

A conceptual study on the international business among asian countries for the past five years

(2016-2021)

Ms.A.savitha¹, Senthamil.B², Sruthi.S³, Tarunika.B⁴, Vignesh.KS⁵

¹Assistant Professor, Department of Commerce Business Application, Sri Krishna Arts and Science College, Coimbatore 641008

^{2,3,4&5}Students of B. Com AF, Department of commerce Business Application, Sri Krishna Arts and Science College, Coimbatore 641008..

¹savitha@skasc.ac.in

Abstract

The economic activity, goods, innovations, investment and/or expertise across national borders and on a global or transactional scale is known as international business. It comprise the transfer of commodities and services between two or more countries across international borders. Globalization is another term for international business. To do business internationally, multinational corporations must connect separate national market into single global marketplace. There are two macro-scale factors that highlight the trend toward greater Globalization. The first step is to remove barriers to cross-border trade (e.g., free flow of goods and services, and capital, referred to as “free trade”). the second factor is technological progress.

There have been shifts in the core unit of analysis as the field of international business has matured. First, there was a country-level analysis using national trade and foreign direct investment statistics (FDI). the focus then shifted to the multinational enterprise (MNE) and the firm-specific advantages of the parent company (FSAs). eventually, the MNE was examined as a network, and the subsidiary was examined as a unit of analysis.

We all are mindful that Asia is becoming increasingly important as a producer of more and more of the world’s goods and services. Asian markets are expanding rapidly in aspects of both size and importance. International trade means the transfer of the investments, products, and services across international borders or territories. When trading partners invest heavily in goods, they benefit from each other’s competence. Low prices are one of the advantages of the trade.

Asia has a striking economic growth for the past 50 years and have a fast moving and competitive business. In this paper we have made a detailed study on the shift in international business among Asian countries for the past 5 years (2016-21). though there is a pandemics situation, the international business has a significant importance in the economy and have shifted the core unit of analysis. Hence, this paper tends to provide the general characteristics and key areas of these and to give a knowledge about the frame work of the international business in Asian countries.

Keywords: International business, Asian country, trade, economic growth, globalization

Introduction

International business as a discipline was established in a late 1950s and 1960s this year 2021 marks the 30th year of establishment of the international business formal assessment. The impact of the human activity of the condition of international business the total of all external forces working upon the resolute and determined manner as it goes about its sequence of even in foreign and local market it conducts business transaction all over the country. The transaction includes transfer of goods, technology, managed knowledge, and capital to other market. The truth that the transactions are across national border highlights the difference between domestic and foreign business.

International business consists of buying, selling and carried out across the national boundaries to satisfy the objectives of individuals or organization it consists of all commercial transaction that take place between two or more countries regions and nations further side of their political boundaries. transaction of economical wealth includes capital, skill, and labor for international business of physical goods and services

such as finance, banking, insurance, and construction etc. These companies believe that the practices legally take in domestic business, the people and the products of domestic business are higher in rank to those other countries. The focus of these companies is domestic, but it expands the wings to the international companies.

All value adding activity including sourcing, manufacturing, and marketing can be performed in the business location. A fundamental shift is occurring in the world academy. The subject of cross-border trade can be products goods and services, capitals, skills, technology, know-how and labor. In case of the increase in international business activities. Many employees expect employees to have a tolerance of the global workplace. This is especially so as more local national organizations business dealings with other countries. International business dictates the organization replenish employees who are prepared to be involved in jobs that cross the international boundaries which may require them to live and work. Despite globalization and the growing importance of international business enterprises in economic and social development.

Globalization can be defined as the opening of superior local and nationalistic outlook of an independent of world global, market with free transfer. In political economy state distribute power for a particular purpose. It is referred as divided between relational power. The world had been changing obviously in the past 50 years ago, business where largely localized and give more stable markets. We review the development of international business strategy research over the past half century with a particular value on the past 3 decades. And overview of international business, to understand the meaning of business and look at the different varieties of international business activities and to describe the growth level of international business in last 50 years.

Purpose Of The Study

The main aim of this paper is to provide a wide range of knowledge about globalization and its impact on worldwide business it is an immense range of business activities involving the exchange of goods and services. New competition for existing customers in local markets, adjusting products to local taste and cultural unusual habit. Cost of meeting a multitude of local, national laws rules and regulation. Global markets are faced with various hinderance ranging from the structure of the global financial markets to the foreign policies. Business is not easy to undertake as it faces a lot of uncertainties and political environment cultural, diversity and taxation and other legal obstacle.

A firm's competence to trade goods and services to foreign countries, transfer their production to other countries and pick up the knowledge from the abroad on the efficiency of operation therefore business industries need to bare in mine and take notes on any changes globalized business entity when executing any adjustment and firm's decision and in administering current international operation. The challenges are dynamic and vary in nature according to the participating countries and the different type of goods and services that the country trade in the company should make a better analysis of their strength, weakness, promotions and treats before engaging in business risks. If well managed the strategy constitutes a competitive benefit for both sites.

Review On Literature

A conceptual approach on assessing the cultural impact defers that Asian Market Culture can be understood on the basis of Cultural Groupings than political and artificial national boundaries (Assessing the impact of Culture on Relationship Creation and Network Formation in emerging Asian Markets (2006): Fletcher, Richard; Fang, Tony)

According to William Scheela & Thawatchai Jittrapanun (Do institutions matter for business angel investing in emerging Asian Markets (2012)) Institutional Theory used as the framework on the Business Angel research to an emerging economy. By conducting an interview to study the research strategy and adopted a mixed method research design to further analyze the data which gave a strong investment return.

When the stock prices are analyzed to test for world-wide market efficiency, unit roots in the stock prices are discovered. The findings reported that, the stock prices in majority Asian markets and the US are weak-form in individual and collectively in the longer period (An Empirical Analysis of Stock Prices in Major Asian Markets and the United States (1992): Kam C. Chan, Benton E. Gup, Ming-Shiun Pan).

When it comes to Market strategy more attention is paid to the modern network approaches of globalization. And the alternatives for world-wide trade entry are categorized according to the decision determinants like hierarchical control, proximity to the market, risk of investment from the view point of corporate management involved in the world trade (Market Entry Strategies: Mario Glowik (2009)).

With the intention to find out the interactions between stock prices and exchanges rates in the South Asian Countries had an outcome that there is no causal relationship between the stock prices and the exchange rates in those countries (Evidence from Three South Asian Countries (2009); Md. Lutfur Rahman, Jashim Uddin).

M. Ayhan Kose, Christopher & Charles H. Whiteman in their books Understanding the Evolution of World Business Cycle (2008) mentioned that their findings had a result that region-specific factors play only a minor role in explaining fluctuations in economic activity.

According to Findlay (1984) and Anne Krueger (1985), important data in the field have focused on Asian experience in economic development in particular, they examined the case for Hong Kong, Korea, Singapore, and Taiwan, which have sometimes called as "Gang Of Four", These four Asian countries have attained swift and sustained economic growth over the last two decades. Findlay and Krueger concluded that, the economic growth in these four countries have resulted in the promotion of their exports (Trade and development: The Asian Experience-Ali.F. Darrat).

According to Normaz Wana Ismail, (Innovation and high -tech trade in Asian countries (2013)) Vernon theory that innovation activities are the key drivers in the export of high-tech products in Asian countries through the investments from multinational firms. As innovation exporting (production) have increased so the import of high -tech product decreases. Asian trade moved from substitution to export orientation and technology driven trade. This resulted Asian countries continuing with economic growth.

Problem Statement

Problems faced by international business:

Although international business is extremely exciting it can be risky because every country has its own government policies, law, culture, language, currency, time zones and inflation rate, navigating, problem business landscape can be difficult. As Asia is fastest growing countries in the world, it is going through period of economic liberation.

Most common problems faced by Asian countries:

1. Distance

Since international business works from other countries it makes it as an hinderance to establish it quickly and close to that place and it also involves time lack due to the distance and transportation with the greater risk.

2. Different Language

Different languages are spoken and written in different countries, price lists and catalogues are prepared in foreign languages advertisement and correspondents also to be do not in foreign language a trader wishing to buy or sell goods abroad must know the foreign language or employ somebody who knows the language.

3. Communication Gap

An effective strategy for international businesses is good communication. However, commutating across cultures can be every real challenge effective communication with client and customers abroad is essential for success in international business. And its often more than just a language barrier you to think about that.

4. Logistic Challenges

As mentioned above, the transportation involves a longer time than home industries and makes even more difficult when it is facing the natural calamities. Since the goods physically move from one country to another, it involves the custom duties and variety of other levies and charge taken together all these expenses and payments dominate the product cost and make them less competitive.

5. Risk In Transit

When compared to a home trade, foreign trade involves a larger amount of risk in it .and when these goods are shipped it is exposed to the perils of sea transportation. Many of these can be covered through marine insurances but increases the cost of the goods. Exporting is not a feasible option since every country has its own rules and policies when import restriction exit in a foreign country.in such a situation the firms have no alternative, but to opt to other entry mode. Such as licensing /franchising, in which makes it feasible to make the product available by producing and marketing it locally in foreign countries.

6. Lack Of Information

Export firms basically operate from their home country, so when their goods go to foreign countries the export firm in general do not have much contact with markets. This put the export firm in a disadvantages position as they have local firms which are every near to the customers and can understand better and serve them.

When it comes to foreign trade, there is an additional risk of credit worthiness of the buyers. Hence the necessary steps must be taken to avoid these steps.

7. Import Export Restrictions

It is a fact that every country will charge custom duty to protect the home industries. Importer and exporter must face tariff restriction. They are required to fulfill several customs formalities and rules. Foreign trade policies, procedures, rules, and regulations differ from country to country and keep on changing from time to time.

8. Documentation

Both exporter and importer must prepare several documents which involve expenditure of time and money.

9. Study Of Foreign Markets

Every foreign market has its own characteristics. And extensive study of foreign markets is essential for success in foreign trade.it is every difficult to collect accurate and up to bate information about foreign markets.

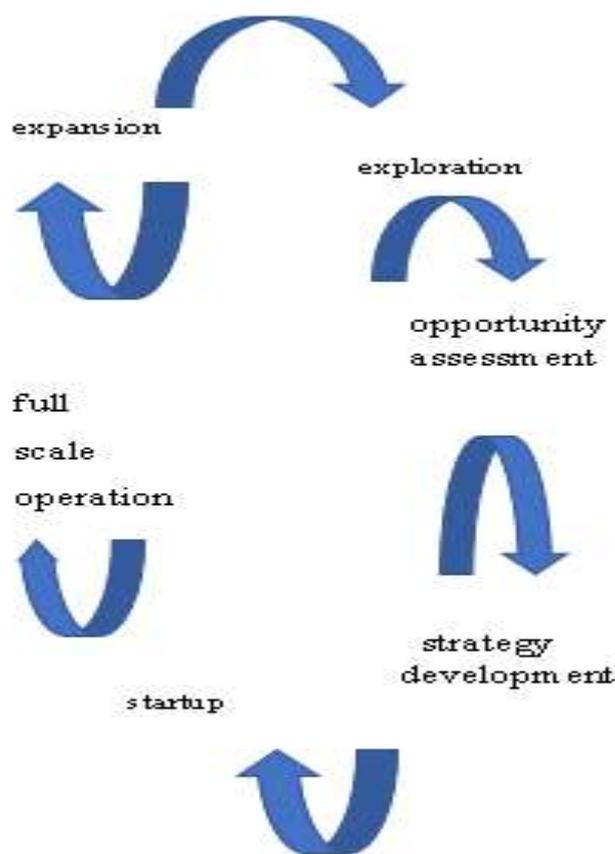
10. Payments Issues

Another barrier is currency .as every country has its own currency and has exchange rate which always fluctuates and turns out to be a key area to be notified. Remittance of money for payments in foreign trade involves in much time and expenses since there is a long gap between the dispatch and receipt of payment it may give rise to greater risk and bad debts.

11. Frequent Market Changes

It is difficult to anticipate changes in demanded supply condition abroad prices in international market frequently. Since there are new competition arises every day, this becomes a regular issue that every company must go through along with the changes in exchange rate, import duties and changes in customer's demand.

Research Methologies & Concept Issues



Asian Growth Cycle

In today's world all the company's faces a lot of provocation starting from the competition till the product launch also the shift in market trends even the popular companies must deal with the lot of hurdles the robust business model, investment plans and the balance of globe capability and relational adaptation.

As the world business has been enlarged and gathered momentum, it becomes essential to study the various problems that are bounded with the

internationalization concepts. Fortunate MNCs from the merging countries uses a wide range of modes to enter the market in many ways like exporting, joint ventures, acquisitions etc.

The line-up of Asian firms for the past decades has widened globally through FDI. Examples like China and India have an appearance of the fastest growing economy globally. Similarly, South Korea and Taiwan have also reached remarkable growth in the past decades.

Emerging markets have been attracting increasing attention from investors recently. According to IMF forecasts, the share of the markets of global GDP is approximately 55% in terms of PPP and in dollars for 40% in 2020.

For a firm internationalizing process, the important decision is to use the choices like cross-border trade, joint ventures, investment, acquisitions. The extensive strategic management and IB literature recommend that, to make it worldwide it depends on many factors like ownership, location, and international (OLI), assets, and market seeking cultural effect and political relationship. The two main important barriers that are associated with making it worldwide in Asian market enterprises (AME's) are free flow of investment at the sooth of exchange of norms and the Global Financial Crisis.

In the past few years, there was an increase in geopolitical instability, posing greater uncertainty for worldwide business and investment but due to the outbreak of global pandemic it has massively compounded the challenge to globalization and its economic networks. WTO has estimated a 9% decline in trade of goods in the year 2020 and 2021.

The outbreak has led to an extreme rise in sovereign debt across the emerging markets that is restricting will be the main priority for major countries that is incurred heavy debt.

The role of China which has its focus on human rights record and growing stand-off with the U.S and the other states of the Asian and beyond will pose a growing and generalized political risk that color the thought of any business with a worldwide presence and interest.

Conclusion

Therefore, we conclude that International Business is a much broader term and that must be investigated deeply to achieve in the business operation. And in this paper, we have made a conceptual study on how the International Business has worked and is working in the Asian Countries, also how the world-wide business has raised the country's economy by means of Globalization.

Hence, we say that the globalization has been increased our economy in the past five years (2016-2021) even though it has been affected by the out-break of this pandemic situation and have shifted the core unit of analysis.

World Trade business has succeeded as it has focus on several questions that has been arise in order to achieve the globalization throughout the Asian Countries.

Authors Profile



Ms. A. Savitha MIB., MBA.,
Assistant Professor of Commerce,
Sri Krishna arts and science college, Coimbatore.



Senthamil. B
B.com A&F
Sri Krishna arts and science college,

Coimbatore.



Sruthi. S

B.com A&F

Sri Krishna arts and science college,

Coimbatore.



Tarunika. B

B.com A&F

Sri Krishna arts and science college,

Coimbatore.



Vignesh. K.S

B.com A&F

Sri Krishna arts and science college,

Coimbatore.