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Critical Analysis of the International Business

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Abstract:

This paper seeks to explain the prospects and challenges of existing international business in promotion of future international business. The concept of international business wider, and the objectives determined on the basis of promotion of international business activities, To identify the barriers in promotion of international business and recognize the favorable factors which are useful for promotion of international business and analyze and interpret the perceptions of respondents regarding difference issues of international finally offer a suitable suggestions to strengthen the existing international business. The data collected from the 140 respondents through the structured questionnaire. The five point likert scale applied at necessary areas. The SPSS/6.0 version was used to derive the results. The secondary data obtained from the existing literature and review. The Mean, percentages, t-test and chi-square test applied to analyze the data. It is suggested that apply the synergetic affect to get the advice regarding promotion of international business. The government agency, business consultants, chamber of commerce industry association, existing customers, supplies or agents chartered accounts come close together, and should devise a strategy formulation, strategy execution and implementation for growth of international business.

Keywords: Barriers, Promotion of International Business, Perceptions

1. Introduction

In these days every country becomes a global village. Trading of domestic country with other countries is called as the international business. The theory of cost of advantage promotes the international business. The LPG concept (Liberalization, privatization and globalization) enlarged the scope of international business. But there are certain barriers in promotion of international business. These are local culture, consumer requirements, market opportunities, regulations, requirement of finance, forex risk, customer payment, tariffs/quotes, customs costs/delays, lack of free trade area, movement of people, licenses and standards, discriminatory regulations, repatriation of profits and enforcement of property and contracts.

2. Review of Literature

Crick and Spence (2005) identified in their study of 12 high-tech UK SMEs that net works developed previously by the firms' owner/managers were important to know internationalization strategy of these firms. They also found that previous managerial experience of operating in international markets was crucial (and where this was not available, recruitment of an appropriate executive with the requisite contacts through networks took place) and they opined that the main initial 'triggers' of an international strategy was (1) the availability and use of existing contacts, supporting the importance of networks; (2) the development and use of resources (especially managerial experience); and (3) serendipitous encounters, or 'luck' Firms succeed by building and retaining a competitive advantage. This may often require them to go across national borders.

(Ojala, 2009) described that the greater the firm's exposure to internationalization activity, the higher its subsequent chance of survival and success.

Leonidou and Katsikeas (2010) extracted that the increasing number of specific topics on research on exporting, covering export barriers, factors stimulating exports, organizational and managerial antecedents of exporting, export developing models, export information, export marketing strategy, performance antecedents, and export performance measurement.

(Blalock and Gertler, 2004) reveals that export activities may not only cause of financial benefits for the firm, but can also be viewed as a process of learning and of accumulation of knowledge and technology. The experience that firms gain from exporting may lead them to explore new foreign markets and become involved in other forms of internationalization, such as licensing, joint ventures or direct investment abroad (Lages and Montgomery, 2004). Since exporting is the most popular mechanism by which firms engage with international markets, understanding the drivers of export market performance is key to explaining firms' international

competitiveness. Firms' survival and expansion and the consequent economic growth of numerous countries are strongly contingent upon a better comprehension of the determinants that influence their export performance. Firm size, R&D expenditure, advertising expenditure and business group affiliation can be important antecedents of level of exporting activities of a firm. In particular, export sales and domestic sales are interdependent and affect each other. R&D expenditure and business group affiliation positively affect export sales, but advertising expenditure negatively affects export sales (Singh, 2009).

(Khemakhem, 2010) reveals that Multinational corporations use internalized modes or structures for their production or distribution functions. However, SMEs, whose scarce resource endowment does not allow them to internalize easily, witness to be experimenting with more and more forward vertical integration decisions in foreign markets.

Khemakhem's (2010) study reveals some of the circumstances under which direct exporting modes might be deployed to enhance performance in a foreign market. Direct exporting should be considered by managers entering foreign markets when customization or adaptation of the product is required, little or no sales service is needed and technological and marketing-based assets can be protected by means other than controlling the export structure. Besides that, decision maker's foreign language skills and international business knowledge, firm's export commitment and the technological intensity of the industry comprises company's most significant assets to reach the export success. However, their influence may vary between the objective and subjective export performance dimensions (Stoian et al., 2011).

Morgan et al. (2011) suggest such efforts could usefully focus on supporting projects aimed at, benchmarking "best practices"; codifying such practices to lower "stickiness".

Liesch et al. (2012) introduce the worldwide market for market transactions concept, by which they offer a novel modeling approach to represent a firm of any scale and scope in the world economy. Foreign involvement and investment shape the scale and scope of the firm as the internationalization of productive capabilities, coordinated through the worldwide market for market transactions, redefines the modern economy.

3. Objectives of the Study

The concept of international business wider, and the objectives determined on the basis of promotion of international business activities.

- To identify the barriers in promotion of international business.
- To identify the favorable factors which are useful for promotion of international business .
- To analyze and interpret the perceptions of respondents regarding difference issues of international business.
- To offer a suitable suggestions to strengthen the existing international business.

3.1. Methodology of the study

The data collected from the 140 respondents through the structured questionnaire. The five point likert scale applied at necessary areas. The SPSS/6.0 version was used to derive the results. The secondary data obtained from the existing literature and review.

- Techniques: Mean, percentages, t-test and chi-square test applied to analyze the data.

3.2. Hypothesis of the Study

3.2.1. Hypothesis 1: Null Hypothesis (Ho)

There is no significant difference between the discriminatory regulations and licenses and standards.

3.2.2. Alternative Hypothesis (H₁)

There is a significant difference between the discriminatory regulations and licenses and standards.

3.2.3. Hypothesis 2 Null Hypothesis (Ho)

There is no significant difference between the tariffs/quotes to customs costs/delays from the agreed respondents to disagreed respondents.

3.2.4. Alternative Hypothesis (H_a)

There is a significant difference between the tariffs/quotes to customs costs/delays from the agreed respondents to disagreed respondents.

3.2.5. Hypothesis 3 : Null Hypothesis (Ho)

There is no significant difference between the customer requirements and market opportunities.

3.2.6. Alternative Hypothesis (H_a)

There is a significant difference between customer requirements and market opportunities.

3.2.7. Null Hypothesis 4

There is no significant difference between the Growth Prospects as a factor of India's future business to Personal networks/contracts in that country .

3.2.8. Alternative Hypothesis

There is a significant difference between the Growth Prospects as a factor of India's future business to Personal networks/contracts in that country .

3.2.9. Hypothesis 5: Null Hypothesis (Ho)

Free Trade agreements or other arrangements not facilitate to ease of accessing third parties.

3.2.10. Alternative Hypothesis (Ha)

Free trade agreements or other arrangements facilitate to ease of accessing third parties.

3.2.11. Hypothesis 6: Null Hypothesis Ho

Favorable Regulatory/ Business Environment do not reduce the production and /or Business Environment.

3.2.12. Alternative Hypothesis: Ha

Favorable Regulatory/ Business Environment reduce the production and /or Business Environment.

4. Personal Background of the Respondents

		Frequency	Percent
Valid	10-20 years	28	20.0
	20-30 years	63	45.0
	30-40 years	21	15.0
	40-50 years	14	10.0
	50-60 years	14	10.0
	Total	140	100.0

Table 1: Distribution of Respondents Based on their Age

- Table 1: makes it clear that the distributions of respondents by their age. The majority of the respondents from the age group of 20-30 years, followed by 10-20 years and 20-30 years. Hence, it is concluded that the majority of the respondents hailed from the age group of 20-30 years.

		Frequency	Percent
Valid	Male	84	60.0
	Female	56	40.0
	Total	140	100.0

Table 2: Distribution of Respondents Based on their Gender

- Table 2: The above table reveals that the majority of the respondents (60 percent) represented from the male category and remaining percentage of respondents represented from the female category. Therefore, it is concluded that the majority of the respondents represented from the male category.

		Frequency	Percent
Valid	Below 10000	21	15.0
	10000-20000	63	45.0
	20000-30000	28	20.0
	30000-50000	21	15.0
	Above 50000	7	5.0
	Total	140	100.0

Table 3: Distribution of Respondents Based on their Income(Per Month)

- Table 3: Table 3 explains about the distribution of respondents based on their income. The majority of the respondents earns the income between 10,000-20,000 followed that majority of the respondents earns only the income level between 10,000-20,000.

		Frequency	Percent
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Valid	Intermediate	21	15.0
	Degree	70	50.0
	PG	21	15.0
	PHD	14	10.0
	CA/ICWA	14	10.0
	Total	140	100.0

Table 4: Distribution of Respondents Based on their Education Qualifications

- Table 4: This table makes it clear that, distribution of respondents based on their educational qualifications. The majority of the respondents possess the qualification of degree, followed by post graduation and Ph.D as well as intermediate. Hence, it is evident that the majority of the respondents represented from the degree qualification.

		Frequency	Percent
Valid	An Existing Customer, Supplier or Agent	7	5.0
	Government Agency	21	15.0
	Industry Association	56	40.0
	Business Consultant	14	10.0
	State or Government Agency	14	10.0
	Accountant	7	5.0
	Bilateral Chamber of Commerce	7	5.0
	State or Territory Chamber of Commerce	7	5.0
	Others	7	5.0
	Total	140	100.0

Table 5: Respondents Opinion on the Most Important Source of Advice Regarding Growing Indian Business Internationally

- Table 5: The above table reveals that most important source of advice regarding growing Indian business internally. The main source of advice was given by the industry association followed by government agency etc. It is evident that most important source of advice was Industry association, because it contained a compiled literature and review about the international business.

Barriers in Promotion of International Business	N	Mean	Std. Deviation
Local Culture	140	3.5500	.92390
Consumer Requirements	140	3.0000	1.00359
Market Opportunities	140	3.7500	.70072
Regulations	140	2.4500	1.36411
Finance	140	2.4500	1.36411
Forex Risk	140	2.6000	1.24542
Customer Payment	140	3.7500	1.13875
Tariffs/Quotas	140	3.0500	1.16499
Customs Costs/Delays	140	3.2000	.87491
Lack of FTA	140	2.8500	1.01730
Movement of People	140	3.2500	1.04658
Licenses and Standards	140	2.4000	1.11755
Discriminatory Regulations	140	2.6000	1.20431
Repatriation of Profits	140	2.2500	1.22401
Enforcement of Property and Contracts	140	2.7000	1.19170
Valid N (listwise)	140		

Table 6: Calculation of Descriptive Statistics for Barriers in Promotion of International Business

- Table 6: This table explains about the various barriers involved in promotion of international business. The above table reveals that the local culture, consumer requirements and market opportunities and customer payments were not considered

as barriers to promotion of international business, but the regulations finance, forex, lack of free trade area, licenses and standards, discriminatory regulations may be considered as barriers.

Factors of Indian Business Selected for Future Business	N	Mean	Std. Deviation
Strong Growth Prospects	140	1.5500	1.12093
Personal Networks/Contracts in that Country	140	2.6500	1.39333
Reduce Production and/or Distribution Costs	140	3.3000	1.05735
Favorable Regulatory and Business Environment	140	2.0000	1.14427
Free Trade Agreements or Other Arrangements	140	2.1000	.83365
Ease of Accessing Third Parties	140	2.6000	1.02347
Valid N (listwise)	140		

Table 7: Calculation of Descriptive Statistics of Factors of Indian Business Selected for Future Business

- Table 7: The above table explaining about the factors of India selected for future business. India's strong growth prospects, favorable regulatory and business environment, free trade agreements or other arrangements in that country were more favorable than reduction of production and distribution costs and case of accessing third parties for development of international business.
- Table 8: Hypothesis 1: Null Hypothesis (Ho): There is no significant difference between the discriminatory regulations and licenses and standards.
- Alternative Hypothesis (H₁): There is a significant difference between the discriminatory regulations and licenses and standards.

	Licenses and Standards	N	Mean	Std. Deviation	Std. Error Mean
Discriminatory Regulations	Strongly Agree	35	2.6000	.81168	.13720
	Agree	49	2.5714	1.06066	.15152

Table 8: Group Statistics

		Levene's Test for Equality of Variances				
		F	Sig.	t	df	Sig. (2-tailed)
Discriminatory Regulations	Licenses and Standards					
	Equal variances assumed	2.828	.096	.134	82	.894
	Equal variances not assumed			.140	81.567	.889

Table 9: Independent Samples Test

The above table indicates that (t value 0.134, df = 82, p = 0.894), the proposed hypothesis was accepted, hence there was no significant difference between the discriminatory regulations and licenses and standards.

- Table 9: Hypothesis 2 Null Hypothesis (Ho): There is no significant difference between the tariffs/quotas to customs costs/delays from the agreed respondents to disagreed respondents.
- Alternative Hypothesis (H_a): There is a significant difference between the tariffs/quotas to customs costs/delays from the agreed respondents to disagreed respondents.

	Customs Costs/Delays	N	Mean	Std. Deviation	Std. Error Mean
Tariffs/Quotas	Agree	42	3.6667	.95424	.14724
	Disagree	70	2.7000	1.35508	.16196

Table 10: Group Statistics

		Levene's Test for Equality of Variances				
		F	Sig.	t	df	Sig. (2-tailed)
Customs Costs/Delay						
Tariffs/Quotas	Equal variances assumed	19.904	.000	4.056	110	.000
	Equal variances not assumed			4.416	107.085	.000

Table 11: Independent Samples Test

The above table shows that (t = 4.056, df = 110, p = 0.000). Hence proposed hypothesis was rejected and it was concluded that there was a significant difference existed between the tariffs/quotes to customs costs/delays.

- Table 10: Hypothesis 3: Null Hypothesis (Ho): There is no significant difference between the customer requirements and market opportunities.
- Alternative Hypothesis (Ha): There is a significant difference between customer requirements and market opportunities.

	Market Opportunities	N	Mean	Std. Deviation	Std. Error Mean
Consumer Requirements	Agree	7	2.0000	.00000	.00000
	Disagree	84	2.8333	.99194	.10823

Table 12: Group Statistics

Independent Samples Test		Levene's Test for Equality of Variances				
		F	Sig.	t	df	Sig. (2-tailed)
Consumer Requirements	Equal variances assumed	239.615	.000	-2.211	89	.030
	Equal variances not assumed			-7.700	83.000	.000

Table 13

The above table reveals the (t=2.211, df = 89, p = 0.030), the proposed hypothesis is rejected, Hence it can be concluded that there was a significant difference between the customer requirements and market opportunities.

- Table 11: Null Hypothesis 4: There is no significant difference between the Growth Prospects as a factor of India's future business to Personal networks/contracts in that country from strongly Agreed Respondents to Agreed Respondents
- Alternative Hypothesis: There is no significant difference between the Growth Prospects as a factor of India's future business to Personal networks/contracts in that country from strongly Agreed Respondents to Agreed Respondents

Group Statistics					
	Personal Networks/Contracts in that Country	N	Mean	Std. Deviation	Std. Error Mean
Strong Growth Prospects	Strongly Agree	35	1.0000	.00000	.00000
	Agree	42	2.1667	1.69528	.26159

Table 14

Independent Samples Test		Levene's Test for Equality of Variances				
		F	Sig.	t	df	Sig. (2-tailed)

Strong Growth Prospects	Equal variances assumed	213.818	.000	-4.067	75	.000
	Equal variances not assumed			-4.460	41.000	.000

Table 15

- Table 11: The above 11 makes it clear that the t value -4.067, df = 75, p = 0.000), Hence the hypothesis was a significant difference between the growth prospects as a factor of Indian future business to personal networks/contracts in that country.
- Table 12
- Hypothesis 5: Null Hypothesis (Ho): Free Trade agreements or other arrangements not facilitate to ease of accessing third parties.
- Alternative Hypothesis (Ha): Free trade agreements or other arrangements facilitate to ease of accessing third parties.

		Ease of Accessing Third Parties					Total
		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	
Free Trade Agreements or Other Arrangements	Strongly Agree	0	28	0	0	0	28
		(.0)	(44.4)	(.0)	(.0)	(.0)	(20.0)
	Agree	14	28	21	14	7	84
		(100.0)	(44.4)	(60.0)	(66.7)	(100.0)	(60.0)
	Neutral	0	0	14	0	0	14
		(.0)	(.0)	(40.0)	(.0)	(.0)	(10.0)
Disagree	0	7	0	7	0	14	
	(.0)	(11.1)	(.0)	(33.3)	(.0)	(10.0)	
Total		14	63	35	21	7	140

Table 16: Free Trade Agreements or Other Arrangements * Ease of Accessing Third Parties

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.016E2 ^a	12	.000
Likelihood Ratio	109.462	12	.000
Linear-by-Linear Association	11.157	1	.001
N of Valid Cases	140		
a. 12 cells (60.0%) have expected count less than 5. The minimum expected count is .70.			

Table 17: Chi-Square Tests

- Analysis: The above table makes it clear that Pearson (Chi-square value was 1.016 df= 12, p = 0.000), the hypothesis was rejected, Hence, free trade arrangements or other arrangements facilitate to ease of accessing third parties.
- Hypothesis 6: Null Hypothesis Ho: Favorable Regulatory/ Business Environment do not reduce the production and /or Business Environment.
- Alternative Hypothesis Ha: Favorable Regulatory/Business Environment reduce the production and /or Business Environment.

		Reduce Production and/or Distribution Costs				Total	
		Agree	Neutral	Disagree	Strongly Disagree		
Favorable Regulatory and Business Environment	Strongly Agree	7	7	35	7	56	
		(14.3)	(50.0)	(55.6)	(50.0)	(40.0)	
	Agree	21	7	21	7	56	
		(42.9)	(50.0)	(33.3)	(50.0)	(40.0)	
	Neutral	7	0	0	0	7	
		(14.3)	(.0)	9.0)	(.0)	(5.0)	
	Disagree	7	0	7	0	14	
		(14.3)	(.0)	(11.1)	(.0)	(10.0)	
	Strongly Disagree	7	0	0	0	7	
		(14.3)	(.0)	(.0)	(.0)	(5.0)	
	Total		49	14	63	14	140
			(100.0)	(100.0)	(100.0)	(100.0)	(100.0)

Table 18: Favorable Regulatory and Business Environment * Reduce Production and/or Distribution Costs

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	43.889 ^a	12	.000
Likelihood Ratio	52.180	12	.000
Linear-by-Linear Association	24.082	1	.000
N of Valid Cases	140		
a. 11 cells (55.0%) have expected count less than 5. The minimum expected count is .70.			

Table 19: Chi-Square Tests

- Table 13: This table reveals that person chi-square value 43.889 df 12 p=0.000. The hypothesis is rejected hence the regulatory business environment reduce the production and/or business environment.

5. Findings of the Study

The study found the following findings based on the interpretation of data by applying the SPSS 16.0 version.

- The main source of advice was given by the industry association followed by government agency regarding growing Indian business internationality.
- The local culture, consumer requirements and market opportunities and customer payments were not considered as barriers to promotion of international business.
- The regulations of finance, force risk, lack of free trade area, licenses and standards, discriminatory regulations may be considered as barriers.
- India’s strong growth prospects, favorable regulatory and business environment, free trade agreements or other arrangements in that country were more favorable in promotion of international business.
- The study found that there was no significant difference between the discriminatory regulations and licenses and standards.
- The study observed that there was a significant difference existed between the tariffs/quotes to customs costs/delays.
- The study also observed that there was a significant difference between the customer requirements and market opportunities.
- The study evident that free trade arrangements or other arrangements facilitates to ease of accessing third parties.

6. Suggestions

- There should apply the synergetic affect to get the advice regarding promotion of international business. The government agency, business consultants, chamber of commerce industry association, existing customers, supplies or agents chartered accounts come close together, and should devise a strategy formulation, strategy execution and implementation for growth of international business.
- The study found that tariffs/quotes, repatriation of profits regulations force risk etc were some of the barriers for promotion of international business. Hence the concerned authority should take necessary steps to develop the international business.

7. Conclusion

The study found that there was no significant difference between the discriminatory regulations and licenses and standards, but there was a significant difference existed between the tariffs/quotes to customs costs/delays, from customer requirements and opportunities, from the growth prospects as a factor of Indian future business to personal networks/contracts. The study also found that free trade arrangement or other arrangements facilities to ease of accessing third parties. The regulatory business environment reduces the production and/or business environment. Hence, it is suggested to the appropriate authority should take necessary steps to strengthen and promotion of international trade. The promotion of India's international business depends upon the liberalization of the strongest regulations, tariffs and customs.

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