



INTERNATIONAL TRADE PROMOTION A NETWORK PERSPECTIVE REVIEW CASE STUDY

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ABSTRACT In this paper I have studied that the international trade involves contracts between parties operating in different jurisdictions, different legal and other institutional environments and often speaking different languages for promotion international trade and their perspectives. In the addition with existing the contracting parties are often located far from each other countries for promote their policies to implemented trade as well as communication among them. The basic decision to export or to import trade therefore involves a large number of uncertainties and time to ship goods from one place to the other and it is uncertain to which extent the quality. The shipment upon arrival corresponds to the one upon departure. The time factor also implies that the signing of the contract does not necessarily take place at the same time as the payment involved. The international competitiveness of firms and trade promotion policy are analysed so far from a network perspective which emphasizes the role and importance of interfirm relations and networks international trade boundaries.

KEYWORDS :

1. INTRODUCTION

The management and trade promotion policy implications of a markets as networks perspective on the determinants of firm's international competitiveness to promote betterment of the policy. The basic implications for management in developing their trade international competitiveness are twofold as well as their policies. To maintain effective relations with other organizations on which they depend for creating and accessing valued inputs. In this requires the development of close cooperative, long-term relations, rather than relying on arm length market transactions, in order to realize the benefits of resource and product adaptation effective trade communication and coordination of activities and their knowledge transfer and creation.

In other perspective to focuses on the position of firm in industrial networks as well as trade market. The typical Network perspective refers to the pattern of relations a firm has with their other members of the network and the role of trade policies over the network. Its position both enables and constrains a firm's actions and focuses strategic attention on the issues and problems of understanding, establishing and changing a firm's position as well as defending and maintaining a position for better trade criteria to implement over the networks. The general implications for trade promotion policy are that it needs to move beyond the usual focus on the characteristics of individual firms and industries and take into account the role and importance of personal and business relations and networks between firms and other organizations that cut across traditional industry boundaries as well as national borders.

2. LITERATURE REVIEW

The basic Trade as a share of world GDP has increased from 25 per cent in 1990 to 69 per cent in 2011 but the target of this trade exposure is 96% till 2025. This reflects deeper international specialization, which has probably led to an increase in the number of international transactions per dollar of world GDP for trade policies. The increased number of transactions per unit of world GDP has coincided with a reduction in transaction costs. Tariffs have come down substantially since the 1990s, and the same goes for international transport costs. Both phenomena are supposed to have contributed to the observed global increase in trade.

In the other perspectives all other countries have experienced the same growth in trade and the impression may arise that the elasticity of trade flows and trade growing policies with respect to changes in tariffs differs across countries scenario. One possible explanation for this phenomenon would be that tariff reductions increase trade flows only to the extent that other domestic factors create an environment that is favourable for trade. Another explanation is that in the relevant countries transaction costs other than those related to tariffs and international transport costs have remained high. Recent economic literature has emphasised the role of domestic institutions in this respect. Institutions set the rules for the interaction between private actors and for the interaction between public and private actors. The basic and traditional scenario of trade policies are well-functioning institutions therefore reduce the level of uncertainty inherent to this interaction and as a result reduce transaction costs. High quality

institutions are therefore expected to have a positive effect on economic activity in general and on international trade in particular.

3. TRADE PROMOTION POLICY

The Trade promotion policies are as usual so fare a problems confronting trade promotion policy makers is how to select the firms or industries that such policies should be directed at trade world partnership. Many schemes have been developed around the world that are based on the characteristics of individual firms and driven by numerous research studies that have identified the perceived problems, barriers and needs of actual or potential exporters. The problem with such a "user oriented" approach to developing assistance schemes is that it assumes that existing firms know best the problems limiting and preventing exports and that this provides an appropriate guide for policy development. Therefore addressing the self-perceived problems and difficulties of existing and potential exporters may not reveal the most effective strategies for penetrating foreign markets. From a policy makers perspective it may be more appropriate to give greater attention to the felt needs and problems of importers in foreign markets rather than actual or potential exporters. The trade policy the implications are to move from targeting individual firms as a way of enhancing trade performance to a focus on the relationships and networks linking firms.

A uniform reduction of transport costs due to technological changes would for example have no effect on bilateral trade flows in a gravity model, while the openness indicator would probably increase. International Competitiveness in Primary and Ancillary Networks

4. INTERNATIONALLY TRADE COMPETITIVE FIRMS IN LOCAL NETWORK

The international competitiveness of some firms in a network, as well as their international connections and experience, can make an important contribution to the international potential of other firms, depending on the types of relationships they have with them. Internationally competitive firms can play a role as leading edge customers or suppliers to other firms and provide role models for others to emulate. More generally, the presence of firms with international connections and experience may facilitate the internationalization of other companies in the network such connections and experience can exist for various reasons -

a) The presence of internationally competitive firms, based at home or abroad, in the networks impacts on the international competitiveness of the network as a whole. As noted above such firms can provide role models for others, be a source of valuable international connections and knowledge and in general enhance the ability of firms in the network to internationalise.

b) A range of activities are possible to facilitate the development of connections and the sharing of information and knowledge with these leading edge firms as well as their foreign customers, similar in part to that discussed in Case . One way is through the provision of forums for companies and people in the network to meet and exchange information and experiences and to provide a basis for developing

personal relationships between firms. .

c) A second means is through action learning groups in which firms jointly participate in international related activities such as market research or technology development projects, and policies in which members of the network are encouraged to co-locate in a particular region of the country. It should be stressed that these groupings involve more than industry associations but rather extend across industry boundaries.

d) If a firm in the primary value system is the only one highly internationalised, the situation is that of a "Lonely International." Firms in the ancillary network are only indirect exporters because their inputs are incorporated into the outputs of the internationalized firm. If the internationalized firm is a sophisticated international player it may have little need for government assistance, except for appropriate lobbying and representation of their interests to other governments and international bodies, and for introductions to key decision makers in other countries. For policy makers as well as the internationalized firm, an important issue is the continuing international competitiveness of the primary firm.

e) International competitiveness requires the continual upgrading of products and processes and this requires working with leading edge firms. If this cannot be achieved with domestic suppliers the firm may be obliged to search for such networks abroad. Or, it can assist in the internationalization of the input network by helping members to enter international markets and form international links.

5. INTERNATIONAL TRADE AN OVERVIEW

In this case members of the primary and ancillary network are exporting and belong to highly internationalized networks. Here government policy can be designed to reduce or eliminate any network specific barriers to export development to let the full export potential be realised. Research can be directed to identify such network specific barriers to international trade. In Australia such networks are likely to be linked to the mining and agricultural areas and the government can play a role in facilitating relations with overseas government's bodies and multilateral agencies that play an important part in initiating development projects in these areas. In the China grain example aid funds were used to demonstrate Australian inputs and relations between industries and the Chinese Government and World Bank were facilitated. Governments can also play a role in the early detection of international aid funded projects and in helping the formation of consortia to bid. For them. These can involve members of the domestic network as well as collaboration with international partners. For three main reasons, it is important to develop and sustain the international competitiveness of both primary and ancillary network members. First, if the international competitiveness of primary firm for example because resource supply starts to run out or becomes relatively more expensive, the input network can still remain internationally competitive. This is because internationalized firms in the ancillary networks, through their own internationalisation, grow less dependent on their domestic customers

6. BASIC NETWORK APPROACHES AND POLICIES

The network approach stresses the importance of establishing and managing cooperative relations among different complementary types of firms. Even competitors can have complementary interests. This occurs in entering international markets that is too large for any single supplier to service, in generating primary demand, such as in the case of Australian winemakers in Japan, and in jointly developing industry standards and lobbying government. The formation and development of interfirm relations and networks are seen as being of critical importance in determining international competitiveness, particularly in industrial, business-to-business markets. Hence business education programs need to focus attention on developing the cooperative as well as competitive skills of business; making management educational institutions, managers and firms aware of and skilled in the means of establishing cooperative and collaborative, as well as competitive, advantage, and harnessing the power of networks.

The internationalization of education courses and institutions, including course content as well as links and exchange programs with foreign universities is one aspect of this. In addition, courses designed to attract international students and study abroad programs can be an important vehicle for improving cultural understanding and sensitivity and help develop and strengthen personal and family links with foreign markets which provide a potential base for future commercial activities. Policy makers and firms can assist in encouraging such

developments in a number of ways. These include: funding support for the development of international business education programs; hosting international students in work experience programs domestically and in overseas markets; setting up foreign focused alumni associations, facilitating the development of and participating in study abroad programs; and assisting in international student recruiting through foreign based agencies.

7. CONCLUSION AND FUTURE SCOPE

We have examined the determinants of firms' international competitiveness and trade promotion policy from a network perspective. This gives new insight into the ways both firms and governments may seek to develop and strengthen the international competitiveness of firms and industries. We have stressed the important role played by personal and business relations between firms within and across industry boundaries and within and between different countries. It is a different perspective to the more common individual firm or industry-focused strategies, research and policy making, and broad macro-economic policies. Policies and strategies designed for specific network situations have been identified as well as more generic network development policies. Some of these incorporate more traditional firm or industry based policy elements.

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