

## **Lecture 04: Modes of Entry II**

The 4th lecture also we will continue with the mode of entry into the international business.. international business has its own complications right!. The complications arise because of the political climate, the cultural climate and the social climate. so, how should you enter,, how should a firm enter. Why it should enter that is very we have understood because there is a need to expand your business... A joint venture is a binding contract between two venture partners to set up a project either in the home country or host country or some third country.. In this case, both parties are committed to joint risk taking and joint profit sharing.. The biggest advantage is that both partners jointly take the risk and the profit.. This happens true mostly in cases where there are huge investments required. understanding. Investments required. understanding a holding company is a company that owns assets, but does not have any operations.. Johnson and Johnson is the holding company; the subsidiaries are Janssen, Pharmaceutica,, Depuy, synthes,, Lifescan,, Actelion,, neutrogena,, and ethicon. what are the advantages and the disadvantages of the wholly owned subsidiary..

Excessive trade regulation encourages local production and will lead to an equity entry mode like wholly owned subsidiary or joint venture..

Indian government has been trying to protect the local producers, which is fine because our country is not so, it is not a developed country, and we