

## WHAT IS GLOBAL BUSINESS?

Global business consists of transactions that are devised and carried out across national borders to satisfy the objectives of individuals, companies, and organizations. These transactions take on various forms, which are often interrelated. Primary types of international business are import-export trade and foreign direct investment (FDI). The latter is carried out in varied forms, including wholly owned subsidiaries and joint ventures. Additional types of international business are licensing, franchising, and management contracts.

As the definition indicates, and as for any kind of domestic business, “satisfaction” remains a key tenet of global business. Beyond this, because transaction environmental factors, to different constraints, and to quite frequent conflicts resulting from different laws, cultures, and societies. The basic principles of business still apply, but their application, complexity, and intensity vary substantially. To operate outside national borders, firms must be ready to incorporate international considerations into their thinking and planning, making decisions related to questions such as these:

- How will our idea, good, or service fit into the international market?
- Should we enter the market through trade or through investment?
- Should I obtain my supplies domestically or from abroad?
- What product adjustments are necessary to be responsive to local conditions?
- What threats from global competition should be expected and how can these threats be counteracted?

When management integrates these issues into each decision, international markets can provide growth, profit, and needs satisfaction not available to those that limit their activities to the domestic marketplace. The aim of this book is to prepare you, as a student of international business, to participate in this often complex decision process.

Czinkota, Michael R., Ilkka A. Ronkainen and Michael H. Moffett. Fundamentals of International Business. Mason: South-Western, 2004.