

International business

Business



International Business International Business An analysis of International business in terms of regional trade blocs International Business 2 “

International business is a term used to collectively describe topics relating to the operations of firms with interests in multiple countries. Such firms are sometimes called multinational corporations (MNCs) (http://en.wikipedia.org/wiki/International_business). Modern society belongs to the world of globalization and liberalization. Most of the countries changed the rules and regulations to accommodate Globalization and Liberalization. The boundaries of such countries are open to MNC's irrespective of their origin or culture. But the main problem is such MNC's have monopolized the market and small companies found it extremely difficult to survive in the market. The entry of MNC's is mostly welcomed by the consumers since they are getting quality products at affordable prices. But the small local companies are unanimously opposing the entry of MNC's because of their inability to compete with the MNC's. Now the question is how far a government can open their doors for the MNC's? Can a government keep a blind eye towards the needs of small local companies? How can a government protect the interest of small local companies after signing agreements with regional trading blocs?

“ Regional integration agreements (RIA), also known as regional trading blocs, have become one of the major international relations developments in recent years. Most industrial or developing nations belong to one or more RIAs, and there are many. It has been said that more than one third of all world trade takes place within RIAs and that percentage increases daily. (Pat Mitchell -Global business strategies: Regional integration agreements known as trading blocs-<http://www.helium.com/items/673987-global-business-https://assignbuster.com/international-business-essay-samples-12/>

strategies-regional-integration-agreements-known-as-trading). The European Union (EU) is the best example for such a trade bloc. ASEAN (Association of South-East Asian Nations) is another example. Of course such

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regional blocs will be beneficial to the countries for their economic growth. But blindly opening all the doors to MNC's in the name of trade blocs will definitely not be advisable to the best interest of the countries. The local resources will be exploited by MNC's which should be controlled. The merits and demerits of foreign culture will be induced through the MNC's which will be a threat to the tradition and culture of the country. So the government should keep a controlled and balanced approach towards granting permission for the operation of multinational companies without causing many problems to the environment and culture.

The needs of the local small companies also should be addressed. The permission to open MNC outlets should be carefully located so that it may not cause many problems to the local retailers. Local companies are always the wealth of the nation since what all they are earning is being utilized in their country only. On the other hand most of the profit gained by the MNC's will always cross the boundary.

A government can arrange local cooperation among the small companies to compete with the MNC's even if they signed the regional trade bloc agreements. Such local cooperation among the local retailers can improve their collective competing power and efficiency to deal with the problems caused by globalization and liberalization. Even though the landscape of small business positioning in the global market is bleak, the future can bring about a profound change.

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“ The emergence of information and communication technologies have helped spread production and service networks beyond the confines of national boundaries or trade blocs. But trade blocs still have an important role to play in expanding markets, gaining advantage of

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lower costs and ensuring access to natural resources”. (R. Parthasarathy-

Regional trade blocs revisited [http://www.thehindubusinessline.](http://www.thehindubusinessline.com/2004/06/09/stories/2004060900231100.htm)

[com/2004/06/09/stories/2004060900231100.htm](http://www.thehindubusinessline.com/2004/06/09/stories/2004060900231100.htm))

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3. Pat Mitchell -Global business strategies: Regional integration agreements

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