INTERNATIONAL BUSINESS MANAGEMENT

UNIT 1
INTRODUCTION

What is International Business?

International business: all commercial transactions between parties in two or more countries.

- These transactions include the transfer of goods, services, technology, and capital to other countries, and involves exports and imports.

An international business has many options for doing business, **it includes:**

- Exporting and importing goods and services.
- Giving license to produce goods in the host country.
- Starting a joint venture with a company.
- Opening a branch for producing & distributing goods in the host country.
- Providing managerial services to companies in the host country.

- International business is either ***private*** or ***governmental*** business relationships conducted across political boundaries of the country .
- It may be for *profit or non-profit* oriented.
- This combine selling and buying goods/services across political boundaries of the country, and it generally require to deal with the maintenance and development of a multinational operation across national borders.

International Business Managers

- **<u>Must understand the importance of:</u>**
  - Domestic and international law.
  - Political science.
  - Sociology.
  - Psychology.
  - Economics.
  - Geography.

❖ Must be knowledgeable about the competitive dimensions of the international business environment.

Need for International Business

- **More and more firms around the world are going global, including:**
  - Manufacturing firms.
  - Service companies (i.e. banks, insurance, consulting firms)
  - Art, film, and music companies.

What is International Business Management ?

- **<u>International Business Management :</u>**
- ***The management of business operations for an organization that conducts business in more than one country.***
- International management requires knowledge and skills more than normal business expertise, such as familiarity with the business regulations of the nations in which the organization operates, understanding of local customs and laws.

FEATURES OF INTERNATIONAL BUSINESS

- Large scale operations
- Integration of economies
- Dominated by developed countries and MNCs
- Benefit to participating countries
- Keen competition
- Special role of science and technology
- International restrictions

Nature of International Business

1) International business houses need accurate information to make an appropriate decision.
2) International business need not only accurate but timely information.
3) The size of international business should be large in order to have impact on the foreign economies.
4) Most of the international business houses segment their markets based on the geographic market segmentation.

Forms of international business

- Exporting
- Licensing
- Franchising
- Joint venture
- Management Contracts
- Turnkey projects
- Strategic international alliances
- Direct foreign investment

Types Of International Business

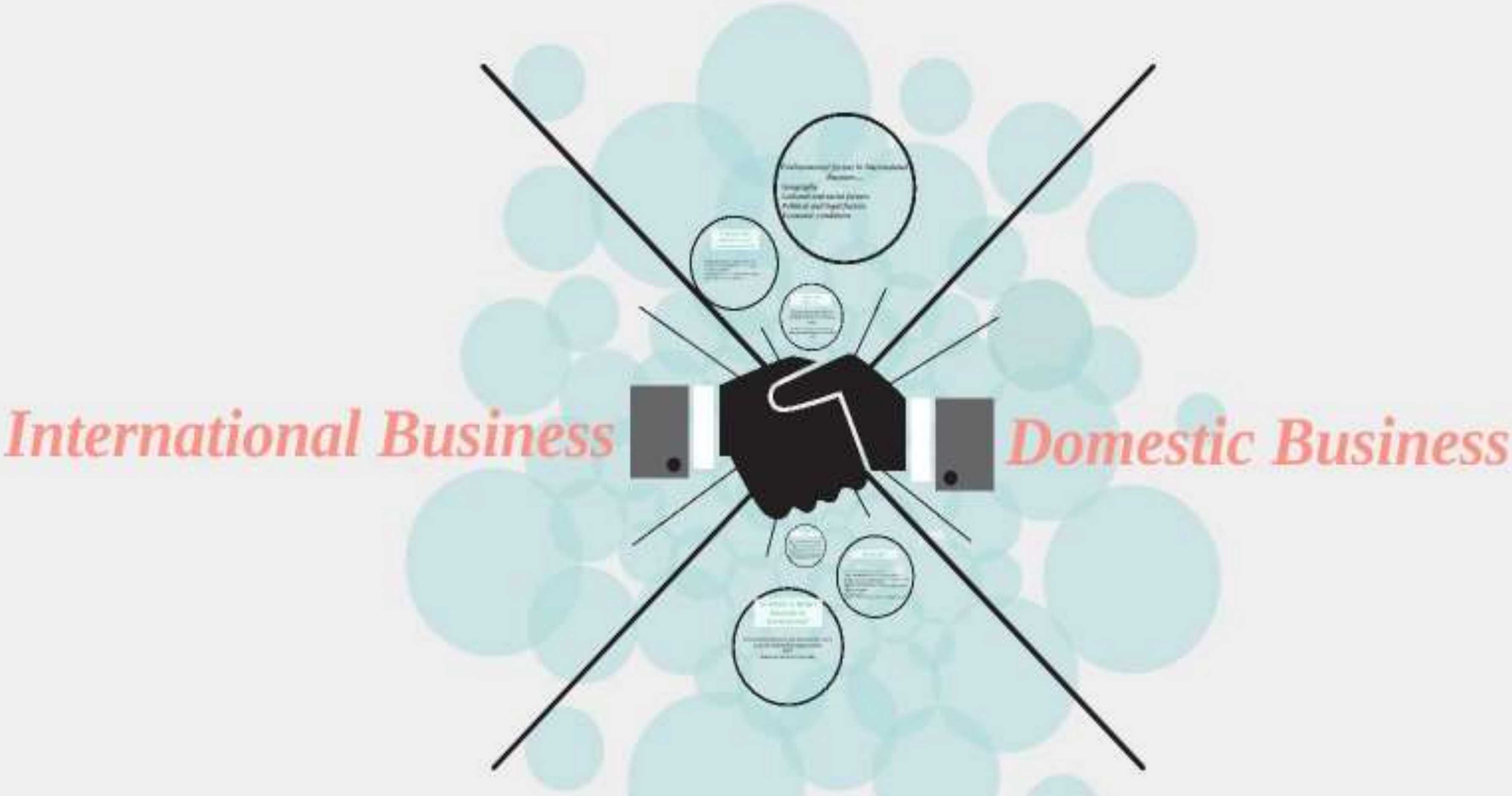
1. **Import and Export :** Inflow and selling of goods from and to home country from outside.
2. **Licencing :** A standardized product with ownership rights can be distributed using licensing.
3. **Franchising** : Parent company gives right to other companies to carry on business in its name.
4. **Outsourcing and Offshoring :** It means giving out the contracts to international firms for certain business purpose.
5. **JVs and Strategic Partnership** : It is a agreement between two companies (one being an international company) to where the business has to be conducted.
6. **Multinational Companies** : The companies that are conducting business in more than one country.
7. **Foreign Direct Investment (FDI)** : Investment made by an individual or a company located in one country to the business interest located in another foreign country.

Domestic Business

A business that acquires all of its resources and sells all of its products or services within a single country.

Most small businesses are essentially domestic in nature.

This category includes local retailers and restaurants, agricultural enterprises and small service firms such as dry cleaners and hair salons.

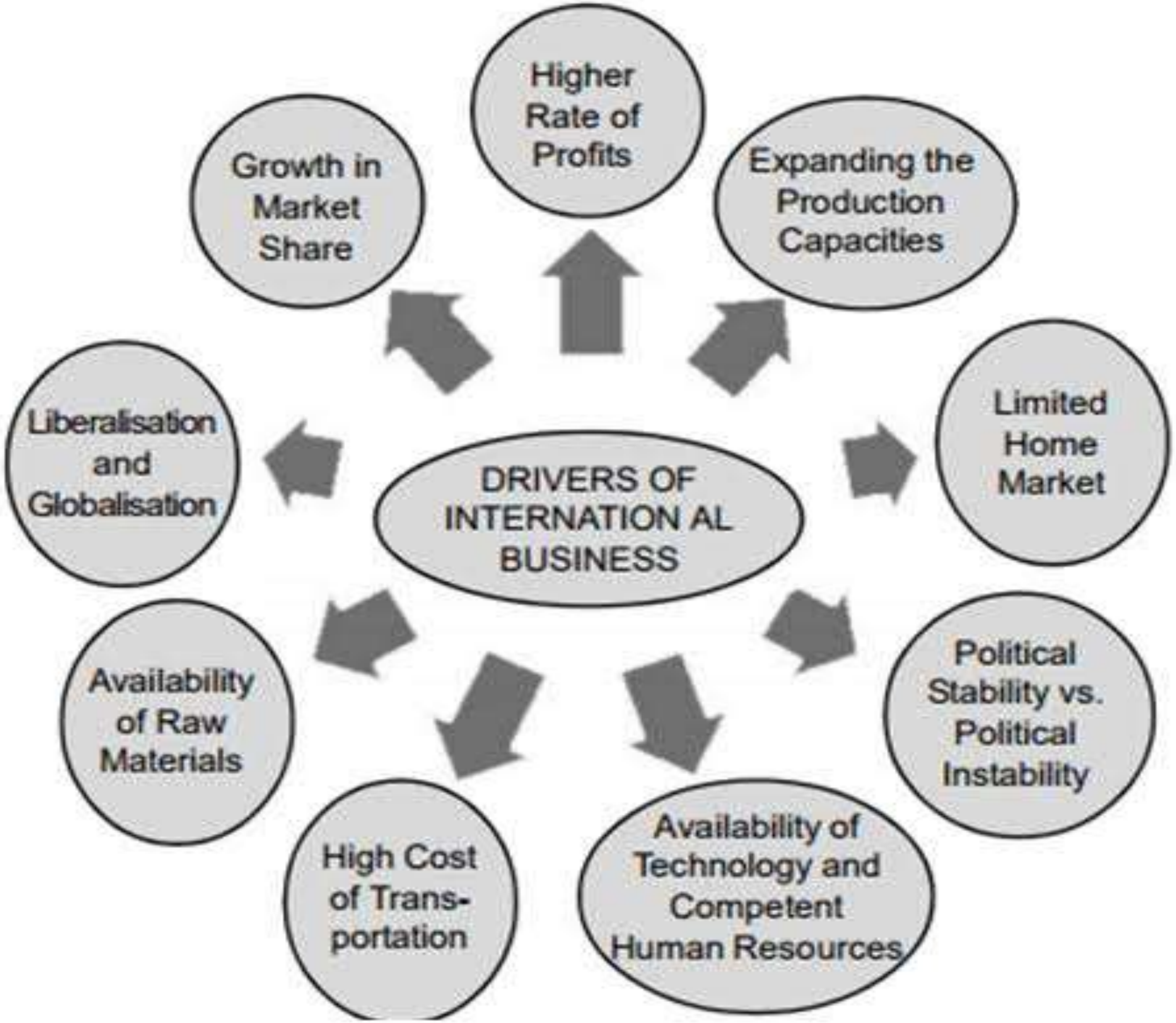


International Vs. Domestic Business

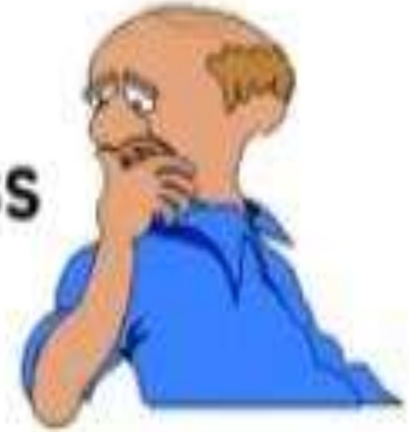
Basis	International Business	Domestic Business
Nationality of buyers and Sellers	People of different nationality participate in international business.	People of one nationality participate in domestic business. Exceptions are possible.
Nationality of other stake-holders	Employees, suppliers, customers, shareholders, partners, middlemen etc. belong to different nationality in international business.	Employees, suppliers, customers, shareholders, partners, middlemen etc. belong to same nationality in domestic business. Exceptions are possible.
Political Systems	International business is subject to political system of many nations.	Domestic business is subject to political system of one country.

Risk	Degree of risk is higher in international business.	Degree of risk is lower as compared to international business.
Mobility of factors of production	Mobility of factors of production is less across countries.	Mobility of factors of production is more within geographical boundaries of the country.
Consumer's taste and preferences	International markets are heterogeneous in terms of taste and preferences of the customer.	Domestic markets are more homogeneous in terms of taste and preferences of the consumer.
Currency	International business involves usage of foreign currency.	Domestic business makes use of domestic currency.
Business regulations and policy	International business is subject to rules laws, policies, and taxation system etc of multiple countries.	Domestic business is subject to rules, laws, policies, and taxation system etc of single country.
Differences in business systems and practices.	Business systems and policies are heterogeneous in two countries.	Business system and policies are more homogeneous within a country.

DRIVERS OF INTERNATIONAL BUSINESS



Theories of International Business



Why are firms motivated to expand their business internationally?

❶Theory of Comparative Advantage

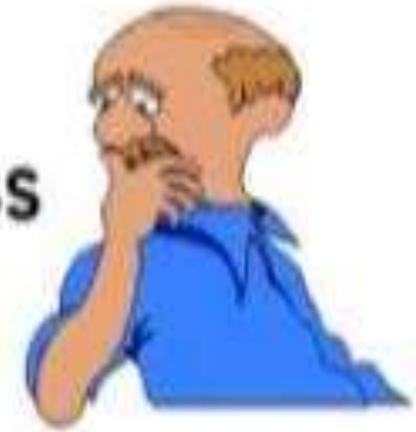
- Specialization by countries can increase production efficiency.

❷Imperfect Markets Theory

- The markets for the various resources used in production are "imperfect."

Theories of International Business

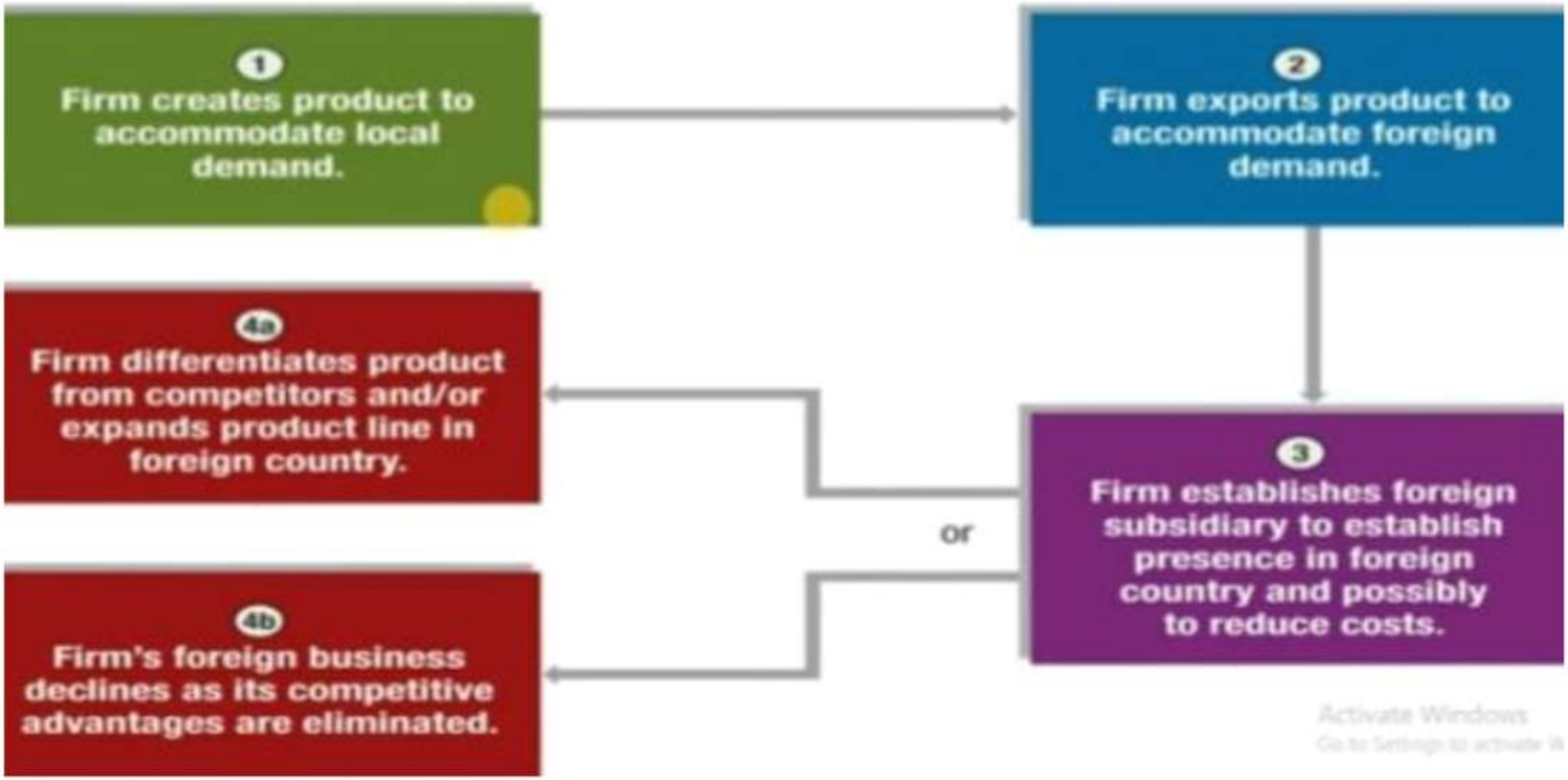
Why are firms motivated to expand their business internationally?



❸Product Cycle Theory

- As a firm matures, it may recognize additional opportunities outside its home country.

International Product Life Cycles



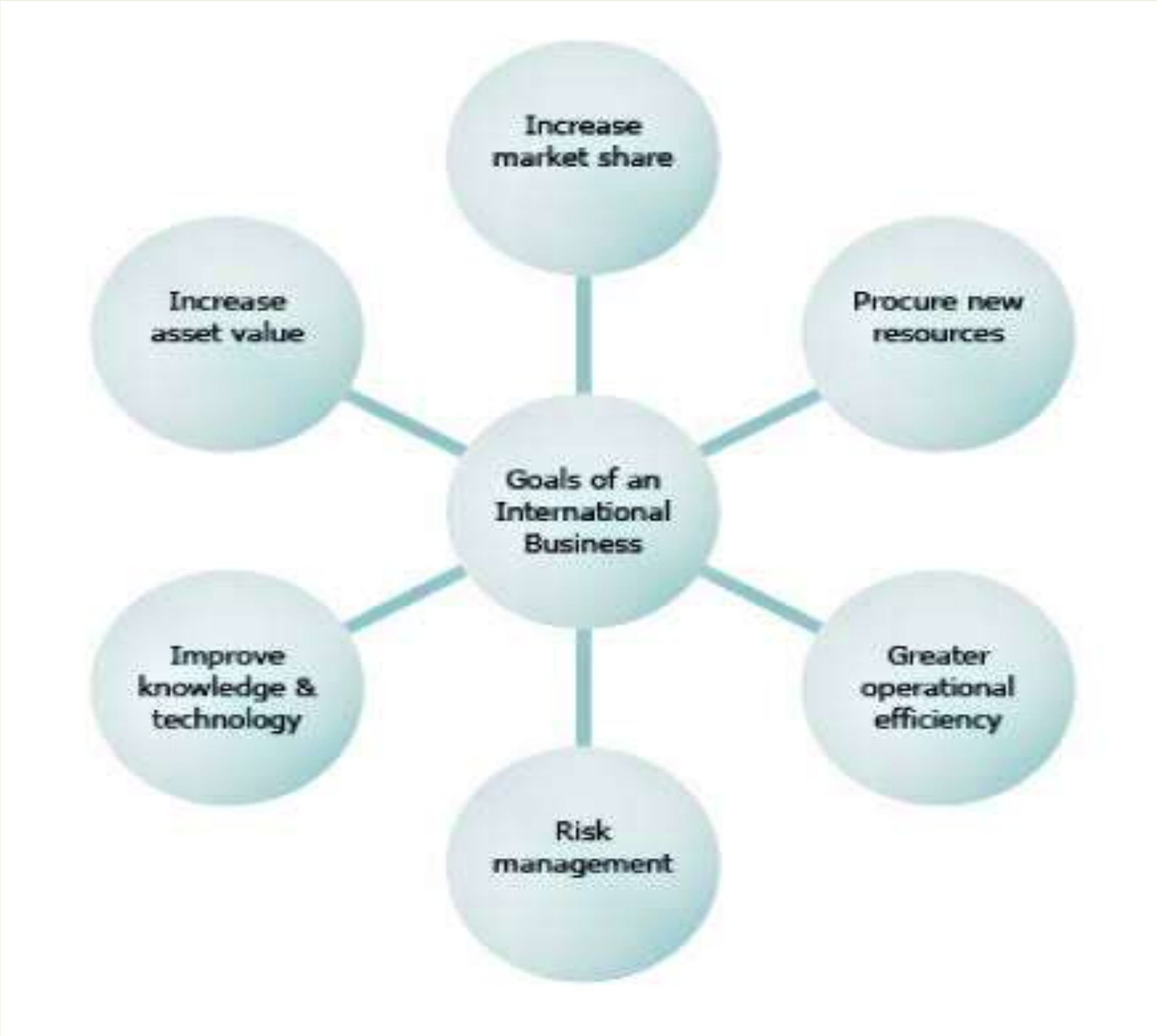
Objectives of International Business

Why do Companies GO Global?

- All business activities are primarily focused on identifying opportunities in markets and developing suitable strategies to take advantage of these.

1. Profit Maximization
2. Diversification
3. Saturated domestic market
4. Intense competition in home market
5. Government Incentives
6. Expand market share
7. Exploit competitive advantage
8. Resources access and cost savings
9. Potential for Growth

Goals of international business



advantages of international business

- Earning valuable foreign currency
- Division of labor
- Optimum utilization of available resources
- Increase in the standard of living of people
- Benefits to consumers
- Encouragement to industrialization
- International peace and harmony
- Cultural development

Disadvantages of international business

- Adverse effects on economy
- Competition with developed countries
- Rivalry among nations
- Colonization
- Exploitation
- Legal problems
- Publicity of undesirable fashions
- Language problems
- Dumping policy

UNIT 2
INTERNATIONAL BUSINESS ENVIRONMENT

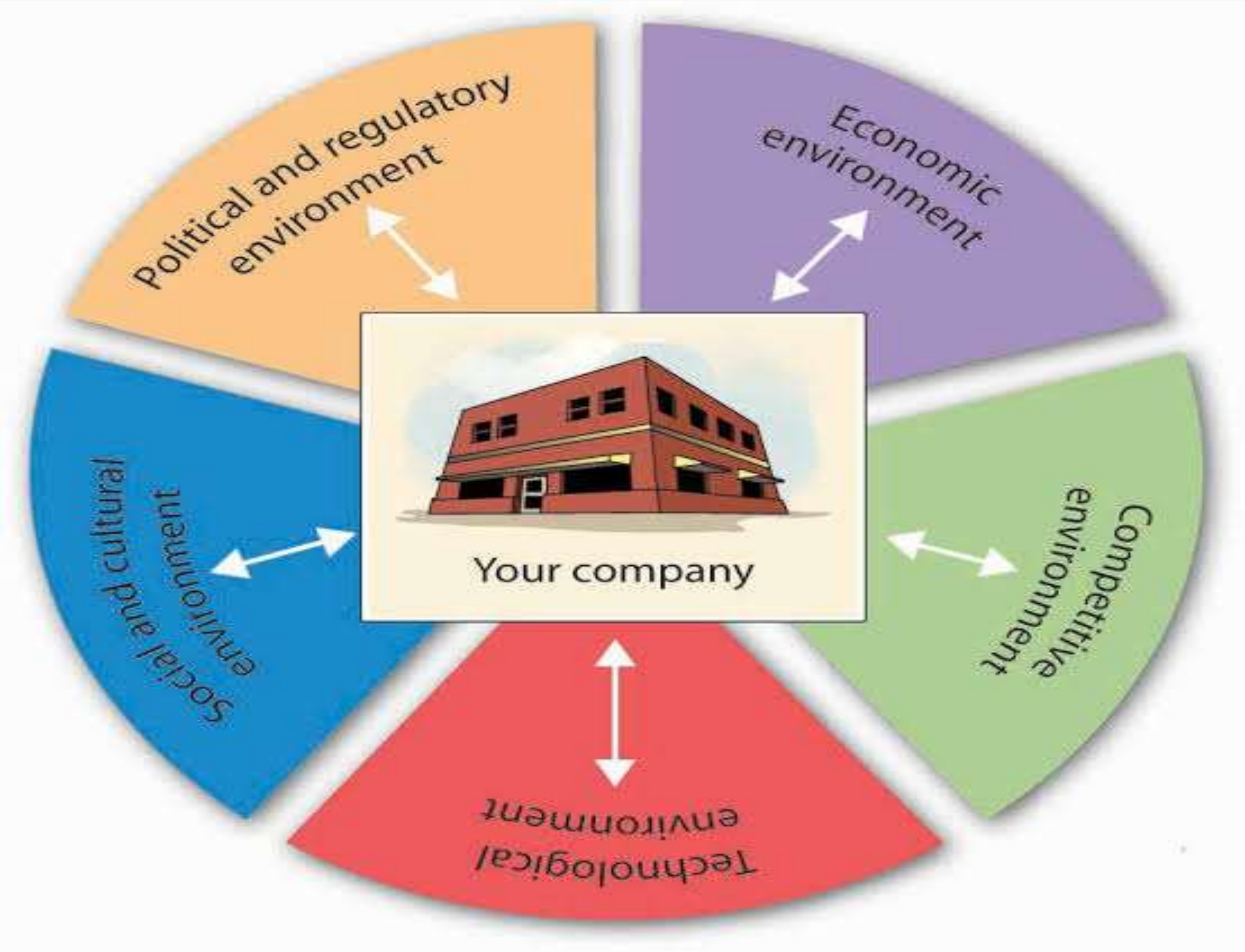
International business environment -- Meaning

- **International**
  - Integration and interrelation of different nations.
- **Business**
  - Systematic effort of an organization to meet the needs of customers with goods and services for profit.
- **Environment**
  - Environment is surroundings which we live in, the external forces acting upon the business is business environment.
- International business environment is the business operations in different countries with different external forces acting upon them.
- Environment is further classified as domestic environment, foreign environment, and international environment

International Business Environment: **Factors of Change**

Factors of Change:

1. Political Factors: power, dominance, ...
2. Economical: resources, capital markets, etc...
3. Socio-cultural: social habits, cultural differences
4. Technological: Communication, Innovation
5. Environmental: ozone depletion, recycling, green tech



Political and regulatory environment
Economic environment
Social and cultural environment
Your company
Competitive environment
Technological environment

Social Environment

- Social environment of business means all factors which affects business socially . Every business works in a society , so societies ' different factors like family , educational institutions and religion affects business .

- It includes the culture that the individual was educated or lives in, and the people with whom they interact.

Cultural Environment

- The cultural environment mean a environment which affect the basic values, behaviours, and preferences of the society-all of which have an effect on consumer marketing decisions.

Socio-cultural environment

- A set of beliefs, customs, practices and behaviour that exists within a population.

- International companies often include an examination of the socio-cultural environment prior to entering their target markets.

Factors of Socio-cultural Environment

- Social class
- Groups
- Opinion Leaders
- Family
- Sociability

Factors which effect social and cultural environment

- Attitude of people.
- Demographic Factor.
- Religion
- Social Responsibility.
- Taste & Preference.
- Education.
- Family.
- Natural Factor.
- Technological Factor.
- Income & Life Style.
- Health & Safety Factor.


Elements of Socio-Cultural Environment
Attitude and Beliefs
Demographic
Religion
Language
Education
Family Structure
Social organization
Class structure
Commercemates.com

Economics Environment

- The definition of economic environment is the environment in which businesses operate that is dependent on the sum total of economic factors.
- Economic factors include income, employment, inflation, interest rates, consumer behavior and distribution of wealth. All of the economic factors have effects on the economic environment, which in turn affects the business market.


Economic Environment
The external economic factors that influence consumer and business buying habits, and therefore also company performance.
Microeconomic Factors
Competitors
Demand
Market size
Supply
Suppliers
Distribution chain
Factors in the Economic Environment
Macroeconomic Factors
Unemployment
Inflation
Interest rates
GDP
Exchange rates
Consumer confidence

Technological environment defined

- Technology includes tools-both machines (hard technology) and ways of thin king (soft technology).
- United Nations Committee on Trade and development (UNCTAD) defines technology as follows:

  " systematic knowledge for the manufacture of a product, for the application of a process or for rendering a service.

- Technology also includes entrepreneurial experience and professional knowhow. These two turns out to be the key differentiator or competitive advantage.
- Technology is one of the factors considered by the World Economic Forum to evaluate nations' competitiveness.

  India' s Rank in latest Global Competitiveness Report by WEF is ranked 60^{th} among 152 countries. Shows we need to go a long way in technology adoption and adaptation.

Technological environment:- In today's world a business has to adopt technical changes from time to time. Constant innovation is necessary because the purpose of every business is to create and satisfy the customer , therefore every business enterprise have two basic functions i.e.

- Marketing
- Innovation

Technological environment also include research base of decisions. Research identify the customer need and provide information for target setting and programming the complete marketing effort.
Innovations helps by the establishment of research and development market in the enterprise.

Technological Environment

The important factors that determine the technological dynamics of a company includes:-

- Innovative drive of the company
- Customer needs/expectations
- Demand Conditions
- Suppliers' offerings
- Competitive Dynamics
- Substitutes
- Social Forces
- Research Organizations (ICSR,CFTRI,DFRL etc)

Political Environment

- Political environment is defined as the state, government, institutions and laws together with the public and private stakeholders who operate and influence that system.
- Business managers will pay attention to the political environment to see how government actions will influence their company.
- Political environment also includes the political culture which are views held about what governments should act with relation to its citizens.

Political Environment

- Politics is universal social activity
- Politics is concerned with gaining/using power to achieve goals
- To study political system business firm should know to:
  - Analyze constitution
  - major political parties
  - form or structure of government
  - the mechanism designed to guide a transition of power from one leader to another
  - key power blocks
- All above factors are concerned with **political stability** a major factor for business environment

WHY POLITICAL ENVIRONMENT IS IMPORTANT TO MANAGERS?

- To be successful, managers must learn to deal with public institutions and non public institutions in addition to market forces
- Managers must learn to cope with varying degrees of governmental intervention in economic decisions, depending on the countries in which a company is doing business
- The political impact on business activities is relatively complex because the domestic political process is subject to various influences & managers must deal with different political process in different countries

IMPACT OF POLITICAL ENVIRONMENT ON BUSINESS

- The viability of a business depends on theability with which it can meet the challenges arising out of the political legal framework
- The political system prevailing in the country promotes, shelters, directs and controls the business activities of the country
- To ensure economic development of the country, the political system should be honest, stable, efficient and dynamic. The system must ensure political participation of the people as well as personal security to the citizens.

Workable Strategies for Dealing with Culture

The Culturally Correct Dinner

Secret Weapon People

Workable Strategies for Dealing with Culture

- Pen-and-paper cultural inventory
  - By:
    - Members of both Implementation Teams
  - Parameters:
    - "attitude toward competitors" or "willingness to accept ideas from outside the firm"
  - Purpose:
    - To predict what alliance activities might cause inter partners conflict
    - To identify the role of cultural differences in the dispute

Workable Strategies for Dealing with Culture

- **Trust and Respect**
  - Both firms must be conscious of the positive effects of bridging cultural gaps using activities design to encourage people to develop a closer personal understanding of each other

  - **Technical visits**
  - **Joint presentations**
  - **Cooperative research, manufacturing and distribution**

"Cultural differences cannot stand up under a relentless assault of trust and respect"

Workable Strategies for Dealing with Culture

- Team Building in Alliances
  - Elaborate ways to break down barriers that are fun, inexpensive, and achieve the critical results of allowing people to build interpersonal relationships
  - Example: Bowling

"Communication in alliances is a dialogue of actions"

Globalization Defined

Globalization:

The ongoing social, economic, and political process that extends the relationships and inter-dependencies amongst nations—their people, their firms, their organizations, and their governments.

- *International business facilitates the globalization process.*

Definition of Globalization

Globalization is the system of interaction among the countries of the world in order to develop the global economy.

1. It refers to the integration of economics and societies all over the world.

2. It involves technological, economic, political, and cultural exchanges made possible largely by advances in communication, transportation, and infrastructure.

Globalisation

Winners	Losers
• Economies with low-labour cost and infrastructure to export. • New middle class in developing and emerging economies. • Exporters with competitive advantage. • Workers who gain jobs in export industries. • Educated and skilled workers who have power to gain higher wages • Multinationals who benefit from tax avoidance and outsourcing. • Workers who are able to move to higher-income economies	• Manufacturing sector in high labour cost countries • Regions e.g. 'rust belt' which have seen a decline in employment. • Structural unemployment amongst former manual workers. • Poorest 5% who have seen stagnant incomes • Environmental costs of increased output, trade and growth. • Land-locked countries unable to develop exporting industries. • Economic and social pressures from migration.

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IMPACTS OF GLOBALISATION

POSITIVE EFFECTS

- Expansion of market
- Development of infrastructure
- Higher living standards
- International cooperation

NEGATIVE EFFECTS

- Cut throat competitions
- Rise in Monopoly
- Take over of Domestic Firms
- Increase in Inequalities

UNIT 3
MULTINATIONAL CORPORATION AND FOREIGN DIRECT INVESTMENT

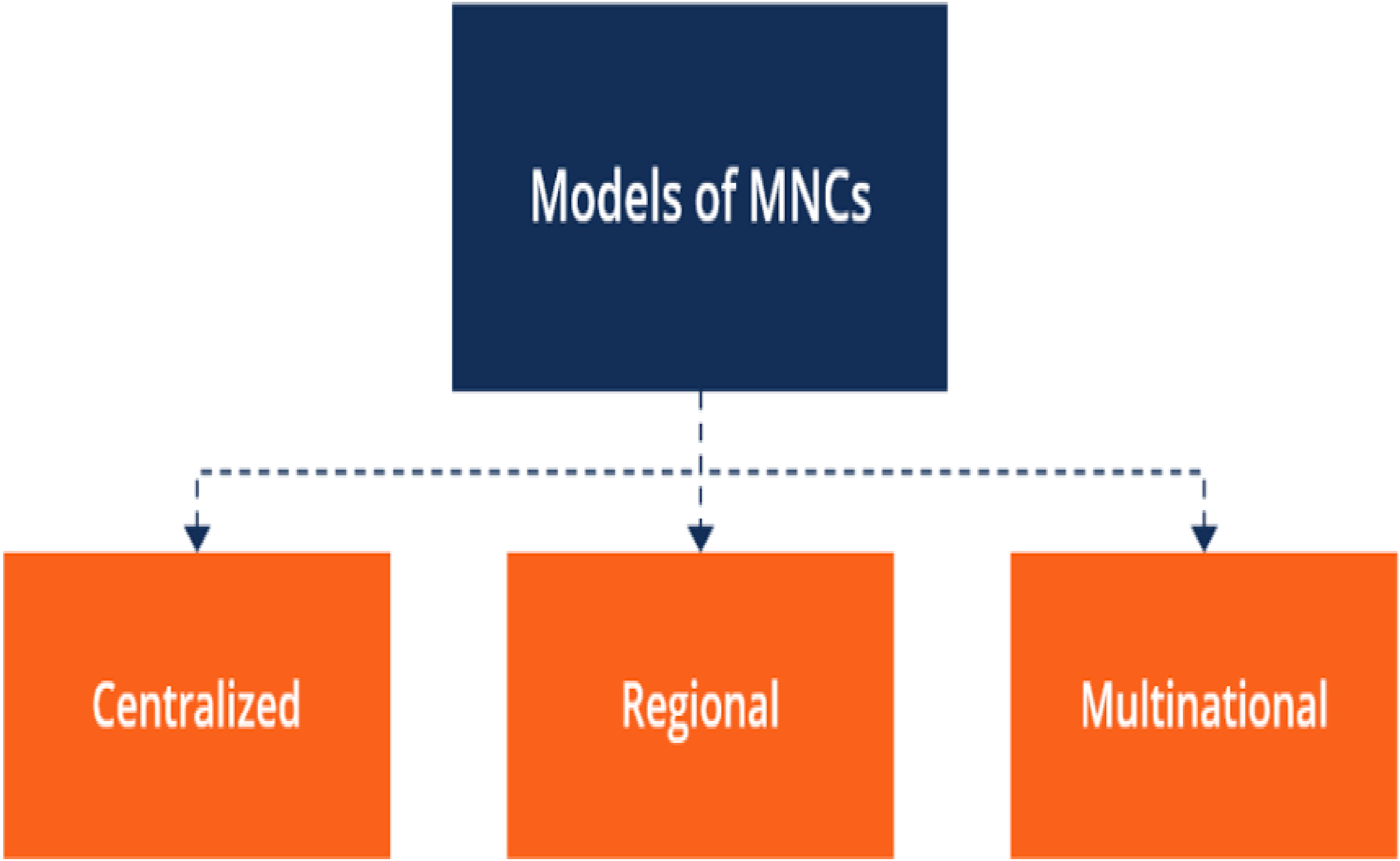
DEFINITION

- **Multinational corporation (MNC)** is a enterprise that manages [illegible] or delivers [illegible] in more than one country can also be referred to as an international corporation.

Multinational Corporation Defined

- A multinational corporation is an entity headquartered in one country that does business in **one or more foreign countries**.
- Many MNCs progress through the following stages:

1. Exports products to foreign countries.
2. Establishes sales organizations abroad.
3. Licenses use of patents and technology to foreign firms that make and sell the MNCs products.
4. Establishes foreign manufacturing facilities, but control remains at the home office.


Models of MNCs
Centralized
Regional
Multinational

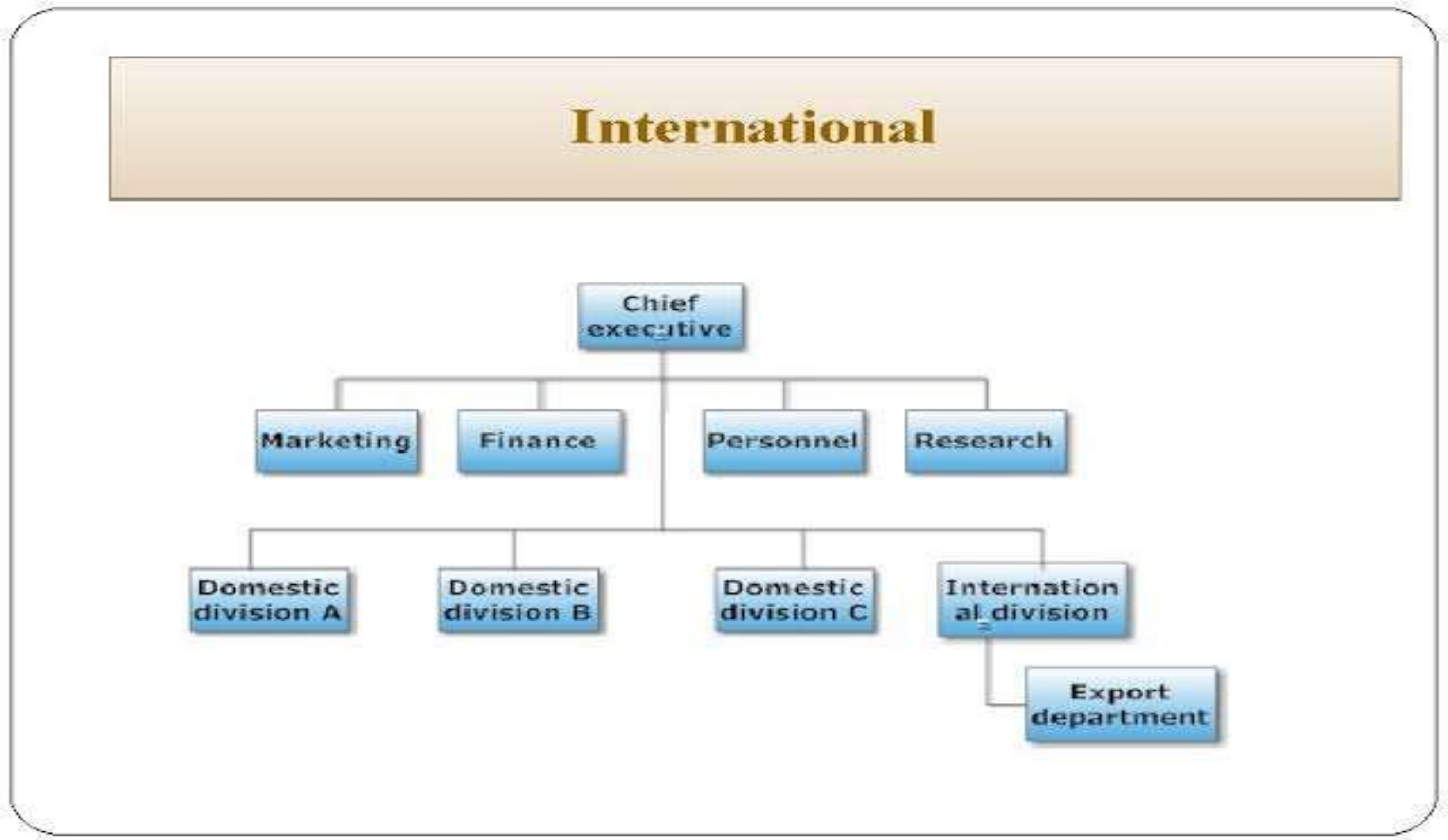
CONCEPT OF MNC's

- Corporation which owns and control business or commercial undertaking in more than one Country
- It has 20-50% of net profit comes from foreign operations
- Whole Management Control by one unit
- **Characteristics of MNC's**
- Hold up International Operations
- Activities are Huge
- Structured and Systematic Management Control
- Collective Knowledge Transfer

Reasons for the Growth of Multinational Corporations

- a) Huge financial resources.
- b) More effective and economical utilisation of funds through transfer of excess funds from one country to another.
- c) Easy access to foreign capital markets.
- d) Easy mobilisation of high quality resources of different types.
- e) Access to international banks and financial institutions.

ORGANIZATIONAL STRUCTURE OF MNC'S



Types of multinational corporations

- Decentralized corporation
- Global centralized corporation
- International division
- Transnational enterprise

Role of MNCs in Developing Countries

- MNCs help a developing host country by increasing investment, income and employment in its economy.
- They contribute to the rapid process of development of the country through transfer of technology, finance and Tnodern management.
- MNCs promote professionalisation management in the companies of the host countries.
- MNCs help in promoting exports of the host country.
- MNCs by producing certain required goods in the host country help in reducing its dependence on imports.

Role of MNCs in Developing Countries

- Entry of MNCs in the host country makes its market more competitive and break the domestic monopolies.
- MNCs accelerate the growth process in the host country through rapid industrialisation and allied activities.
- The growth of MNCs creates a positive impact on the business environment in the host country.
- MNCs bring ideas and help in exchange of cultural values.
- Growth of MNCs help in improving the balance of payment status of the host country.

Advantages & Disadvantages of MNCs -

Advantages	Disdvantages
1. Wider consumer base: The multinational corporations enjoy a larger pool of potential customers globally.	**1. Uncertainty:** MNCs often scale their production facilities and can shut down operations in any situation of economic uncertainty.
2. Accesses to Labor: An MNC can set up its manufacturing units in countries with cheap labor.	**2. Control:** Though MNCs follow the governments, but sometimes they behave slightly differently.
3. Taxes and Other Costs: Many countries offer tariff reductions on exports and imports.	**3. Environmental costs:** Having an MNC in developing economy with weak environmental laws can increase the cost of maintaining the environment for the country.
4. Economies of scale: Companies that can grow in size will benefit from lower long-term average costs.	**4. Environmental imbalance:** MNCs can create environmental imbalances by extracting natural resources.
5. Outsourcing: An MNC can outsource labor intensive production in countries with cheaper labor costs.	**5. Killing Domestic Producers:** MNCs can kill the domestic organizations while competing.
6. Overall Development: The level of employment and income level of the host country increases.	**6. Profit Repatriation:** MNCs can repatriate their profits to their country of origin, thereby depriving host countries of new investment opportunities.
7. Technology: The industry receives the latest technology from foreign countries.	**7. Skilled labor:** MNCs may have to recruit skilled labor from other countries. This means that local workers do not receive the best jobs, which can influence unemployment.
8. Employment of skilled labor: A multinational can hire specialists from around the world.	

For Host Country

Advantages of MNCs	Disadvantages of MNCs
Gets latest technology and management expertise	MNCs may transfer technology which has become outdated
Domestic Trade is increased	May kill domestic industry through monopoly
Level of Industrial and economic development increase due to growth of MNC	A large sum of money flows to foreign country in form of profit, dividend etc
Employment and income level increases	Uses natural resources of the country and causes depletion

Meaning & Definition of FDI

➢ **IMF Definition**

- FDI refers to the **net inflows** of investment to acquire a lasting management interest (**10 percent** or more of voting stock) in an enterprise operating in an economy other than that of the investor. It is the sum of

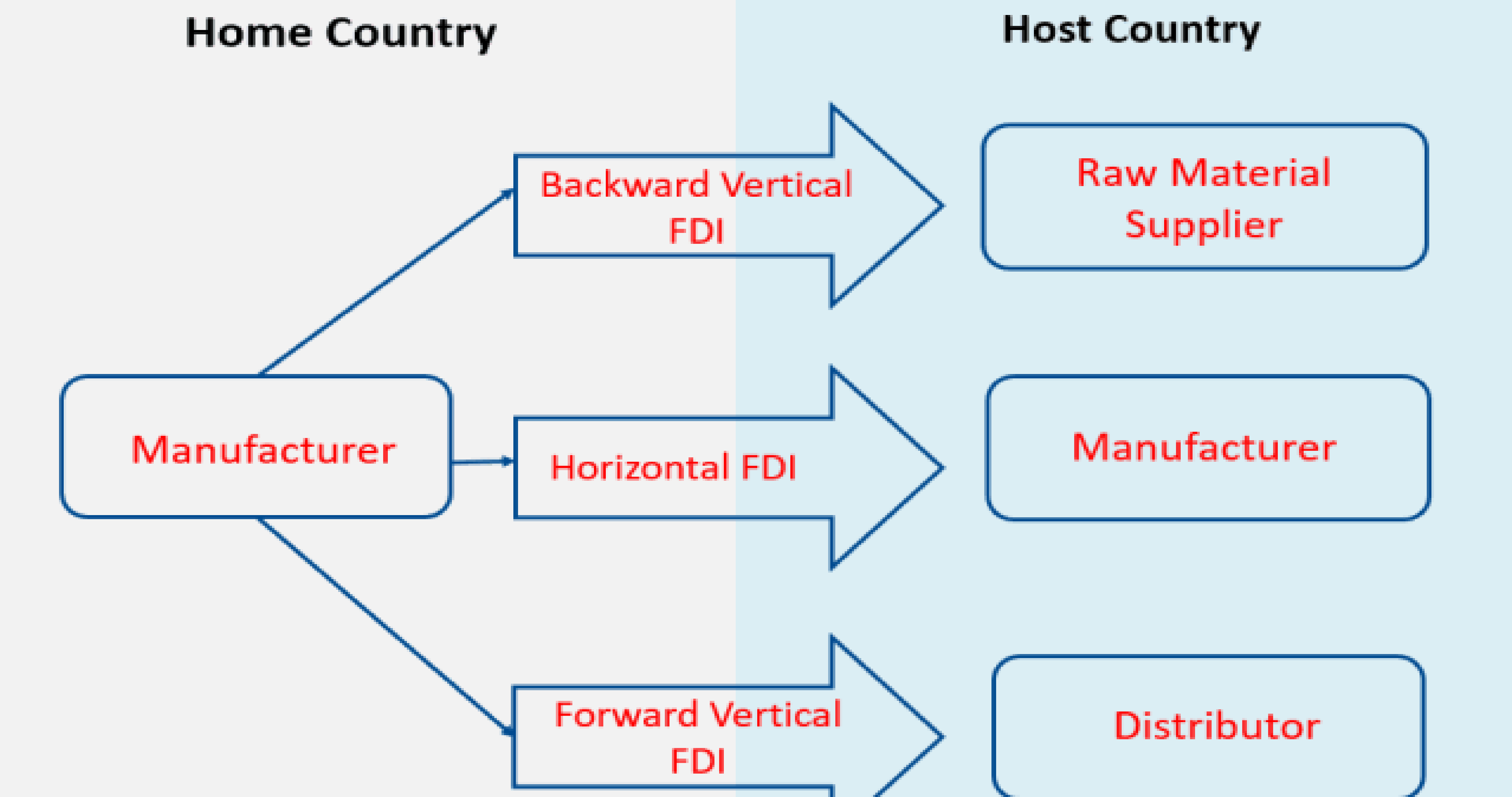
➢ **Department of Industrial Policy & Promotion (DIPP)**

- FDI' means investment by non-resident entity/person resident outside India in the capital of an Indian company under Schedule 1 of Foreign Exchange Management Regulations 2000".

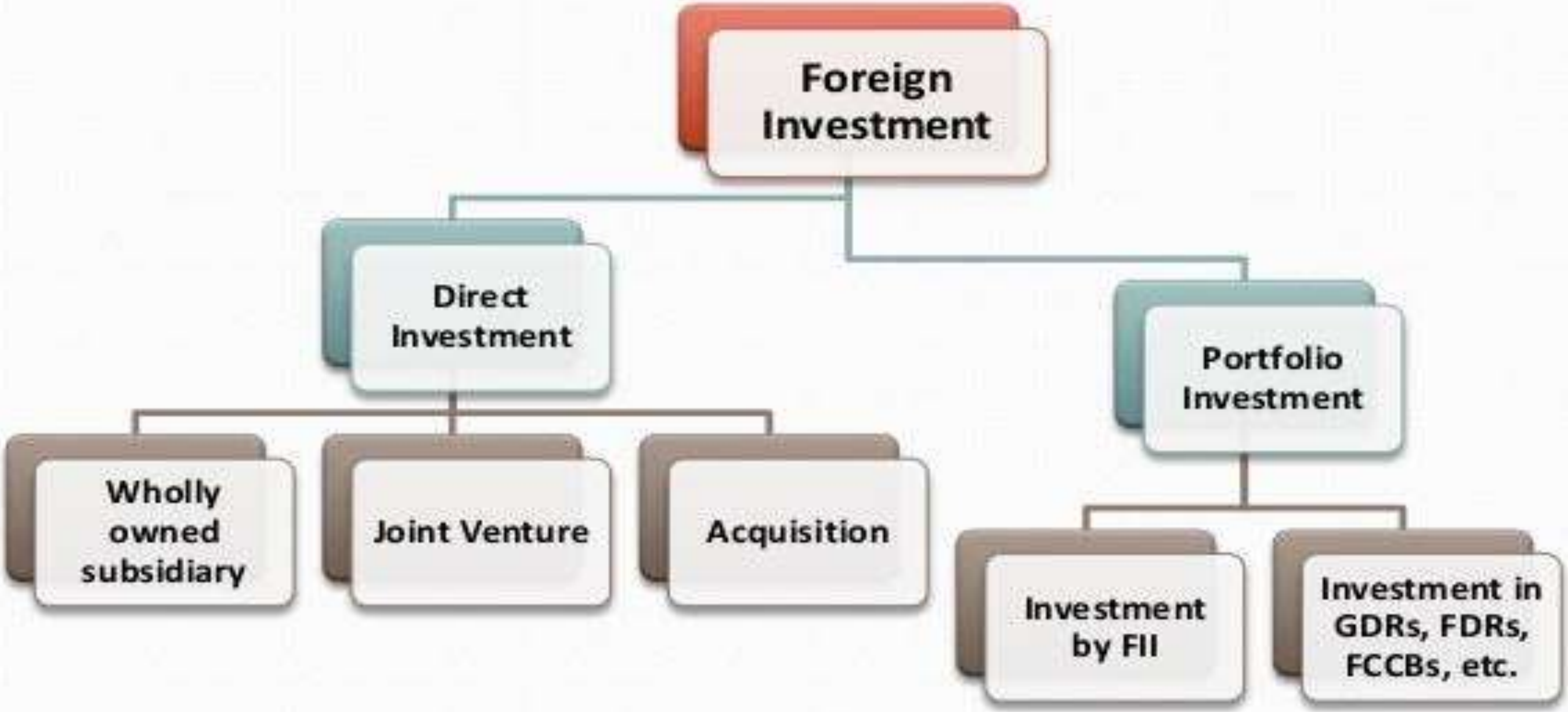
Foreign Direct Investment

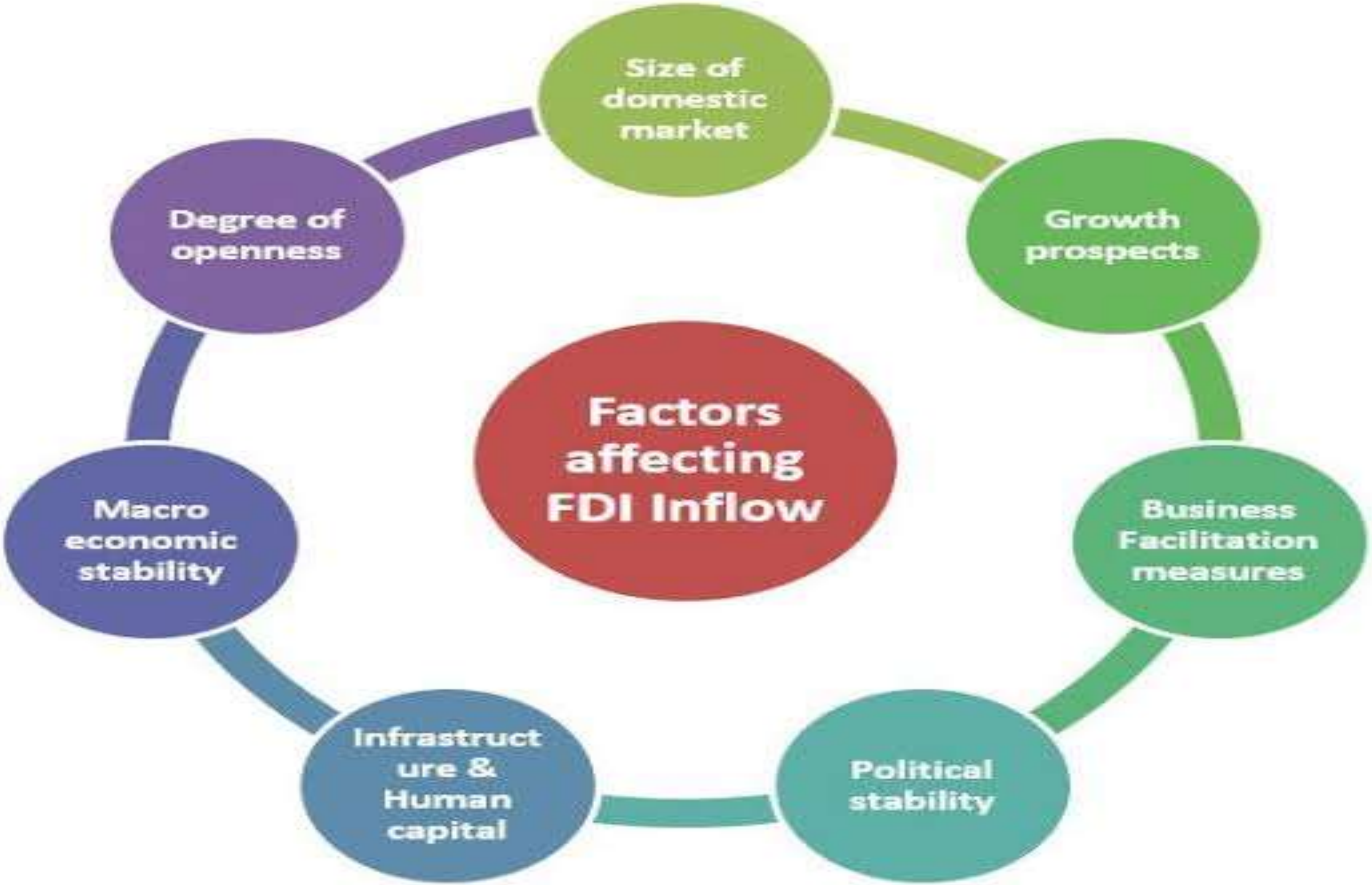
- **General Definition**
  - Direct investments in productive assets in a foreign country.
- **Practical Definition**
  - Many countries differentiate between portfolio investment and FDI using the 10% rule.
  - Often, requires investment □10% of total capital of company to be considered FDI.

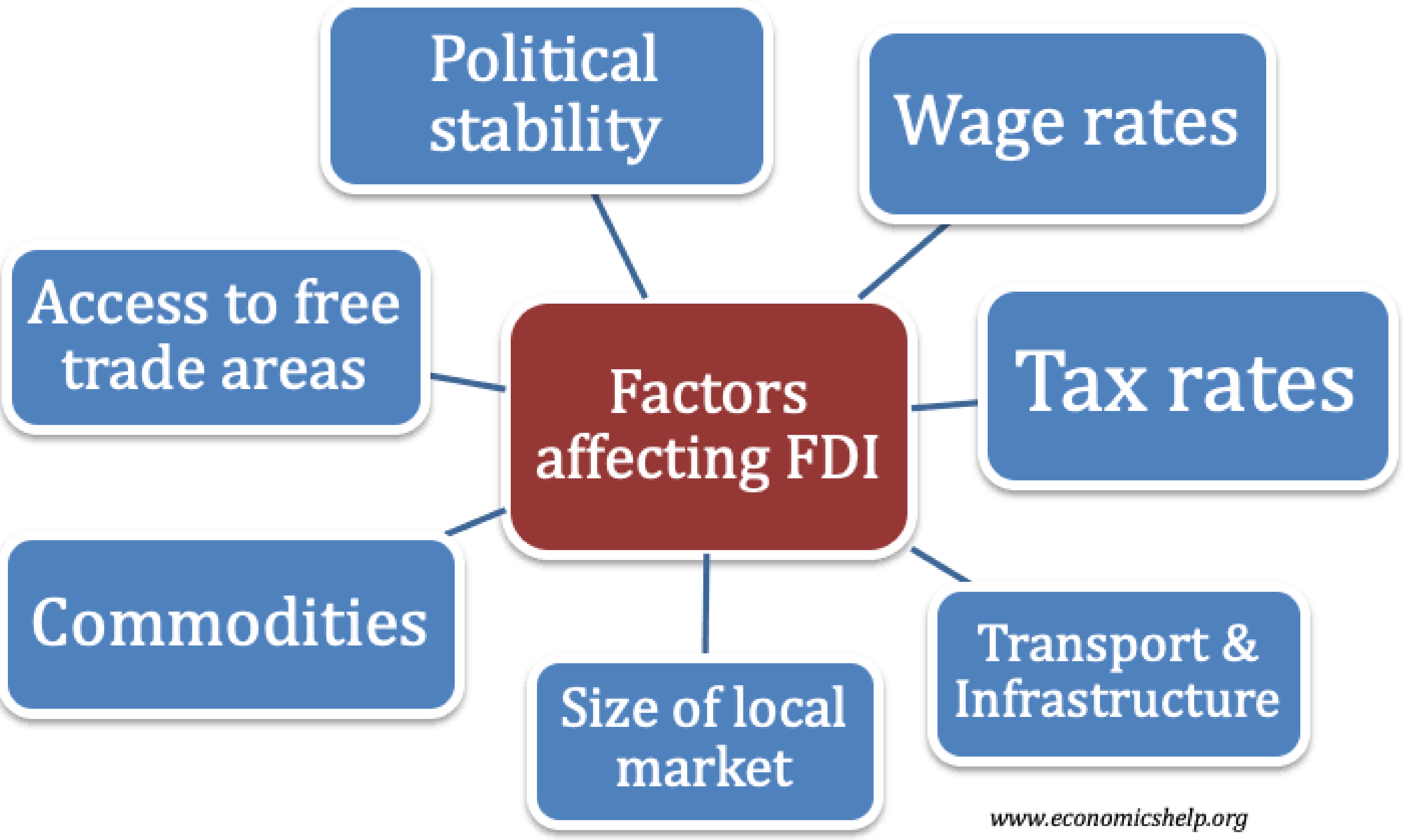
Foreign Direct Investment (FDI)



Types of Foreign Investment




Factors affecting FDI Inflow
Size of domestic market
Growth prospects
Business Facilitation measures
Political stability
Infrastructure & Human capital
Macro economic stability
Degree of openness


Political stability
Wage rates
Access to free trade areas
Factors affecting FDI
Tax rates
Commodities
Size of local market
Transport & Infrastructure
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Some reasons for FDI

- Increase sales and profits.
- Enter rapidly growing markets.
- Reduce costs.
- Gain a foothold in economic blocs.
- Protect domestic markets.
- Protect foreign markets.
- Acquire technological and managerial know-how.

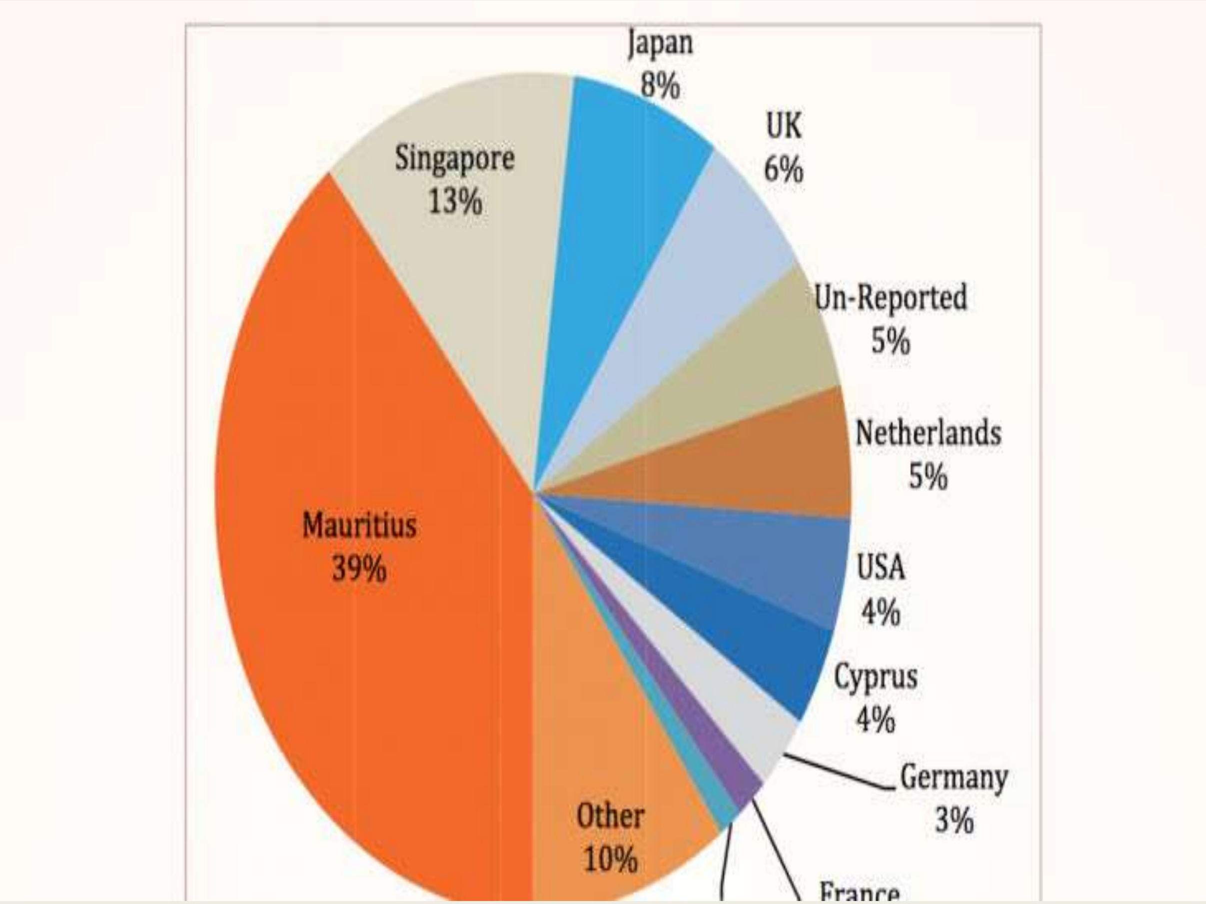
Theories of FDI

Agarwal(1980):

1. Theories assuming perfect markets
2. Theories assuming imperfect markets
3. Other theories
4. Theories based on other variables

FDI in India

- FDI is an important monetary source for India's economic development. Economic liberalisation started in India in the wake of the 1991 crisis and since then, FDI has steadily increased in the country. India, today is a part of top 100-club on Ease of Doing Business (EoDB) and globally ranks number 1 in the greenfield FDI ranking.



India Foreign Direct Investment 2015-2018

- India foreign direct investment for 2019 was **$50.61B**, a **20.17% increase** from 2018.
- India foreign direct investment for 2018 was **$42.12B**, a **5.38% increase** from 2017.
- India foreign direct investment for 2017 was **$39.97B**, a **10.1% decline** from 2016.
- India foreign direct investment for 2016 was **$44.46B**, a **1.02% increase** from 2015.

UNIT 4
INTERNATIONAL MARKETING

What Is International Marketing?

- **International marketing** -

  the process of planning and conducting transactions across national borders to create exchanges that satisfy the objectives of individuals and organisations

  "satisfaction" and "exchange"

- **Forms** - export-import trade, licensing, joint ventures, wholly owned subsidiaries, turnkey operations, management contracts

Objective of International Marketing

- To develop skills, creating marketing challenges & Opportunities.
- To gain experience in developing marketing strategies.
- To gain verbal, written skills for communication
- To have decision making ability
- To be ethical in practice and urge to learn more on marketing management.


Export
Take Over
Import
International Marketing
Direct Investment
online strategy
Partnership
Franchising
Licensing

Market entry strategies

GLOBALIZATION OF MARKETS

- Globalization of markets refers to the process of integrating and merging of the distinct world markets into a single market. This process involves the identification of some common norm, value, taste, preference and convenience and slowly enables the cultural shift towards the use of common product or service.

Globalization of Markets

Benefits of Globalization of Markets

- Reduces marketing costs
- Creates new market opportunities
- Local buyers' needs
- Global sustainability

What is global brand in international marketing?

- Global branding refers to **the management of a brand in different regions of the world, intending to increase its strength and recognition in the markets in which it operates**. This strategy may also be called global branding or international branding.
- Global branding involves planning how the brand wants to be perceived worldwide and how it will position itself in each market to generate such perception.

International Pricing

- Setting and changing prices are key strategic marketing decisions
- Prices both set values and communicate in international markets
- An offering’s price must reflect the quality and value the consumer perceives in the productIn setting a price in international markets, different tariffs, costs, attitudes, competition, currency fluctuations, and methods of price quotation need to be taken into account.

Pricing Objectives

- The more control a company has over the final selling price of a product, the better it is able to achieve its marketing goalsIt is not always possible to control end prices
- Broader product lines and the larger the number of countries involved, the more complex the process of controlling prices charged to the end user

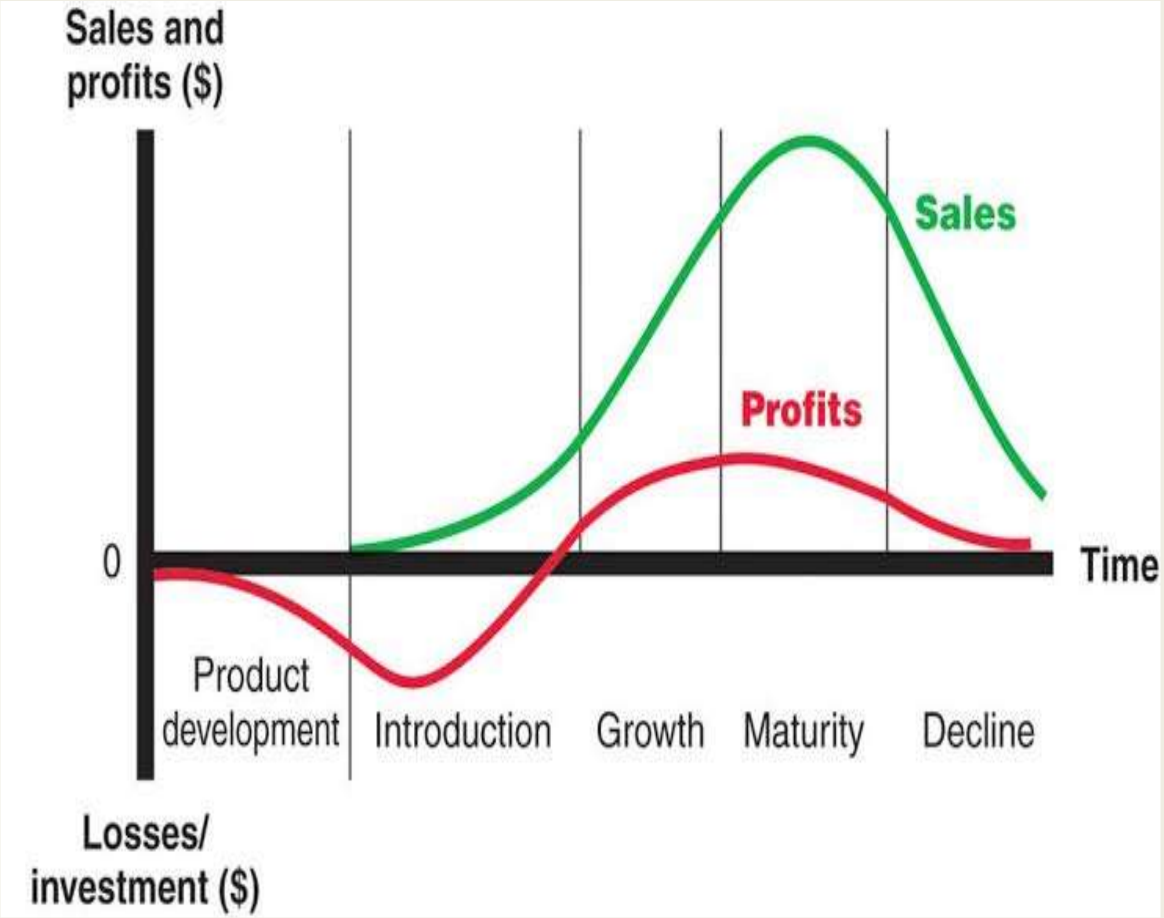

Pricing Strategies
Penetration Pricing
Freemium Pricing
Premium Pricing
Pricing Skimming
Economy Pricing
Bundle Pricing
Psychological Pricing
Promotional Pricing
Dynamic Pricing
Pay What You Want

Approaches to International Pricing

- Full-Cost Pricing: no unit of a similar product is different from any other unit in terms of cost, which must bear its full share of the total fixed and variable cost.
- Variable-Cost Pricing: firms regard foreign sales as bonus sales and assume that any return Over their variable cost makes a contribution to net profit
- Skimming Pricing: This is used to reach a segment of the market that is relatively price insensitive and thus willing to pay a premium price for a product
- Penetration Pricing: This is used to stimulate market growth and capture market share by deliberately offering products at low prices

Product life cycle

- The **product life cycle** contains four distinct stages: introduction, growth, maturity and decline. Each stage is associated with changes in the product's marketing position. You can use various marketing strategies in each stage to try to prolong the life cycle of your products.



Product life cycle strategies

1. Product introduction strategies

Marketing strategies used in the **introduction stages** include:

- rapid skimming - launching the product at a high price and high promotional level
- slow skimming - launching the product at a high price and low promotional level
- rapid penetration - launching the product at a low price with significant promotion
- slow penetration - launching the product at a low price and minimal promotion

During the introduction stage, you should aim to:

- Establish a clear brand identity
- connect with the right partners to promote your product
- set up consumer tests, or provide samples or trials to key target markets
- price the product or service as high as you believe you can sell it, and to reflect the quality level you are providing

Product growth strategies

- Improving product quality
- adding new product features or support services to grow your market share
- entering new markets segments
- keeping pricing as high as is reasonable to keep demand and profits high
- increasing distribution channels to cope with growing demand
- shifting marketing messages from product awareness to product preference
- skimming product prices if your profits are too low

Product maturity strategies

Common strategies that can help during this stage fall under one of two categories:

- Market modification – this includes entering new market segments, redefining target markets, winning over competitor’s customers, converting non-users
- product modification – for example, adjusting or improving your product’s features, quality, pricing and differentiating it from other products in the marking

Product decline strategies

At this stage, you will have to decide what strategies to take. If you want to save money, you can:

- Reduce your promotional expenditure on the products
- reduce the number of distribution outlets that sell them
- implement price cuts to get the customers to buy the product
- find another use for the product
- maintain the product and wait for competitors to withdraw from the market first
- harvest the product or service before discontinuing it

Market intelligence

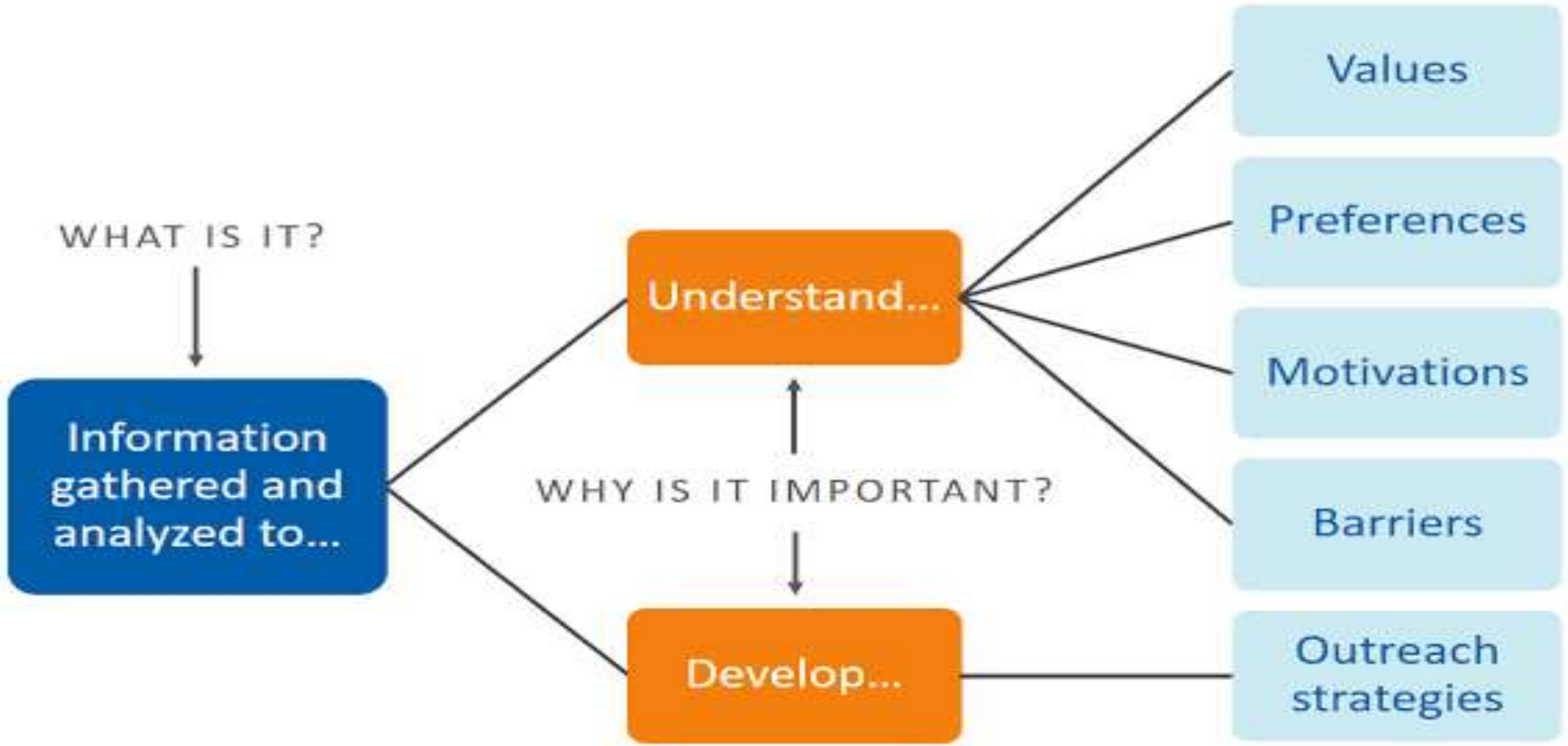
Definition:

Marketing intelligence is the external data collected by a company about a specific market which it wishes to enter, to make decisions. It is the first set of data which the company analyses before making any investment decision.

Why is marketing intelligence important to our business?

Market intelligence enables you to become more customer-centric, gain a better understanding of market demands and consumer views, gather real-time relevant data, increase upselling chances, minimize risks, increase market share, and gain a competitive edge.

Market intelligence




Market Intelligence
Acquisitions
Pricing
Key Product Concerns
Brand Awareness
Competitor Intelligence
Brand Loyalty
Product Intelligence
Technology Trends
Market Features
Investments
Market Intelligence
Strategy
Market Segmentation
Market Share
Customer Preferences
Market Research
Market Size
Customer Feedback
Market Analysis


Market
Intelligence
Competitive
Insight
Market
Insight
Competitor
Intelligence
• Investments
• Organization Changes
• Corporate Strategy
• Acquisitions
• Key executive profiles
Product
Intelligence
• Pricing
• Product Introductions
• Product Promotion
• Specification
Comparisons
• Cost Structure
Market
Understanding
• Market Size
• Market Forecasts
• Technology Trends
• Segmentation
Customer
Insight
• Brand Preference
• Loyalty Rates
• Purchase Dynamics
• Brand Awareness
• Brand Consideration
• Key product concerns


Customers
Sales Force
Customer Advisory Panel
Market Intelligence
Government Resources
Suppliers
Internet
Retailers and Distributors

International Marketing Systems

- International Marketing Systems is an all-in-one sales, service, and logistics solutions provider for the e-commerce industry. Our team has extensive experience and training dealing with web-based businesses and their customers.

Types of International Marketing Systems

- Manufacturer to Customers
- Manufacturer to Retailers to Customers
- Company to wholesaler to Consumer
- A long, long path

UNIT 5
CONFLICT MANAGEMENT AND ETHICS IN INTERNATIONAL BUSINESS MANAGEMENT

What Is Conflict?

- A Disagreement Between Two or More Parties Who Perceive They Have Incompatible Concerns

Defining Conflict Management:-

Conflict management does not necessarily imply avoidance, reduction, or termination of conflict. It involves designing effective strategies to minimize the dysfunctions of conflict and enhancing the constructive functions of conflict in order to enhance learning and effectiveness of an organization.

CONFLICT HANDLING INTENTIONS

Approaches to Conflict Management

Interpersonal Conflict Management Approaches

- Forcing
- Collaborating
- Compromizing
- Avoiding
- Accommodating

Structural Conflict Management Approaches

- Reduction in Interependence
- Reducation in Shared Resources

Exchange of Personnel

- Creation of Special Integrators
- Reference to Superior's Authority

Conflicts in International Business

- Business and financial institutions have an important role to play in avoiding or resolving conflicts that are associated with economic production.
- International conflict is the clash of interest between the host country, home country and MNC or the firm related to these two countries.

Sources of Conflict in International Business

- Host Country Factors
- Home Country Factors
- Combined Factors

Types of Conflict

Conflict resolution

- Conflict management does not imply conflict resolution.
- Conflict management minimizes the negative outcomes of conflict and promotes the positive outcomes of conflict with the goal of improving learning in an organization.
- Properly managed conflict increases organizational learning by increasing the number of questions asked and encourages people to challenge the status quo.

Conflict Resolution Actions in IB

- Contracts
- Resolving Disputes
- Local Courts & Local Remedies
- Principle of Comity
- Litigation

Negotiation in International Business

- Negotiation is face to face decision making process between parties concerning specific products. – J.L. Graham
- Negotiation is any form of meeting or discussions in which you and/or the persons you are in contact with use argument and persuasion to achieve an agreed decision or action. – Alan Fowler
- Negotiation can be between home and host Government, foreign company and local company, foreign company and host country Government and the company with its home Government

Negotiation Framework

Identify or anticipate a purchase requirement

↓

Determine if negotiation is required

↓

Plan for the negotiation

↓

Conduct the negotiation

↓

Execute the agreement

The Negotiation

The role of international organizations in the world today

- The core business of international governmental organizations are the ones that only the state can not engage in self
- the principle of subsidiarity, the state delegates to institutions created by an international organization authority to address a particular issue
- a number of international governmental organizations implemented the principle of supra-nationality, when they are empowered to adopt decisions binding on member states (European Union)

ETHICAL ISSUES IN INTERNATIONAL BUSINESS

The most common ethical issues in business involve:

- employment practices
- human rights
- environmental regulations
- corruption
- the moral obligation of multinational companies

Ethical Decision Making

- Five things that an international business and its managers can do to make sure ethical issues are considered
  - Favor hiring and promoting people with a well-grounded sense of personal ethics
  - Build an organizational culture that places a high value on ethical behavior
  - Make sure that leaders within the business not only articulate the rhetoric of ethical behavior, but also act in a manner that is consistent with that rhetoric
  - Implement decision-making processes that require people to consider the ethical dimension of business decisions
  - Develop moral courage

Making Ethical Decisions

- Making good ethical decisions to solve Ethical Dilemma requires a trained sensitivity to ethical issues and a practiced method for exploring the ethical aspects of a decision.
- Having a method for ethical decision making is absolutely essential.
- Ethical decision should be based on ethical principles and codes rather than on emotions, thoughts, fixed policies.

Ethical Decision Making

- Hiring and promotion
- Organizational culture and leadership
- Decision making process
- Ethics officer
- Moral courage

Framework for Ethical Decision Making

- Step 01: Describe the problem
- Step 02: Determine whether there is an ethical issue or an ethical dilemma
- Step 03: Identify and rank the key values and principles
- Step 04: Gather your information
- Step 05: Review any applicable Code of Ethics
- Step 06: Determine the options

How Can Managers Make Ethical Decisions?

- **Question:** How can managers ensure that ethical issues are considered in business decisions?
- **To encourage ethical decision making, firms should:**

1. **Hire and promote people** with a well grounded sense of personal ethics.
   – refrain from promoting individuals who have acted unethically
   – prospective employees should find out as much as they can about the ethical climate in an organization prior to taking a position

How Can Managers Make Ethical decisions?

2. Build an organizational culture that places a high value on ethical behavior

- articulate values that place a strong emphasis on ethical behavior
- emphasize importance of **code of ethics** - formal statement of the ethical priorities a business follows to
- implement a system of incentives and rewards that recognize people who engage in ethical behavior and sanction those who do not

How Can Managers Make Ethical decisions?

5. Put decision making processes in place that require people to consider the ethical dimension of business decisions
   - **ask whether :**
     - decisions fall within the accepted values of standards that typically apply in the organizational environment
     - decisions can be communicated to all stakeholders affected by it
     - if colleagues would approve of decisions