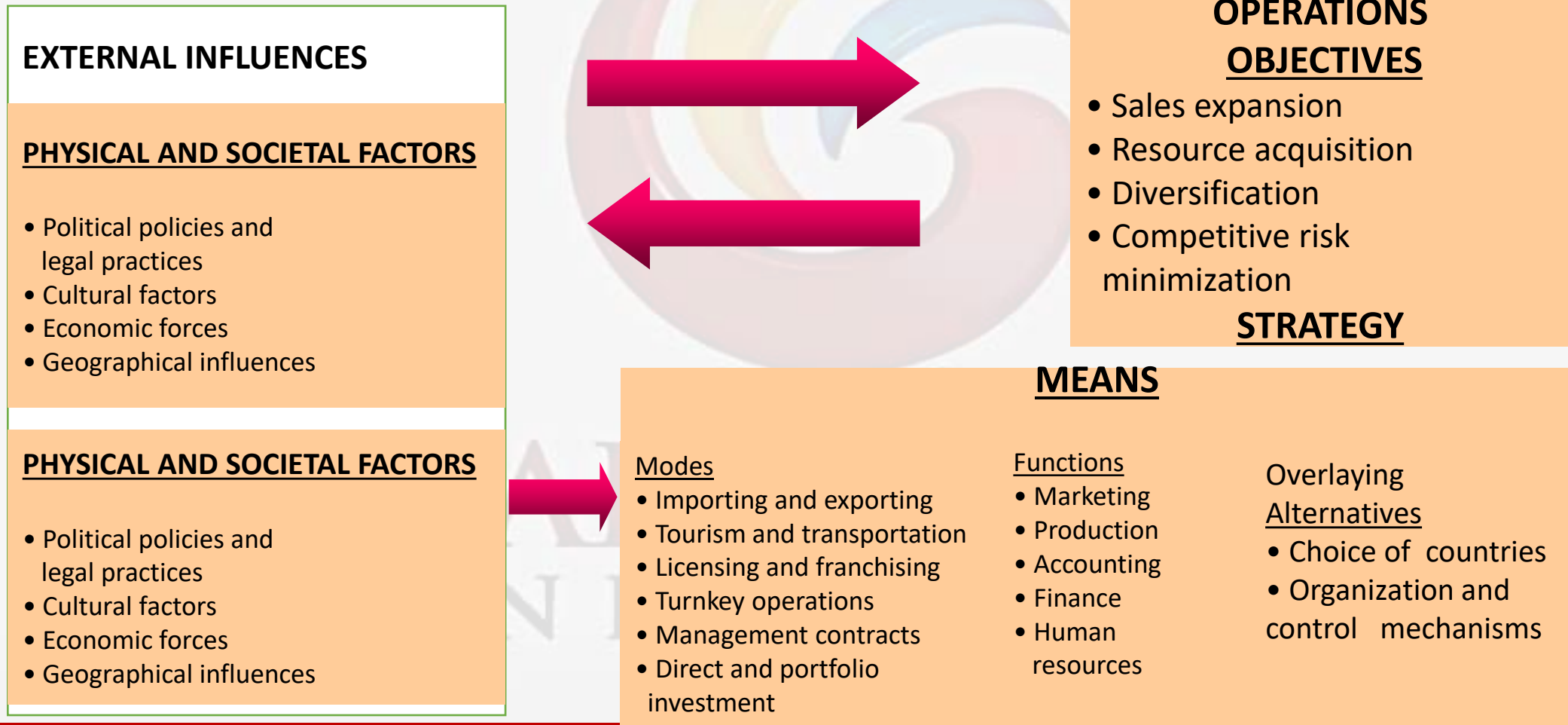
Approaches of International Business (IB)

- **Geocentric**

Under this approach, the company analyses the tastes, preference and needs of the customers in all foreign markets and then adopts a standardized marketing mix for all the foreign markets

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International Business: Operations and Influences



REFERENCES

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Thank You

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