

Editor : Mahir Pradana, PhD



Aditya Wardhana

# International Business in The Digital Era

International Edition

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International Edition

This teaching book comprehensively explains how international businesses can achieve a competitive advantage in the digital age. Topics covered include International Business and Globalization, International Business Environment, International Business Model, International Trade Theory, Regional Economic Integration International Investment, International Monetary and Financial System International Business Strategy Import Export, International Marketing Strategy, International HR Strategy, International Financial Strategy; International Financial Strategy; International Operating Strategy; and International Leadership Strategy. This teaching book can be a comprehensive and practical guide to understanding international businesses that are keeping up with the current developments in the digital industry. It is essential reading for anyone interested in understanding and implementing it..

# INTERNATIONAL BUSINESS IN THE DIGITAL ERA - INTERNATIONAL EDITION

Aditya Wardhana, S.E., M.Si., M.M., CHRMP, CIRP, CHRA, CPP,  
CHRP.



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lainnya tanpa seizin tertulis dari penerbit

## PREFACE

We offer all praise and gratitude to the presence of Almighty God who has bestowed His love and grace so that we can complete this paper entitled **International Business In The Digital Era - International Edition**. This book was prepared with the hope of helping readers in finding references. Therefore, the author would like to express his thanks to all parties who have helped prepare this book. So that this book can be presented to readers. We are fully aware that there are many shortcomings in the writing of this book. Therefore, we really hope for constructive criticism and suggestions to further improve the writing of this paper. Finally, we hope that this book will be useful for readers.

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**INTERNATIONAL BUSINESS IN THE DIGITAL ERA -  
INTERNATIONAL EDITION**

Aditya Wardhana



# UNIT 1 | INTERNATIONAL BUSINESS AND GLOBALIZATION

## **Learning Achievements.**

After studying this chapter, you are expected to be able to:

1. Explain the understanding of international business and business.
2. Explain factors that drive international business.
3. Explain the benefits of international business.
4. Explain international business scope.
5. Explain the difference between domestic business and international business.
6. Explain understanding globalization.
7. Explain globalization's benefits.
8. Explain the criticism of globalization.
9. Explain methods of entering the international market.
10. Explain the multinational company.

## **Introduction**

Globalization has become the thing that dominates nearly whole sectors of business, where partly large countries eliminate impediments to trade and unfold ways for the sake of growth and expansion of business (Wardhana, 2023, et al.; Bailey, 2023; Hill, 2022; Daniels, Radebaugh, et al., 2017). During the last 15 years, the exportation of goods has sprouted at an average rate of 6% per year. International business has become the dorsal in every economic system and country. Every want to flourish in the manner of the economic system constituted thing immensely essential for them to

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# UNIT 2 | INTERNATIONAL BUSINESS ENVIRONMENT

## **Learning Achievements**

After studying this chapter, you are expected to be able to:

1. Describe the external and internal environment in international business.
2. Explain the economic environment in business internationals.
3. Explain the technological environment in international business.
4. Explain the political-legal environment in international business.
5. Explain the socio-cultural environment in international business.
6. Explain the global environment in international business.
7. Explain the physical environment in international business.
8. Explain the social responsibility of the company.
9. Explain environmental analysis tools for international business.multinational company.

## **Introduction**

Business international environment be defined as environmental in assorted countries with factors generally exist within environmental provenance enterprises affect business decisions by way of usage sources power and abilities (Hill, 2022; Haslam & Shenoy, 2018). Neighborhoods business international is defined as a series of activities that pertain to industrialized and trades on the degree international. Neighborhoods are business international dissimilar from environmental domestic. Of that, prudence is extra necessary against divergent environmental issues. Neighborhoods business international encompassing

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# UNIT 3 | INTERNATIONAL BUSINESS MODELS

## **Learning Achievements.**

After studying this chapter, you are expected to be able to:

1. Explain the Industrial Revolution
2. Explain the benefits of the Industrial Revolution 4.0
3. Explain the international business model in the era of Industrial Revolution 4.0

## **Introduction**

The Industrial Revolution 4.0 era has significantly changed the international business model. This transformation is driven by integrating advanced technologies such as the Internet of Things (IoT), Artificial Intelligence (AI), and automation. Some of the characteristics of the international business model in this era include digital interconnections through which international businesses are increasingly connected through digital platforms that enable seamless cross-border collaboration; improved operational efficiency and supply chains through technologies that reduce costs and increase productivity; the establishment of an interconnected business ecosystem in the form of cooperation with global partners to create added value; data-driven decision making by leveraging big data and Artificial Intelligence (AI) to understand markets and consumer behavior; flexibility and innovation in responding to market changes and adopting innovations rapidly; e-commerce and digital markets are becoming the dominant trend that allows companies to reach global consumers directly; and cyber security

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# UNIT 4 | INTERNATIONAL TRADE THEORY

## **Learning Achievements**

After studying this chapter, you are expected to be able to:

1. Explain theories of international trade
2. Explain the criticism of theories of international trade
3. Explain the international trade organization

## **Introduction**

International trade is the exchange of goods, services, and financial assets between countries that carry out cross-border economic activities. International trade involves various factors, such as trade policies, tariffs, non-tariff barriers, and trade agreements between countries. In addition, international trade is also influenced by economic, political, and social factors in each country involved (Anderson, 2023; Bailey, 2023 th; Wardhana et al., 2023; Singh, 2020; Daniels, Radebaugh, et al., 2017; Bhagwati, & Srinivasan, 2002; Hegre, 2000; Alt et al., 1996).

## **A. Theories of International Trade**

Trading internationally was a complex phenomenon that has become the subject of studies and analysis by para economists, expertly theorists' management, and makers policy. Para expertly developed assorted theorists to explain thruster and impacts trades internationally (Singh, 2020; Hegre, 2000). At least six theorists trade international elucidated by para expertly. Sixthly, theorists therein be in the form of this preclassical,

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# UNIT 5

## REGIONAL ECONOMIC INTEGRATION

### **Learning Achievements.**

After studying this chapter, you are expected to be able to:

1. Explain the meaning of regional economic integration
2. Describing the forms of regional economic integration include customs unions, Common Markets, and Economic unions.
3. Explain the factors driving regional economic integration
4. Explain the role of regional economic integration
5. Describe regional economic integration organizations

### **Introduction**

Regional economic integration refers to the process by which countries within a given geographical area unite to reduce trade barriers, increase economic cooperation, and promote economic growth. The forms of regional economic integration are the establishment of a customs unions, the establishment of a common markets, and the establishment of an economic unions (Asian et al., 2022; World Bank, 2021; Park & Claveria, 2018; Britannica Money, 2013; Roberts & Deichmann, 2009; Baier et al., 2007; Andriamananjara & Schiff, 2001; Blejer, 1988).

### **A. Reasons for Regional Economic Integration**

According to Al (2021), Baier et al. (2007), Suyanto & Suryawan (2023), Roberts & Deichmann (2009), Bown et al. (2017), Generic et al. (2020), the various reasons for the

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# UNIT 6 | INTERNATIONAL INVESTMENT

## **Learning Achievements.**

After studying this chapter, you are expected to be able to:

1. Explain the notion of international investment
2. Explain the importance of international investment
3. Explain the factors driving international investment
4. Explain the forms of international investment

## **Introduction**

International investment distributes capital or funds to countries outside their territory to achieve benefits. International investment involves the process of buying and selling assets such as stocks, bonds, property, or businesses in other countries (Derbali & Jamel, 2020; Fernandez et al., 2020; Muharram et al., 2020; Yavas & Malladi, 2020; Bartram & Dufey, 2001; Ebenezer, 2015)

International investment is becoming increasingly important in today's global economy by facilitating cross-border capital flows and contributing to economic growth. International investment can help diversify investment portfolios, reduce risks, and create broader growth opportunities. International investment actors can seek promising sectors in different countries by taking advantage of market conditions and investment climate differences. In addition, international investment investors can also strengthen economic relations between countries, create economic interdependence, and contribute to the overall growth of the global economy. However, as with any form of investment, international investment also

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# UNIT 7 | INTERNATIONAL MONETARY AND FINANCIAL SYSTEMS

## **Learning Achievements.**

After studying this chapter, you are expected to be able to:

1. Explain the international monetary system.
2. Explain the history of the development of the international monetary system.
3. Explain the transformation of the international monetary system.
4. Explain the currency exchange rate (currency rate).
5. Explain the understanding of international financial institutions.
6. Explain what is meant by the foreign exchange market and capital market.
7. Explain International Financial Reporting Standards (IFRS).

## **Introduction**

The international monetary system is vital in facilitating global trade and investment by establishing rules, conventions, and institutions that support financial transactions between countries. The system also helps stabilize exchange rates and facilitates the conversion of currencies to international trade and investment. In addition, it provides a mechanism for managing financial crises and coordinating monetary policy among different countries. A stable and efficient international monetary system is essential for promoting economic growth, facilitating cross-border transactions, and maintaining global financial stability (Tavlas, 1997; Cooper, 1975; Black, 1985).

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# UNIT 8 | INTERNATIONAL BUSINESS STRATEGY

## **Learning Achievements.**

After studying this chapter, you are expected to be able to:

1. Explain the understanding of international business strategy
2. Explain the forms of international business strategy
3. Explain business strategy in a global context
4. Explain sources of competitive advantage in a global context

## **Introduction**

At a time when companies are expanding their operations globally, it becomes essential for them to develop an effective international business strategy. One of the critical factors that should be considered when developing an international business strategy is the cultural differences and nuances in different countries. Understanding cultural norms, values, and target market behavior is essential for successful ExpansionExpansion. In addition, companies need to tailor their products and services to suit international customers' local preferences and demands. This may involve conducting in-depth market research and analysis to identify potential opportunities and barriers in new markets. Furthermore, a solid understanding of the legal and regulatory environment in the target country becomes crucial for compliance and risk management; we will explore various aspects of international business strategy and provide insights into how companies can address the complexities of global expansion. (Roy

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# UNIT 9 | IMPORT-EXPORT

## **Learning Achievements.**

After studying this chapter, you are expected to be able to:

1. Explain the business sense of import-export.
2. Explain the import-export business.
3. Explain the factors driving the import-export business.
4. Explain the business benefits of import exports.
5. Explain the factors that affect the import-export business.
6. Explain export and import regulations.
7. Explain export and import procedures.
8. Explain export and import documents.
9. Explain the export and import payment transactions.
10. Explain export and import insurance.

## **Introduction**

In today's interconnected global economy, the concepts of export and import form the basis of international trade. With businesses seeking new markets and consumers seeking various goods and services, exchanging products and resources between countries has become integral to economic growth and development. Businesses and policymakers need to have a firm understanding of export and import dynamics in order to navigate the complexities of global markets. In this document, we will explore deeper into the complexity of exports and imports, exploring their significance, their impact, and their contributing factors (Hausmann et al., 2005; Ram, 1987; Bilkey, 1978).

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# UNIT 10 | INTERNATIONAL MARKETING STRATEGY

## **Learning Achievements.**

After studying this chapter, you are expected to be able to:

1. Explain the notion of international marketing
2. Explain the scope of international marketing
3. Explain the types of international marketing strategies
4. Explain the sources of international marketing excellence

## **Introduction**

International marketing plays a vital role in today's global business environment, allowing companies to expand their reach beyond domestic borders and into new markets. One of the critical factors in international marketing success is a deep understanding of various cultures, consumer behavior, and market trends. By conducting careful market research and analysis, companies can adapt their marketing strategies to specific regions and communicate effectively with target audiences. In addition, navigating the complexity of international trade regulations and customs is essential to enter smoothly into new markets. Collaborating with local partners and utilizing their expertise can enhance the company's international marketing efforts (Shajrawi & Khan, 2020; Ilham et al., 2023; Khojastehpour & Johns, 2014; Porter, 1986).

Furthermore, international marketing requires a careful approach to product adaptation and pricing strategies. Companies must evaluate each target market's cultural, social, and economic

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# UNIT 11 | INTERNATIONAL HR STRATEGY

## **Learning Achievements.**

After studying this chapter, you are expected to be able to:

1. Explain the understanding of international HR management.
2. Explain the scope of international HR management.
3. Explain international HR management best practices.
4. Describe HR management in the era of the Industrial Revolution 4.0.
5. Explain HR management opportunities in the era of Industrial Revolution 4.0.
6. Explain the types of international HR strategies.

## **Introduction**

International HR Management is a field that deals with managing the human resources of multinational corporations operating in different countries. Within this diverse and dynamic field, it is essential to understand the complexities of employment law, cultural norms, and different business practices in different countries. One of the main challenges in International HR Management is ensuring compliance with local employment regulations while maintaining a coherent corporate culture across boundaries. This requires an in-depth understanding of the legal and cultural frameworks in each operating country and the ability to adapt HR policies and practices according to different environments. Effective communication and cross-cultural understanding also play an essential role in managing international

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# UNIT 12 | INTERNATIONAL FINANCIAL STRATEGY

## **Learning Achievements.**

After studying this chapter, you are expected to be able to:

1. Explain the understanding of international financial strategy.
2. Explain the scope of international finance.
3. Explain the forms of international financial strategy.
4. Explain the sources of international financial excellence.

## **Introduction**

Within the economic system global hour, comprehension of financial international is more essential than previously. Market financial international has been increasingly integrated with enhancements stream capital traversing the boundaries of the country not yet ever happened previously (Pilbeams, 2023; Krugman, Obstfeld, et al., 2022; Scott, and Anna, 2022; Yi, 2021; Hancock, 2018; Eun, and Bruce, 2017; Grath, 2016).

One of the critical factors in international finance is the importance of exchange rates. Exchange rates determine the value of one currency to another and play an essential role in international trade and investment. Exchange rate fluctuations can have a significant impact on businesses, investors, and governments, making it essential to understand the dynamics of exchange rate movements and their implications (Phalahari, 2023; Bussiere et al., 2014; Bacchetta & Wincoop, 2000; McKenzie, 1999; Weiss & Zampieron, 2014, 1995).

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# UNIT 13 | INTERNATIONAL OPERATIONS STRATEGY

## **Learning Achievements.**

After studying this chapter, you are expected to be able to:

1. Explain the international operations strategy.
2. Explain the scope of international operations.
3. Explain the forms of international operations strategy.
4. Explain the sources of excellence of international operations strategy.

## **Introduction**

An international operating strategy is a set of plans and decisions taken by a company to effectively expand its business activities across borders, aiming to achieve competitive advantage and maximize its presence globally. When developing an international operating strategy, it is essential to consider cultural differences, legal and regulatory requirements, market conditions, and logistical challenges. With an understanding of the unique aspects of each foreign market, the companies may adjust their operational approach according to local norms and preferences that may involve the formation of local partners, adjustment of product offerings, or adjustment of marketing strategies. In addition, effective international operating strategies must also consider supply chain management, risk assessment, and scalability to ensure sustainable and profitable expansion. (Ilham et al., 2023; Schmid, 2018; Sanchez & Goldberg, 2005; Kotabe & Murray, 2004;

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# UNIT 14 | INTERNATIONAL LEADERSHIP STRATEGY

## **Learning Achievements.**

After studying this chapter, you are expected to be able to:

1. Explain the understanding of international leadership strategy.
2. Explain the development of international leadership.
3. Explain The Big Five Personality Traits in international leadership.
4. Describe the type of international leadership strategy.

## **Introduction**

International leadership is essential in today's connected and rapidly evolving global landscape. The need for effective international leadership becomes more critical as the world becomes increasingly connected. Leaders must navigate the complexities of global politics, economics, and culture to foster cooperation and progress globally. This document will explore fundamental principles and strategies for successful international leadership, including the importance of cross-cultural communication, strategic decision-making, and building strong international partnerships. Leaders can effectively navigate challenges and opportunities in this dynamic global landscape through a deep understanding of these principles. (Bishop, 2013; Sheppard et al., 2013; Mendenhall et al., 2012; Cho et al., 2010; Cranford & Glover, 2007; Black & Gregersen, 2000; Alon & Higgins, 2005).

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