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# Introduction

In the 21<sup>st</sup> century, globalisation processes and the accompanying liberalisation of the flow of factors of production, information and ideas, driven by the development of technological innovations and information technologies, have become an inherent part of the international business (IB) catalogue, and recognised as major forces behind modern escalation and dynamization of the activities pursued by international enterprises in various regions of the global economy.

Understanding of the complex nature of international business pursued in a given region requires detailed studies and analyses of the models and connections characteristic of each of the above phenomena (domains). At the same time, concluding transactions in international business requires in-depth local market research in order to examine the local business environment, become familiar with various determinants that may apply, and choose the proper form of activity allowing for all limitations. Such requirements associate macroeconomic issues with microeconomic ones, which are reflected in this handbook. By integrating several disciplines of science (international management, international marketing, international logistics, international finance) associated with the core activities of international business, the authors wanted to present a comprehensive elucidation of the whole spectrum of problems and challenges faced by modern managers who conduct their activities on international markets. For the purpose of satisfying these requirements, the authors applied a specific structure of the handbook, composed of eight chapters related to each other in terms of logic and subject matter.

**Chapter one** presents the essence and evolution of international business, including its new aspects arising from the current changes in the global economy. It also describes the causes, progress, and consequences of globalisation and regionalisation processes as two megatrends which shape the development and nature of the contemporary international business and, at the same time, present principal challenges for IB.

**Chapter two** illustrates the significance and economic power of transnational corporations (TNC) which create the global competition in the contemporary economy, influence the distribution of factors of production, and – by intensifying their actions or taking none – affect the situation of host countries. TNCs are major players and their role manifests in capital flows, technology transfers, and the scale of trade in goods. The first part of the chapter presents the internationalisation process, with internationalisation of enterprises, which has

become the basis for further discussions, taken into consideration. The second part of the Chapter defines the notion of TNC and the motives for internationalisation of an enterprise, as well as the methods of entering foreign markets. The third part of the Chapter describes the forms of cooperation between TNCs as well as virtual enterprises and clusters as a form of cooperation between enterprises and other organisations. The Chapter is concluded with discussions on small and medium enterprises (SME), which are a peculiar category of entities in international business. It forms a large, albeit strongly fragmented, population with a limited base of material, financial and human resources. However, it has the potential required for utilising various market niches, developing product, process, marketing and organisational innovations, as well as engaging in the network structures created by TNCs.

**Chapter three** contains an analysis of basic notions in the area of international management (the concept of management and international management, management object and function, and intercultural management), and emphasises the fundamental differences between management and international management. It also presents the considerations of the functioning of supply chains along with their management principles. Overcoming space and time barriers, which is typical of the contemporary international business, implies the necessity to have the knowledge of international logistics (tasks, specificity, participants) as a component of the contemporary international management. It also illustrates selected management methods, such as: Business Process Reengineering, Benchmarking, Lean Management, Kaizen, Time Based Management, Total Quality Management, Knowledge Management. The Chapter ends with the demonstration of the skills and competencies required from effective managers operating in international business.

**Chapter four** discusses the marketing actions which serve enterprises as a foundation for preparing the entry strategy and obtaining competitive advantage in international business. It presents a material concerning the essence and concept of international marketing, the influence of the international environment on marketing actions of enterprises, the selection of foreign markets (market research, identification and opportunities analysis, as well as segmentation), and the use of marketing instruments (a product, pricing policy, distribution channels, and communication).

**Chapter five** demonstrates the concepts and functioning of exchange rates, their classification and significance, as well as consequences of their application in international business. The second part of the Chapter, in turn, indicates the types of transactions on financial markets, their technical aspects, and selected issues of short- and long-term finance management on the international financial market. It also takes up the problem of risk, which is inherent in enterprise operation in international business.

**Chapter six** points to the issue of transaction cycle in foreign trade, including in particular demonstration of its phase system and presentation of specific issues regarding the contract construction and internal structure. Since contract is a trade agreement which can concern purchase or sales of goods, services or intangible assets, the abundance of the clauses which may be contained there makes its negotiation, conclusion and performance a complex process in international business. At the same time, a properly formulated contract constitutes the basic instrument for concluding transactions in international business.

**Chapter seven** describes the general rules regarding the most commonly used methods of making foreign payments and forms of financing export. It is intended to help students acquire the skills and competencies in the area of characterising and selecting the forms and principles of payment in international business that are suitable for a given situation and specific needs.

**Chapter eight** – the final one – is about the challenges which have an immense influence on the activity pursued by TNCs in international business. Phenomena such as: dominant consumption models, introduced environmental standards, migrations or corruption, occur in certain regions of the world with a varying intensity, yet they enforce the adjustment of the strategies implemented by TNCs to the changing regional considerations and, above all, to the expectations and tastes of increasingly more conscious customers.

The authors of this handbook wish to fit into the new stream of research in international business which strives for analysing the activity of transnational corporations operating in various regions of the global economy from the angle of the dynamically changing local considerations. At the same time, they realise that – due to the abundance and complexity of the issues taken up and the limited volume – it is a contribution to more in-depth research. Hopefully, the proposed approach will be positively responded to by students of universities of economics and will orient entrepreneurs and managers towards the world that is open today, and will become a basis for a more thorough and unassisted study of the issues indicated in this publication.