1. INTRODUCTION TO INTERNATIONAL BUSINESS
A. Overview

B. Key concepts

C. Internationalization of companies
   C-1. Motives for internationalization
   C-2. Risks of internationalization
<table>
<thead>
<tr>
<th>Cross-Cultural Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cultural differences</td>
</tr>
<tr>
<td>Decision-making styles</td>
</tr>
</tbody>
</table>

Details in Chapter 4 - Coming soon

**Video-Session:**

**Culture - Smile School in Japan**
Country Risk

| -Unstable political system | -Unfavorable laws and regulations |
| -Inadequate legal system   | -Bureaucracy                        |
| -Protectionism and trade barriers | -Failure of the national economy |

Details in Chapters 7&8 - Coming soon

Case-Session: Bureaucracy in India

Back and forth with these papers – A Thriller

**Stars:** Officials in air conditioned offices
- Innocent citizens under the unforgiving Indian sun

**Director:** Government

**Storyline:**

On any given day, at the Registrar of Companies in Mumbai, at least 50 men carrying stacks of documents brave the unforgiving Indian sun. They queue for hours to push through the necessary paperwork to open a business in India. Many of them will have to come back repeatedly, if the countless forms they have been given by the comfortable officials in air conditioned offices have not been properly filled out.

Source: BBC 2006, “What might hold back India?” May 22

For more information: [https://www.pinterest.com/drkardes/ch-1-what-is-ib/](https://www.pinterest.com/drkardes/ch-1-what-is-ib/)

Dr. Ilke Kardes
BUSA 3000
## Financial Risk

<table>
<thead>
<tr>
<th>-Currency exposure</th>
<th>-Asset valuation</th>
</tr>
</thead>
<tbody>
<tr>
<td>-Foreign taxation</td>
<td>-Inflation</td>
</tr>
</tbody>
</table>

Details in Chapter 11 - Coming soon
June 2011

The Finnish handset maker, Nokia Corp., battered by the popularity of smartphones, is abandoning the Japanese market.

Since 1998, Nokia has been the world’s biggest seller of cell phones, but in the first quarter of 2011 Apple overtook it as the world’s top handset vendor in revenue.

Main reason: Nokia’s inability to meet modern challenges of the smartphone market.

Read more on https://www.pinterest.com/drkardes/ch-1-what-is-ib/

April 2014

Microsoft’s $7.2 billion acquisition of Nokia’s devices and services business has been completed.
### Summary: Risks in International Business

<table>
<thead>
<tr>
<th>Cross-Cultural Risk</th>
<th>Country Risk</th>
<th>Financial Risk</th>
<th>Commercial Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Cultural differences</td>
<td>- Unfavorable laws and regulations</td>
<td>- Currency exposure</td>
<td>- Weak partner</td>
</tr>
<tr>
<td>- Decision-making styles</td>
<td>- Inadequate legal system</td>
<td>- Foreign taxation</td>
<td>- Operational problems</td>
</tr>
<tr>
<td></td>
<td>- Protectionism and trade barriers</td>
<td>- Asset valuation</td>
<td>- Timing of entry</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Inflation</td>
<td>- Poor execution of strategy</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Negotiation patterns</td>
<td>- Bureaucracy</td>
<td></td>
<td>- Competitive intensity</td>
</tr>
<tr>
<td>- Ethical practices</td>
<td>- Failure of the national economy</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
IB is the process of focusing resources on global marketing opportunities.

Goal: to create customer value & competitive advantage by maintaining focus.

Challenges: Cross-cultural risks, commercial risks, country risks, financial risks.
1. Introduction: What is international business?

2. Globalization of markets and the internationalization of the firm

3. Organizational participants

4. The cultural environment

5. Ethics, sustainability, and corporate social responsibility

6. Theories of international trade and investment

7. Political and legal systems in national environments

8. Government intervention

9. Regional economic integration

10. Emerging markets

11. The international monetary and financial environment
This work is protected by United States copyright laws and is provided solely for the use of instructors in teaching their courses and assessing student learning. Dissemination or sale of any part of this work (including on the World Wide Web) will destroy the integrity of the work and is not permitted. The work and materials from it should never be made available to students except by instructors using the accompanying text in their classes. All recipients of this work are expected to abide by these restrictions and to honor the intended pedagogical purposes and the needs of other instructors who rely on these materials.