

## **Answer on Question #50662, Management, Other**

International business is not a new activity - a product of the modern times. The 'imperative' to international business may be a modern day feature; but organized international business took place even during historical times. – Substantiate this statement.

### **Explanation:**

In this paper, it is necessary to find out whether the international business solely the result of the current level of technology. As a result of our research we have to substantiate the historical roots of the formation of this type of financial relations.

Firstly we consider the definition of the International Business.

International Business is a business activity of one or another economic entity (companies, enterprises, banks, etc.) in two or more countries. This system links between economic actors in the process of international production division, the exchange of goods, services, capital, labor, etc. The purpose of the international business, as well as national it is profit. But not the actual profit, and stabilization or increase in volume (mass), and the rate of profit, that is, increase profitability, efficiency of the overall business of one or another economic entity, entrepreneur. Because it is important to identify factors that determine the formation and development of international business, as well as methods, techniques, means to achieve its main goal.

Considering the causes of the formation and development of international business, it is advisable to divide them into two groups:

- Factors that determine the necessity of (inevitable) the emergence of such a category of business;
- Factors that determines the potential feasibility of the international business.

The first group contains the following reasons:

- Sharpening of competition in domestic markets because of increased number of entrepreneurs, limited effective demand;
- The relative small domestic markets (based on population size, extent of territory, etc.);
- The limited economic resources, thus natural, material, labor, technological, financial, in the national economy;
- Imperfection of the national legal system that regulates private enterprise;
- Unevenness of the socio-economic development of countries.

To the second group belong to such reasons:

- Continued development of the productive forces, the STR, in thus in the communication system (transport, communications, information, etc.);
- Formation of large corporations, banks that own huge industrial, commercial, scientific, technical, financial resources;

- Liberalization of foreign policy of the world community, the formation of an "open economy" in most countries of the world.

The main objective of international business, the reasons for its formation and development are designate a certain system of ways, methods and means to achieve this goal. At different stages of development of an international business, this system has its own characteristics. It is important and necessary to identify the main stages in the development of international business. The main criterion of periodization of the development of international business it is advisable to take an object (sphere) international business or foreign trade. In the history of international business development are three main object of economic internationalization, globalization:

1. Scope of sharing the results of production, or international trade (of world trade).
2. Scope of the exchange of factors of production (the world's capital markets, labor, technology).
3. Scope of the actual production process.

In accordance with these objects are three stages in the development of international business. It should be noted that these objects exist at every stage of international business, but at each step as the core, defining one.

At the first stage the main international business is export-import activities of private companies or foreign markets. There are three main ways to achieve the goal of international business in this area:

- Expansion of markets;
- The acquisition of resources;
- Diversification of sources of supply and marketing.

In the second stage the main international business is the system of the international movement of financial resources (capital in various forms, foreign exchange, securities), or the financial markets. The main objective remains the same, but the means to achieve other:

- Participation in the foreign investment;
- Acquisition of financial resources;
- Diversification of sources of financing business activities in the native country and abroad.

In the third stage the main international business directly with the process of entrepreneurship. The main ways to achieve the main goal of international business at this stage is:

- The transfer of the manufacturing business abroad;
- Geographical expansion of the production area;
- Formation of the foreign sector.

It is important to note once again that at all stages of the international business takes part in all three areas, but at every stage of the overwhelming one of them.

The most important feature of international business is its economic, legal and political field competition, as well as socio-cultural background, which distinguishes it from the domestic market modern world market, despite the saturation of the norms and rules of conduct for its economic agents, the formation of international regulatory mechanisms and institutions qualitatively and quantitatively different from the internal national markets, legal operation which has a legislative nature.

The complexity of international business as a process is primarily due to the fact that the implementation of even the most competitive advantages of the ring in an international environment is carried out not by the principles and precepts of the classical theories of international trade, and on the basis of a more complex strategic behavior of the subjects of the world market. Of negative factors distort the market and the principle of interaction of subjects of international economic exchange and is able to transform even the last thing in the confrontation between the two countries.

American economist Robinson proposed periodization of the historical development of international business, includes the following periods:

Commercial era (1500-1850 biennium) - begins from the time of the great geographical discoveries and ends mid XIX. Search the huge personal benefits of trade in colonial goods in Europe, has been a powerful driving strength, which determined the development of the basic form of international trade. Business risks were also high (associated with distant sea travel), but the profit opportunity is much greater than the costs, it provides for an increase in the involvement of the very more new generation of entrepreneurs in the first international business.

Significant boost was received to the European industry, from shipbuilding and metal processing to overseas raw materials (advanced countries in the development of international business were England, Holland, Spain, Germany, and France).

For the first time the era of commerce delivered to entrepreneurs developed European countries following key issues of international management (as a system of international business management): if there is economic sense to carry on business activity and risks on a national level and outside the state, as far as can be free in their business decisions and actions by policy of the state, if he could count on her support (note resistance) that must be considered, provided and carry on business operations in order to ensure long-term profitability of these operations and the safety of their competence.

Expansion era (1850-1914 biennium) – was made the final structuring of the colonial empires against the background of rapid development of the European countries, and later in the United States caused by the industrial revolution in the early XIX and subsequent achievements of technological development The transition from export of exotic goods to overseas production of raw materials and systematic plantation economy in the colonial regions as a more favorable economic and ecological perspective spheres of foreign business.

Competitive advantages of the developed European countries were based on cheap raw materials, which are produced in the colonies. This caused the need to attract investment in the development of colonial raw materials industry at the same time increased the role of the state of colonial rule: protect the colonies from external threats and preservation of the colonial regime. Different rates of development of European countries in this period, the difference in the availability of natural resources, different levels of education and other factors helped to identify, on the one hand, the country's manufacturers of industrial products, on the other - country markets for these products (the latter produced mainly cheap agricultural products ).

During this period very accurately was determined the main reasons for the international business, which are relevant today: the using of more efficient resources (raw, natural, energy), expansion of markets, new areas of application (use) of free financial resources, the use of favorable conditions for local legislation (tax, customs, and so forth.).

The era of concessions (1914-1945) - qualitatively changed the role of large companies that operate in the colonial markets. Is formed at the concession enterprises a significant layer of native middle managers who are specially trained, often - in enterprises and educational institutions of the metropolis and the second at the same time growing national consciousness of the colonial peoples. Concession era paved the way for the self-determination of the colonial and semi-colonial countries in economic terms, and the Second World War gave a significant political impetus to these processes. On the other hand, phenomena such as the internationalization of the global labor market and increased competition on world markets of raw materials, semi-finished and finished products, the main participants are seeking to acquire a competitive advantage, taking advantage of the increasingly complex structure of international business, the approach is not only meant for the next era nation-states, but also to the globalization of business as a whole.

The era of the state nation (1945-1970 years) is the two main directions of development of international business. First, the emergence and rapid development of new states, that have received as a result of the concession era, and secondly, all the flaws of colonial economic development are from a mono-product economy in severe financial problems. This was the impetus for the solution of international business: independent states carried out an active search for markets for its exports of traditional products and the recipients have been active for any investment, which contributed to the development of international capital markets, the emergence of new financial instruments, increased the scope of the international audit and consulting. International business came to a qualitatively new level of development and therefore needed a new control system.

Globalization Era (since 1970 of the twentieth century to the present day).

Globalization is the increasing interdependence of economies, the intertwining of social and economic processes taking place in different regions of the world and encourages firms to seek better conditions of work. This period of the development of civilization in general and international business in particular is marked by revolutionary technological changes, followed by economic, social and political changes. The computer revolution and the significant

development of telecommunications almost changed the face of traditional technologies by bringing them to a new level. Today on the planet are almost no closed to international business areas. Real globalization is characterized by the fact that international economic relations have covered almost all countries, and each of them depends on international business. The consequences of this are twofold: on the one hand, the country can enjoy all the benefits without suffering the negative consequences of the lack of it in those or other resources, opportunities. On the other hand, the natural price to pay for an essential dependence on the state of world markets as a whole: it is impossible to use only the benefits of integration into the world economy; we have to take risks at the same time this process (for example, the global financial crisis).

After spending a brief history of the formation and establishment of international business, the following should be noted, the key motives of international business is quite definitely were formed in period Expansions era 1850-1914.

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