International Business Essay, Research Paper

The Rise of International Business

In today s global arena, international business plays a critical role in the success and longevity of almost all business activity. The growth and expansion of international business has been dramatic in recent years, overtaking that of domestic business. While companies continue to expand sales, acquire resources, diversify sources of sales and supplies and minimize competitive risk, pursing international business has become an essential goal as well. Because international business involves a large and increasing portion of the world s total business, it is important to understand the factors responsible for this expansion.

One factor that can be held responsible for the expansion of international business is the rapid increase in and growth of today s technology. In recent years, the rate of technological advances has accelerated at a remarkable pace (Daniels and Radebaugh 7). Simple things taken for granted today has had a major impact on international business. The evolution and widespread use of the Internet has played a key role in the international business. Imagine life now without such things as email and fax machines. It is amazing how much everyday business activity relies on just those two things. Also, the advances made in transportation greatly impact the expansion of international business activity. Business travelers are now able to fly almost instantly to other countries that proves to help the global relations. Looking at the improved cost of communication, managers are able to better control foreign operations and perform business interactions. Because both transportation and communication play a vital part in the rise of international business, the advances that have been made in these areas greatly impact the international arena.

Another factor responsible for the expansion of international business is the liberalization of governmental policies on cross-border movements of trade and resources. In the past, heavy restrictions have been made along countries borders in regards to the movement of goods and services and its resources. With every country imposing such restrictions, engaging in international business has been expensive to initiate. Today, governments require fewer restrictions and barriers in regards to movement of good, services and resources that have allowed companies to pursue in international relations. Some reasons found for the lower government barriers are: the desire of citizens to access a greater variety of goods and services at lower prices; they find domestic producers will become more efficient as a result of foreign competition; and they hope to encourage other countries to reduce their barriers to international movements (Daniels and Radebaugh 8). It can be said that, due to the commencement of the World Trade Organization (WTO) in 1995, government restrictions will continue to decrease. Although more opportunity can be gained by lowering restrictions and barriers, some controversy has surfaced. In 1999, protestors voiced their opinion about this topic during a WTO meeting. Many people stated that they would rather have more restrictions than fewer in regards to cross-border movements.

The development of supporting services can also be a factor to the rise of international business. Banks have provided services that allow companies to conduct business more resourcefully and efficiently. Companies now receive payments of foreign sales without the hassle of converting foreign currency. Postal services also contribute to supporting international opportunities. Countries have the luxury of mailing items over international land without worrying about different stamps needed or payments needed to be made. With supporting services, goods are flowed more easily and less risk is taken.

Lastly, the increase in global competition has caused international business to grow. Competition induced by foreign companies tempts companies to expand its business into international markets ((Daniels and Radebaugh 9). Once products are introduced in the global market, other companies are able to encounter foreign activity as well. With production in various countries, companies are finding pressure to compete in the market.