

# Organizational Business

**International Business** are private and governmental transactions (export, imports, investments, financing) that involve two or more countries; that is, the relationship between an organization and its outside world.

## Importance of International Business

- Promotes economic growth.
- Promotes local and foreign investment.
- Increase the competitiveness of companies.
- Increase the quality and quantity of product in the markets.
- Generates new jobs.
- Promotes cultural enrichment and exchange.

## Activities included in International Business

### Export of Goods and Services

It is the legal exit of good and services for use or consumption abroad, carried out under certain conditions. For this, the legal and operational requirements established by the different organizations involved in the export process must be met.

### Import of Goods and Services

It is the purchase of goods or services by a company located in the one country from sellers residing in another. It is important because it offers supply alternatives that are different from those that can already be found in the local market, it facilitates access to different price, quality and quantity options, it encourages free competition and makes buyer more demanding.

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## Foreign direct investments

It is the disbursement of money made by a company to produce or market a product in a country other than its own. Therefore, it is an international movement of capital, through the purchase or acquisition of other companies or starting its operations “from scratch”.

## Joint venture

“Joint venture” are joint ventures between two companies that are complementary, where one has what the other lacks.

## Franchises and Licenses

It consists of a successful company (franchisor) formatting its business model, embodying it in marketing, administration, and operations manuals, and transmitting all that packaged knowledge (know how) to a third party called a franchisee, who pays a fee for the right to develop a commercial activity using the name and system of the franchisor (initial fee), plus a percentage of monthly royalties on sales (CRP or Continuing Royalty Payment). In the case of licenses, the use of some rights such as patents, copyrights or trademarks is granted to another company in exchange for the payment of royalties.

## Outsourcing

Subcontracting articulates large with small companies. This subcontracting gives advantages to small companies, because it allows them to link up with large and more demanding clients, who transfer know-how in productive management. It generates advantages over large companies because fixed costs are reduced, specialization is achieved, and greater agility and speed are provided to respond to urgent orders.

### Reference:

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<https://www.diariodelexportador.com/2018/04/negocios-internacionales-definicion.html#>