I International Business

Introduction

Business transactions take place b/w 2 nations and is referred 2 as international business. It is defined as those business activities that take place across national frontiers.

No country is self sufficient bcoz of various reasons such as lack of resources, lack of manpower etc.

Difference b/w Domestic business and International Business

Nationality of Buyers and sellers:

The country 2 which the customers and sellers belong in the same in case of domestic business was as it is different in the International Business.

Nationality of state holders

In case of domestic business, the state holders such as Employees, shareholders etc are in the same nation whereas in the case of international business, bcoz of differences in value of the state holders, Decision making becomes difficult.

Mobility of factors of production:

Factors like labor and capital can be moved freely within the country in case of domestic business whereas there are various restrictions on their movement in case of international Business. This is truer in case of changes in Socio Cultural conditions and ability 2 adjust 2 a formatted condition.

Customer Heterogeneity

Since the buyers in international business come from different countries they differ in their preferences, languages, beliefs and customs. These change the demand 4 the products in the International markets. These differences are not seen in case of domestic business.

Business Systems and practices

Business systems and practices differ considerably more among countries than within a country. Countries differ from 1another in terms of Socio Economic development, Cost and efficiency of economic infrastructure and business customs and practices. Adapting to these changes is easier in domestic business than in International business.

Currency used in Business Transactions

Another imp. Difference b/w domestic and International business is that latter involves use of different currencies which keep on fluctuating in their values adding 2 the problems of International business firms.

Scope of International Business

Merchandise Imports and Exports

Merchandise means goods that are tangible, those that can be seen and touched. These can be imported or exported from foreign countries. This is also known as trade in goods.

Service imports and exports

This involves trade in intangible goods .This is also known as Invisible Trade were a wide verities of services of trade including tourism, communication, banking and services.