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Framework of international business management from the perception of globalization

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ABSTRACT: This paper is based on international business literature which shows that the field of international management has been affected by specific national interests, in terms of reducing barriers and opening up the world. The inevitable process of globalization and business represents projects facing the potential for success, as well as the potential for risk and failure. The indisputable tone on these aspects is definitely the success and reliability of business ventures whose ultimate goal is economic satisfaction, risk reduction, as well as the creation of long-term experiences in order to maintain a specific project in a specific environment. Participation in global markets, the internationalization and transformation of business activities across all geographical latitude, and the convergence of different environments and often uncertain ones, is a consistent business story of international economic activity. The global economic interaction is as old as the old society in its somewhat organized form. From the industrial revolution to today, there is an ongoing and irreversible global economic integration. The reasons are simple, businesses and profits do not recognize boundaries, and unprecedented national and cultural characteristics, as the mutual benefit of some cooperation is somewhat recognized, and a business contact is established immediately.

Keywords: globalization, International business, Management Practice, business, Global Economy.

I. INTRODUCTION

The term international business is used to describe all commercial transactions that occur between two or more regions, countries and nations outside their political borders (Radebaugh & Sullivan, 2007). Globalization was portrayed in the 1990s as the final stage of

development in a field global management. Globalization requires large, highly skilled international companies Managers deal with the challenges and responsibilities of so-called global markets. In the past ten years, the scenario changed greatly. With globalization heading towards an unusual situation, the amount of power in the hands of big companies, has become the main reason for international management. It not only cares about businesses and their managers, but also governments, (Boddewyn & Martínez, 2004). Business organizations today compete in what we might call a 'Borderless World', especially after the rapid and continuous development in the field of communications, the emergence of the Internet, virtual organizations and other things. Therefore, it requires the managers of business organizations to understand the international environment and the work requirements in it and the challenges that are likely to be faced and to know the available opportunities that can be exploited and verified by the organization. International business varies in its forms, sizes, methods of residence, and methods of administration, as well as the circumstances surrounding each type of it. The ethical challenge and cultural diversity represent a basic problem facing large private and influential international business, which requires it to learn administrative applications that mean the nature of exchange and sharp cultural difference (Guedes & Faria, 2007). All of these issues will be addressed in this study.

II. LITERATURE REVIEW

Globalization and International Business

The economic stage in the world represents what can be called the global economy, in which international economic relations are intertwined in terms of production, supply of resources, marketing and competition, and they are

in a global framework more than within local borders (Wild & Han, 2003). The economy is affected today by the phenomenon of globalization, which means increasing and influencing the interference and relations between the various elements of the global economy due to the increased technological development, especially in the field of communications and transportation. Here, the focus will be on the economic side of globalization, despite the presence of other aspects of this phenomenon, such as cultural, political and another globalization (Husted, 2003). The world has transformed into a global village thanks to the tremendous development in communications and the spread of knowledge and the Internet. The global economy offers business organizations great opportunities by providing resources or increasing opportunities for export and sale, but business organizations also face competitive challenges that are not in the minority in the context of this global economy. Therefore, business organizations need to develop concepts of International Management, which is intended to manage business organizations with interests in more than one country (Shengelia, 2012).

- **Global Economy**

The economy in which relations were intertwined, whether in the field of production, marketing or competition, and crossed national borders to cover all countries of the world (Dunning & Lundan, 2008).

- **Globalization**

Increased and affected international economic interference and relations in all their forms due to the development of communications. Lechner & Boli, (2020).

- **International Management**

Business management at an international level and outside the national borders. Organizations such as McDonald's, Boeing and Microsoft need management in which leaders and managers with sufficient knowledge of international management and its requirements play an active role, whether at the level of competition or understanding cultural challenges and diversity and These managers are called managers (Luthans & Doh, 2018).

- **Global Manager**

Global managers is a conscious manager of the diverse cultures of other peoples and has knowledge of international affairs, he has a broad knowledge of other peoples' cultures and how to work to understand the cultural intersection that

exists between these cultures and can build an organizational culture that accommodates these cultures. There are many business schools and colleges that offer specializations mainly at international business management (Bartlett & Ghoshal, 2003).

- **Moving towards globalization and internationalization**

The phases of the move towards globalization and internationalization come in escalating and multiple contexts. The domestic business is the business organizations that operate and obtain all of their resources and sell their products in only one country. Examples are all industrial or financial small or medium companies operating in a specific country (Jones & de Wit, 2012). International Business are organizations that operate and reside primarily in one country but are provided with a significant portion of their resources or receive a significant portion of their returns or both from other countries (de Wit et al., 2017). Usually, this type of business has the same nationality, even if it works in multiple places, for example the famous Canadian Sears stores, as its majority revenues come from America with 90% and Canada 10%. As for multinational business, it is those businesses that have extensive international production and marketing operations in more than one country where production facilities and marketing departments are established in each of them. Within the framework of the ownership and nationality of these companies, we can find Binominal organizations such as the Dutch-British Shell Company, where ownership and control exist for both countries. The company may be multinational and in this case a number of countries share ownership of such companies (Howlett & Ramesh, 2006). Finally, Global Business is transnational business and is not affiliated with any country or nationality. These stages can be depicted as follows:

Conceptual Framework



International Business Dimensions

The organizations are working in international environments face challenges that are not familiar in local environments, including what is economic, political, cultural, social or legal. The vastness of the environment in which the organization operates and the many components and complexity associated with this expansion as a result of competition, legislation and various policies of countries; it is necessary to study and understand these aspects for the purpose of dealing with them properly (Daniels, et al 2016). In this paragraph, we will cover three main dimensions of the international business environment:

- **Economic Dimension:** The economic dimension is of particular importance to business organizations when dealing in the international environment. Economic development varies greatly from one country to another, as the countries of the world can be classified into developed and developing countries or first, second or third world countries. The primary criterion for this classification is Per Capita Income, which means income generated from the GDP of goods and services in a particular country divided by its population. The countries of Europe, America, Japan and Canada are industrially advanced countries and enjoy a very high average income compared to other countries in Asia and Africa. Therefore, companies that operate in the international environment often set up their headquarters in the advanced industrial countries, but this does not prevent them from investing huge amounts of money in developing countries in Latin America and Asia in particular, where some countries have shown high development indicators, especially in the field of knowledge and communications (García et al 2003).

- **Political- Legal Dimension:** The attraction of international business depends largely on the nature of the political system in a country and the extent of the stability of government in it, then these actions will deal with governments different from those that are used to dealing with them in their country (Van Vooren, et al 2013).
- **Socio Cultural Dimension:** The socio-cultural dimension plays a vital role in the success of international business, as understanding the culture of other people's helps in facilitating the completion of business. The culture of a particular country means knowledge, beliefs and values shared by the people, as well as general patterns of behaviour and common ways of thinking among members of society. And when business enters into another unfamiliar country, some workers may have what is called the Culture Shock, which means ambiguity and discomfort generated by some workers because of their dealings with a new unfamiliar culture. In fact, business schools and universities devote specializations to studying the culture of other peoples, with a focus on some cultures when students are directed towards working in these cultural environments (Bennett et al 2014).

Forms of International Business

There are various ways to establish international business and enter the markets of other countries, where there are various strategies, mechanisms, risks, and extent of interest in the international market (Contractor, 1990). We can summarize these strategies in two groups:

- **Market Entry Strategies:** Within the framework of this type of strategy, we can find international businesses that supply raw materials, production requirements and service requirements from different parts of the world. These are called the Global Sourcing Strategy. By adopting this method, companies benefit from the global division of labour where they can obtain products, parts and raw materials that are low-cost and of high quality because the provider specializes in producing these materials. The second type of strategies is Exporting and Importing. Export is the sale of local products in other countries or markets, and import is the purchase of foreign products and their sale in local markets. Finally, another strategy is licensing and franchising. A license is an agreement whereby the company licenses the rights to manufacture and sell the products of another company in a specific region for an

agreed fee and is allowed to use private production technology and a patent or trademark. As for the franchise, it is a form of licensing whereby the beneficiary company buys the rights to use the trade name and work methods in its home country(Claver, et al 2007).

- Direct Investment Strategies: This pattern represents a means of direct international business, as huge sums of money are invested in establishing international business. Usually, the start is by entering joint ventures that mean direct investment on the basis of joint ownership and sharing of risks, costs and resources at agreed rates between a foreign company and a local one, which are strategic alliances that facilitate entry to the markets that are difficult to enter individually. The other type is the independent subsidiaries of the Subsidiary companies, where the branch of the company is in a completely independent foreign market and is entirely owned by the parent company(Luo &Wang , 2012).

Ethical Challenges for International Business

In front of international business, many challenges and problems arise, some of which are related to the different views and expectations of the host countries and the administrations of these international companies. Others are associated with a wide range of ethical criticisms directed at international business and companies, International work (French &Wokutch, 2005).

Management Practices across Cultures

- The administrative practices of planning, organizing, controlling and leadership processes acquire a special importance in international business where the influence of different cultures leads to imparting the privacy of each culture and thus making it different from what managers in the national environment return to. Comparative Management is interested in studying the differences systematically between different countries and cultures in all aspects of management. The intense competition and global economy have encouraged the development of this style of management and the global managers resorting to deepening their knowledge and enabling them to look at the global economy technological and social dimensions of the global environment in more depth and understanding to achieve a better achievement(Lunnan, et al 2005).

- Planning and Controlling: The planning and control process faces real challenges in a complex international business environment. Information technology represents an important development and a real challenge in this field. Information networks and the ability to transfer documents and access to the internet helped to make the branches of one company and its offices in different countries share the same information bases and benefit from them, as well as it is possible to hold virtual conferences via the Internet or make decisions without the need to face-to-face meeting. Another important issue that must be taken into consideration is political risk, potential currency events and local government legislation. So, you should study the environment well and know the effects that can change the plans in place, as well as think about ways to confront such matters when they happen(Ip, 2009).
- Leadership and Organizing: Going to international business will result in important organizational changes such as opening new departments and creating new job sites such as Vice President for International Operations or new section managers. Organizations have developed their structures to fit the nature of their international business, either geographically or on the basis of product groups directed to different countries with the support of specialists or experts in each region(Munro &Thanem, 2018).

It is noticed in international business that the leadership is supposed to be aware of many phenomena in order to succeed, including dealing with workers from different countries (expatriates). Some of them come to work for short periods of time such as students in summer periods or immigrants who take the host country as their home and place to work and live and here is supposed to pay attention. The director pointed out that even if they hold the citizenship of the new home (the company's home), they carry the culture and values of their countries from which they came, as is the case with the Turks in German companies and Arabs in French companies. Likewise, a specificity in the perception of managers should be indicated by the workers, as some cultures consider any relationship to be a personal relationship, and others consider criticism directed at work as a matter that wastes the dignity of the individual and inflicts disgrace to the family, so studying cultures

before starting international business is a matter of importance

Finally, we can point out that the process of motivating employees varies from one country to another according to the culture of that country. Some may be financial stimulus is not important as it is in others and the issue of showing respect in the workplace and using appropriate words to encourage workers and notify them of their importance and that they are part of the company. It is necessary in some countries, more than in others.

Global Learning Organization

Although the approved administrative applications in the administration are mostly American or European, these administrative theories are supposed to be adapted according to local cultural data and the differences between countries and as the Hofstede study referred to earlier indicated. This means that organizations working in the international environment must learn lessons from their own experiences and the experience of others and adapt to each culture separately. Perhaps the most prominent success is what Japan has achieved in terms of the high ability of its companies to learn, gain experience and adapt quickly. The ability of organizations and managers to benefit from working in the state environment varies, as some of them are carriers of behaviour related to the idea that administrative practices and management methods in their country are better than anywhere else. Ethnocentric Attitude and therefore it does not accept any other administrative methods and do not gain any international experience. There are managers who believe that the methods of administration and work in the host country should be respected and allow local workers to manage operations and benefit at the same time, but in a limited manner and this case is called Polycentric Attitude (Yoo & Torrey, 2002). Finally, some international businesses behave in a way that provides them with a very rich learning state, benefiting from the experiences of other local people (in addition to its own experience. Managers believe that it is necessary to take advantage of the practices of others wherever they are and that talent must be evaluated by whomever it is and from which nationality or country it is called. The most important thing in this last case is that you should know good practices and new ideas while noting the impact of the local culture on them.

III. CONCLUSION

Reviewing the discussion, the word international company is quite a common

phenomenon, which reflects actual business transactions and large expanses between a number of people from different cultures and with different approaches. What unites them in the complex network of relationships is the need of development, rapid exchange of resources and tools and integrated cooperation, which should contribute to ensuring cooperation and ensure the transfer of capital. It can be concluded that today's decisions for crossing domestic borders and internationalize the business is a prerequisite for serious growth and development of a business entity. As such, he is always searching and analysis of potential areas where the company from small or medium business entity would become a corporate organization striving to constantly expanding and increasing its own portfolio.

To make a decision to invest outside of the own borders is a complex and comprehensive process. This process is achieved through several stages and approaches that contain a long-term comprehensive analysis and scanning newly elected investment location.

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