

Homework 1

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1. What is international business? How does it differ from domestic business?
 - International business is any business conducted between parties in more than one country. This could be importing and exporting goods or expanding the firm's business to a new, overseas market.
 - International business differs from domestic business in that in international business, the parties may use different currencies, have different laws regarding business practices, and have different work cultures.
2. Why is it important for you to study international business?
 - The book states that although there are many reasons to study international business, they all converge to one major, overarching reason, that "international business is critical to career success in the twenty-first century."
3. What are the basic forms of international business activity?
 1. Exporting and importing
 2. International investments
 3. International licensing
 4. International franchising
 5. International management contracts
4. How do merchandise exports and imports differ from service exports and imports?
 - Merchandise imports and exports are durable goods while service exports and imports are services being offered internationally. Service exports and imports could be banking or accounting services or international call centers.
5. What is portfolio investment?
 - A portfolio investment is a purchase of financial assets such as stocks, bonds, or certificates of deposit for reasons other than gaining control of another company.

6. What are the basic reasons for the recent growth of international business activity?

1. Strategic imperatives
2. To leverage core competencies
3. To acquire resources and supplies
4. To seek new markets
 - Environmental causes
1. To better compete with rivals
2. Changes in political environments
3. Technological changes