**DOMESTIC OR GOING INTERNATIONAL**?

Every business in Canada relies on others businesses, both domestic and international.  International business affects markets and competition and governments make trade agreements.  For example, even a small potter who sells his product at a local craft store or at craft fairs is affected by international business.  His tools and supplies may come from elsewhere; his store or fair may advertise internationally; a website can reach worldwide; his competitors could be international.

Some companies choose to stay domestic.  This means that they have chosen not to import or export, but they are still affected by international business.

**Product Quality**

Businesses that sell high quality products might find that product quality suffers if production is increased to meet the demands of the larger market.  For many businesses the sense of pride in the craft is the main reason for the owner to run the business, and international expansion is not required to sell the company’s daily output.

Service businesses may also find it hard to go international.  For example, local entrepreneurs who have started repair shops, cleaning services, hair salons, etc. could not easily transfer their particular talent to another city, let alone another country.

**Complexity, Risk, and Cost**

The amount of time and effort it takes to negotiate with foreign companies arrange shipping, set up websites and travel to distant places is complex, costly and risky to many smaller businesses.  When a local business is started the owner of that business may want to keep it local.  So the business may be able to acquire interesting products from another country, but because of time constraints and cost the business may chose not to acquire these products.  In order to be aware of risks and unwanted costs, small businesses need guidance.

**Quality of Life**

A small business is often the dream of an owner.  A business is a way of financing a hobby or a passion.  For example, a skateboarder opens a skateboard store.

Even though it may be more profitable for a company to expand to the global market, many chose not to do so to maintain their quality of life.  Expansion would result in much more work on the owner’s behalf, which is sometimes not worth the money.

1. What are three reasons for a business to stay domestic?
2. If you had a local business, would you want to expand internationally? Why or Why not?
3. Research a Canadian Domestic company.

|  |
| --- |
| Company Name: |
| Company Information:(location, # of employees, products or services, etc. |
| Brief Company History:(include who started it, how it got started, has it expanded?, etc. |
| Why do you think they haven’t expanded outside of Canada? |
| What benefits would the company gain to expand? |
| What benefits would the company gain to stay domestic? |