

# International business

Business



Implication of Asia's Rise as a Center of International Business for Australia

Asia's rise as a center of international business, radically altering the global landscape over the recent decade, has been sped up by the progressive rise of nearly all Asian countries from the economic depression of 2008. The objective of this paper is to examine the implication of Asia's rise as a center of international business for Australia. There seems to be an agreement that Asia's growing middle class, as a result of the region's 'rise', will produce major prospects for Australia, specifically in economic, tourism, education, and export sectors (Yip 2000, 312). Australia has certainly performed quite remarkably from Asia's rise. The recent decades have witnessed a dramatic economic progress. According to Meredith and Dyster (1999, 319), the economic growth rates of Australia have surpassed the economic performance of almost all highly industrialized countries and it has prevented three financial slumps that have seriously impacted Japan, Europe, and the United States.

Australia is currently placing major emphasis on Asia. It has the benefits of highly literate citizens, advanced infrastructure, and growing Asian immigration that carries with it Asian ties. Furthermore, Australia is a destination for a large number of wealthy Asians who are looking for quality education. In addition, Australia is striving to maintain its position as a location for the regional headquarters of multinational companies (MNCs). Also, Australia is a strategic site for value added operations (e. g. services, distribution, marketing), but certainly not for manufacturing (Meredith & Dyster 1999, 319). In the meantime, the costs of its labor are at present competitive with Asia's advanced economies, making it more and more appealing for non-manual or professional operations demanding well-

educated executive, administrative and employee skills.

Moreover, Australia provides accessibility and strength to newly developed and technologically sophisticated goods. On the contrary, the attention of Australian firms is drawn to Asia by geographic proximity, the continuously advancing economies, and the massive population. A number of Australian firms have encountered problems due to their inability to understand the diverse cultures and practices of conducting business in Asia (Czinkota, Ronkainen, & Moffett 2008, 114). Thus, more Australian firms are currently building joint enterprises as a favorable entry approach toward Asia. In addition, numerous of Australia's major firms, like Lend Lease and Brambles, have adopted a quite calculated method when penetrating the Asia-Pacific region, yet other firms, like Telstra and National Australia Bank, are showing through their achievements that they possess the capacity to vie quite successfully in numerous industries (Yip 2000, 313) (e. g. general manufacturing, telecommunications, media, and construction).

Although Australia is not sizeable market with dynamic consumer demand, which hence does not present major capabilities for the expansion attempts of MNCs, this reality masks Australia's strategic value. Expansion of gross domestic product (GDP) in the Asia-Pacific will highly stimulate and speed up demand, especially with Asia's rise as a center of international business. Companies with connections to Australia will gain the opportunity to occupy a strategic and competitive position to penetrate Asian markets. Proximity to continuously developing markets, clear and trustworthy legal and business processes, alongside a comfortable way of life for expatriates and immigrants (Yip 2000, 313), endows Australia excellent prospects from Asia's emergence as a hub of international business.

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## References

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