International Business Management: An Innovative Idea for Worldwide Growth of Business

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Introduction

International Organizations are considered as a bundle of resources, scattered around the globe and brought together by shared goals, common assumptions and the need to perform in a manner that assures such goals are met. In meeting goals international organizations must be both effective and efficient in the way resources are utilized.

International business (IB) has been a subject of academic research since the early twentieth century, principally focusing on trade and inter-company relations. The study of export activities, foreign direct investment, technology transfer and the management of transnational corporations (TNCs) was recognized as an appropriate and valuable goal of academic research only in the past three decades.

International Business

In International Business, some key factors are required to be considered, which if followed in specific manner will in turn give the desired results.

International Operation Management

The collection of people, knowledge, technology, and systems within an organization that has primary responsibility for producing and providing the organization's products or services is referred to as operations; the traditional way to think about operations is as a transformation process which takes a set of inputs and transforms them in some way to create outputs (goods or services - offerings) that a customer values [1]. The mechanisms transforming inputs into outputs are called processes. Operations management (OM) is the planning, scheduling, control and coordination of the activities that transform inputs into finished goods and services. Operations management is important because it can reduce costs, differentiate the organization's products and services and impact upon quality and therefore may increase revenue through increased customer satisfaction.

The fundamental role of operations is to implement corporate strategy. Operational managers are responsible for providing sufficient capacity to meet the organizations' needs. Facilities decisions are of significant strategic importance to the international organization and the operations function in particular. Such decisions place physical constraints on the amount that can be produced and may require large amounts of capital investment. One of the most important

strategic decisions made by some companies is where to locate their operations. One of the first tasks for the international organization is to determine which countries in which to operate. Frequently, the organization will identify the critical success factors needed to achieve competitive advantage. Factors such as political risk, cultural and economic issues, availability of talented human resources, the availability of supplies and energy, communication and transportation network and financial risks such as exchange rate in currency may all be considered when evaluating possible countries within which to locate.

After selecting the country (ies), the next step will be to narrow down options by selecting particular regions and will then focus on a specific site. Once a location has been selected, decisions about layout must be made. Choices of technology, production process and supporting systems also require important decisions from the operations manager. The Product development process is the overall process of strategy, organization, concept generation, product and marketing plan creation and evaluation, and commercialization of a new product. Operations managers must then decide upon which process to adopt when producing such goods and services. Process selection decisions tend to be strategic in nature, requiring a long-term perspective and cross-functional coordination. The way international businesses create products and services is known as the production process.

Ultimately, the objective of the production process is to create goods and services that meet customer requirements. A related process choice is whether the product is made-to-order (customer led) or to stock (supply led). Planning and control is concerned with operating resources on a day-to-day basis, ensuring availability of materials and other resources in order to supply the goods and services to fulfill customers' demands. The purpose of planning and control is to match supply with demand through the effective and efficient management of the operations processes. The availability of transformational resources and raw materials will impact upon the level of value added activity of which an operation is capable in any given period (Capacity).

Operations managers make decisions that are frequently oriented toward efficiency goals; Productivity is an economic measure of efficiency that summarizes the value of outputs relative to the value of inputs used to create them. The three factors critical to productivity improvements are labor, capital and management. The management of the physical flow of products from the point of origin as raw materials to end users as finished products is termed logistics. Logistics covers a wide range of business activities such as: transportation, warehousing, material handling, packaging and inventory management.

Planning for International Business

International organizations are resource systems continuously interacting with their environment - a source of opportunity, threat and constraint. The environment provides the organization with a purpose, and shapes its mission and goals. It governs what the organization will do (activities) and how it will do it. An understanding of both external and internal environments, the

requirements of significant stakeholders and the preferences and senior decision-makers shape the organizational strategy - where and how to compete, and the identification and application of required resources.

There should be clear strategy of how the international organization achieves its aims and goals. Stakeholders, other than investors, must be considered when formulating strategy and conducting business activities. Once strategy has been formed or strategic decisions made, changes must take place. Change is necessary in a dynamic environment. It should be explored what can be changed and how the international Organization can accomplish change. The role of leaders and managers should be recognized in strategy, ethical and change management and behaving responsibly. They play a key role in planning, designing, allocating resources, coordination, control, setting direction and motivating. The challenge of strategic management is to understand complex issues facing organizations and develop the capability for long-term organizational success.

To survive and prosper an organization needs to address the challenges it faces from the environment. In particular it must be capable of delivering against the critical success factors that arise from demands and needs of its customers. The strategic capability to do so is dependent on international organizational resources, competencies and capabilities.

Competitive Advantages

The theory of internalization explains an attempt by the firm, similar to that by Governments, to remove some market forces in its decision-making. The purpose is to achieve (to appropriate) greater gains by internal decisions rather than continuously going into the market to acquire resources used daily or to make sales only in spot markets. All contractual relationships are one step away from a market, removing its continuing fluctuations and vagaries. Just as internalization theory for the firm explains the ability to appropriate gains different from what would arise in any market,

IB theory must explain the appropriation of benefits by Governments and company responses to those acts in its attempt to re appropriate gains.

The business strategy literature has long emphasized firm-specific competitive advantages that enable individual firms to out compete (temporarily or permanently) their rivals [e.g., Porter, 1980, 1985]. Similar factors have been discussed in economics under the heading of monopolistic competition. Additional insights from the business strategy perspective come from focusing on inter-firm rivalry and intra-firm human resource management. Those analyses of firm behavior from management and economic theory offer some explanations of corporate decision-making. Even government policy-making is informed by those theories in the effort to maintain competition. The theory of competitive advantage applies at the level of the individual firm in any market, and it can be made dynamic in the sense of illuminating areas in which firms can develop

temporary or sustainable advantages relative to rivals. Although Michael Porter (1990) applies that theory to international business, his focus remains on inter-company (and inter-industry) competition, including Governments essentially as supporters.

Internalization theory attempts to explain the internal functioning of large firms, which remove many and varied activities from the market and place them within the hierarchy of the firm. That is, production, distribution and consumption of materials, components, factors and some products and services occur entirely within the units of the firm. That theory focuses on the economics of vertical and horizontal integration, with emphasis on the advantage to the individual firm (rather than the industry) of keeping decisions internal.

Again, the theory applies to any firm, whether operating domestically or internationally. The findings show that internalizing offers both advantages and disadvantages to all firms and some additional advantages to firms that operate in large markets (that is, world markets). The resulting emphasis on key competitive factors does not differ dramatically from that in the previous theory, but internalization is more oriented towards corporate decision makers and towards the dynamic nature of competition than is that on monopolistic competition. Its explanations could help in understanding the conflicts over the distribution of benefits and burdens among and between Governments and INCs, but those are not a fundamental aspect of the theory, and it has not been so used.

Conclusions

The fundamental consideration that differentiates a theory of international business from those explaining domestic business is the existence of governmental policies that differ between countries. Without such differences, market or firm theories will apply similarly to activities on larger stages, that is, across borders. Therefore, a theory of international business must be a theory of obstructions to markets (interventions and distortions), flows of information, movements of people, etc. imposed

by Governments. The purpose of such interventions is to redistribute the benefits and burdens as compared to those generated by market forces. This means that an international business theory must explain both the barriers imposed by Governments and the firms' responses to those barriers.

While location theory shows that production should be cited to minimize delivered cost to markets, international business theory must show how government restrictions differentially affect location and operating decisions.

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