

Thecasesolutions.com

The Challenges of International Entrepreneurship at Expatica.com

PRESENTER:
SHANEKA BRISSETT



Thecasesolutions.com

REASONS BUSINESSES GO INTERNATIONAL

- **Customers**- global operations offer new markets to sell products
- **Suppliers**- global operations offer access to needed raw materials
- **Capital**- global operations offer access to financial resources
- **Labour**- global operations offer access to lower labour costs
- **Profits**- global operations offer greater profit potential

Thecasesolutions.com

FORMS OF INTERNATIONAL BUSINESS

- These are **Market Entry Strategies** that involve the sale of goods and services to foreign markets but do not require expensive capital investments.
- Joint ventures and wholly owned subsidiaries are **Direct Investment Strategies**. They require major capital commitment but create rights of ownership and control over operations in the foreign country.



Market Entry Strategies

Thecasesolutions.com

- **Global sourcing**, is materials or services are purchased around the world for local use
- **Exporting**, selling locally made products in foreign markets
- **Importing**, buying foreign made products and selling them in domestic markets
- **Licensing agreement**, one firm pays a fee for rights to make or sell another company's products in a specified region
- **Franchising**, a fee is paid for rights to use another firm's name and operating methods



Thecasesolutions.com

Direct Investment Strategies

-To establish a direct investment presences in a foreign country firms enter into joint ventures

•**Joint ventures**, these are co-ownership arrangements that pool resources and share risks and control for business operations

-Established by: equity purchases, direct investment by a foreign partner in an existing operation and the creation of a new business by a foreign and local partner.

•**Foreign subsidiary**, local operation completely owned by a foreign firm



COMPLICATIONS IN THE GLOBAL BUSINESS ENVIRONMENT

Thecasesolutions.com

- World trade organization, member nations agree to negotiate and resolve disputes about tariffs and trade restrictions
- Most favoured nation status, the most favourable treatment for imports and exports
- Protectionism, is a call for tariffs and favourable treatments to protect domestic firms from foreign competition



PROS AND CONS OF MULTINATIONAL CORPORATIONS

Thecasesolutions.com

- Host-Country Issues
 - o Larger tax bases
 - o Increased employment opportunities
- Home-Country Issues
 - o When an multinational corporation outsources, cuts back, or closes a domestic operation to shift work to lower- cost international destinations, the loss of local jobs is controversial



ETHICAL ISSUES OF MULTINATIONAL CORPORATIONS

Thecasesolutions.com

- **Corruption**, involves illegal practices to further one's business interests
- **Sweatshops**, employ workers at very low wages for long hours and in poor working conditions
- **Child Labour**, is the full-time employment of children for work otherwise done by adults
- **Sustainable development**, meets the needs of the present without hurting future generations
- **ISO 14000**, offers a set of certification standards for responsible environment policies