Victoria University

of Bangladesh

Assessment Topic:

Mid Assessment

Course Title: International Business

Course Code: IBS-433

Submitted To:

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Answer to the question no-2

Ans:- Brief history of International Business:- International business is defined as the transactions that are carried out across national borders to fulfill the objectives of individuals, companies and organization. The different modes by which international business is being done are import, export trade, foreign direct investment, licensing franchising and management contracts. Over the last five decades international trade and investment have grown faster than the domestic economic. International business facilities flow of idea, services and capital across the globe. The result is higher levels of innovation, faster dissemination of goods and information worldwide, more efficient use of human capital and improved access of financing.

International business has been conducted by nations and individuals. In many instances, international business itself has been a major force in shaping borders and changing world history.

P.T.O

As an example, international business played a vital role in the formation and decline of the Roman Empire, whose impact on though, knowledge, and development can still be felt today. Although we read about the marching of the Roman legions. The Romans used the Pax Romana or Roman peace as a major stimules.

A second stimules was the use of common coinage which simplified business transactions and made them comparable throughout the empire. In addition Rome developed a systematic law, central market locations though the founding of cities and an effective communication system. International business flourished within empire and the improved standard of living within the empire became apparent to those outside. Soon city nations and tribes that were not part of the empire decided to join as allies. They agreed to pay tribute and taxes becuse the benefits were greater than the drawbacks.

The fact that international business was one of the Primary factors that held the empire together can also be seen in the decline of Rome. The Roman peace was no longer enforced the use and acceptance of the common coinage had declined and communications no longer worked as well. Therefore, affiliation with the empire no longer offered the benefit of the past. Former allies who no longer saw any benefits in their association with Rome.

P.T.O

While Roman authority and prosperity were firmly established in the Mediterranean, trade flourished and even extended through the Red Sea and Indian Ocean and, indirectly as far as China, where the Han Empire provided a similar stability for nearly four centuries. Under their rules trade expanded with the development of a system of trade routes to central Asia that became know as the Silk Road.

~~Trade become~~
Trade between the Roman and Chinese empires was not direct and occurred though many intermediaries in India, Arabia and central Asia. Suppliers and recipients may not have even known of each others even though they became highly dependent on the other. Today many people may not know about the activities of the Deutsche Bundesbank and the European Central Bank both located in Frankfurt, Germany or the peoples Bank of China in Beiging but those institutions play an important role in the availability and interest rates of their student loans.

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Answere to the question no- 4

* Ans:- Exporting:- Exporting goods and services that are produced in our country and sold to buyers in another. Exports along with imports make up international trade. Instead of confining itself within its geographical borders, countries often intentionally seek external markets around the world for commerce, allowing greater revenue and transactional opportunities.

, Export refers to a product or service produced in one country but sold to a buyer abroad.

, Exporting can increase sales and profits if they reach new markets and they may even present an opportunities to capture significant global market share.

, Companies that export heavily are typically exposed to a higher degree ~~to~~ of financial risk.

, Exports are one of the oldest forms of economic transfer and occur on a large scale between nations.

★ Importing:- An importing is a good and service bought in one country that was produced in another. Imports and exports are the components of international trade. If the value of a countries import exceeds the value of its exports, the country has a negative ~~blance~~ balance of trade also known as a trade deficit.

/ An import is a product or service produced abroad and purchase in your home country.

/ Imported goods or service are attractive when domestic industries cannot produce similar goods and service cheaply or efficiently.

/ Free trade agreements and tairiff schedules often dictate which goods and materials are less expensive to import.

/ Economists and policy analysts disagree on the positive and negative impacts of imports.

★ Foreign Direct Investment (FDI):- Foreign Direct investment (FDI) is an ownership stake in a foreign company or project made by an investor, company or government from another country or another economies.

Owenship of ten percent or more of the voting power in an enterprise in one economy by an investor in another economy is evidence of such a relationship.

P.T.O

Foreign direct investment is a key element in international ecomic integration because it creates stable and long lasting links between ecomies. FDI is an important channel for the transfer to technology between countries, promotes international trade through access to foreign markets and can be an important vehicle for ecomic development. The indicators covered in this group are inward and outward values for stocks. flows and income by partner country and by industry and FDI restrictiveness.

☆ <u>Multinational Corporations:</u>- A multinational corporations is an organization that has assets or facitities in multiple countries. While they typially have a main office in their homo country, these organization may have offices. factories and other locations spread out across the world. To be considered a multinational corporation an organization must have at least one location in another country even if they already export goods abroad. Throughout your career, you may also hear multinational corporations referred to as MNC's, international corporations, multinational enterprise or stateless corporations. There are four types of multinational corporations.

1. Decentralized Corporation.
2. Global Centralized Corporation.
3. International division.
4. Transnational enterprise.

(P.T.O)

* Franchising:- Franchising is based on a marketing
concept which can be adopted by an organization as a
strategy for business expansion. where implemented, a
franchisor licenses some or all of its know how, ~~Prodt~~
procedures, intellectual property, use of its business
model, brand, and rights to sell its branded products and
services to a franchisee. In return the franchisee pays
certain fees and agrees to comply with certain obligations,
typically set out in a franchise agreement.
Franchising is rarely an equal partnership. especially in
the typical arrangement where the franchisee is an
individual, unincorporated partnership or small privately
help corporation, as this well ensure the franchisor has
substantial legal and economic advantage over the
franchisee. under specific circumstances like transparency,
favourable legal conditions, financial means and proper market
research, franchising can be a vehicle of success for both
a large franchisor and a small franchisee.
Thirty six countries have laws that explicitly regulate
franchising with the majority of all other countries
having laws which have a direct or indirect effect on
franchising.

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