

1.4 discuss the various approaches of International Business. Discuss various theories of International Business.

This paper reviews the scope for economic modeling was commonplace in the 1970s became unusual. In the 1970s, became unusual in the 1990s and was controversial by 2000. There are eminent IB scholars today who deny the usefulness of formal economic models in IB.

This is odd economic theory addresses essential issues of IB. Why do firms become Unlimited why are some firms multinational and others not? Why did the numbers and the size of multinationals, increase. In the 1950s why did new forms of MNE emerge in the 1980s and 1990s, economic theory provides a set of general

Principal that addresses these issues

MNEs are clearly economic in terms of the functions they perform eg. production Investment and trade. They employ labour finance Capital and have Shareholders who Bear Business risks. They are not purely economic of course. They are not purely and unambiguously Socialise amongst themselves. They are multi-cultural organisations but they are not only organisational of this type. The United Nations the emergence of this type. The United Nations. The European and others Inter-governmental organisations are multinational Cultural, to mention one argues that political organisations should be analysed without reference to politics. So why should MNEs be analysed without reference to economics. MNC may well be Multi But is not their defining characteristic



Economic analysis has been crowded out of leading IB Journals by studies of cross-cultural organization. These studies examine the issue that are not specific to MNCs they do not explain why MNCs exist which markets they serve and where they produce, they typically ignore the fact that MNCs are profit-driven, subject to competitive pressures, and must be efficient in order to survive. So main factors explain the shift away from economic theory is perceived as highly technical and of little practical relevance while Business Strategy is seen as offering a more relevant non-technical substitute.

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