

Antara Gupta

Mr. Speice

Independent Study & Mentorship

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**International Business: The Future of the Corporate World**

**Research Assessment #1**

**Date:** 29 September, 2017

**Subject:** International Business Career Outlook

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“11 Biggest Challenges of International Business in 2017.” *Hult News*, Hult International

Business School, 28 Sept. 2017, [www.hult.edu/news/international-business-challenges/](http://www.hult.edu/news/international-business-challenges/).

“International Business Salary and Career Outlook.” *All Business Schools*, All Star Directories

Inc. , [www.allbusinessschools.com/international-business/salary/](http://www.allbusinessschools.com/international-business/salary/).

“Will There Be Jobs Available in International Business When I Graduate?” *International*

*Business Degree Guide*, 13 Dec. 2013,

[www.internationalbusinessguide.org/will-there-be-jobs-available-in-international-business-when-i-graduate/](http://www.internationalbusinessguide.org/will-there-be-jobs-available-in-international-business-when-i-graduate/).

**Assessment:**

Finding a newfound passion in the corporate world, I have recently decided to research into international business. From a small age, I have always found the prospect of working with

different cultures quite exciting, and after finding a career that is rooted in such activities, I could not help but research more about this career cluster. Furthermore, since I am not sure as to what field of business I want to go into, International Business allows me the opportunity to explore all aspects of the corporate world whilst giving me the cultural experience that I desire. Often times, I have been discouraged from entering this field as it calls for ample traveling and an unstable schedule, but given the opportunity to study my personal interests and put the rest to the test, I knew I could not bid farewell to the concrete version of my passion without exploring it at all. As a result, the purpose of this assessment serves to analyze the career outlook for International Business majors, ranging from challenges that hinder the growth of the field to what I want to learn about it over the course of the year.

In an article entitled, “International Business Job Salary and Career Outlook”, it became evident that majoring in International Business hosts a variety of opportunities, especially in an ever-increasing global world. Highlighting the importance of continual education and improvement, the article also discussed how attaining a Masters in Business Administration can increase one’s salary by more than \$10,000. Furthermore, addressing the concerns of my well-wishers, the article emphasized the different types of companies that hire workers in international business — many of the options included options to stay close to home and travel less. However, being primarily interested in sectors in which I get to interact with people of different cultures and work with them, I feel more inclined towards working for expatriate companies or short term international assignments.

Furthermore, the article highlighted the need for proficiency in multiple languages, as having such skills can help overcome some barriers in International Business. With India and

China being places of huge market opportunity, I hope to learn Chinese in the future, and expand my Hindi so that I am able to read and write as well. Furthermore, with India being a diverse country with hundreds of languages, it will also be beneficial for me to learn a Dravidian-based language, opening me up to more opportunities in South India. Another large hub for future market activity is Latin America, and I look forward to further developing my Spanish proficiency throughout high school and college.

To compare and consolidate my understanding of International Business, I also analyzed an article entitled, "Will There Be Jobs Available in International Business When I Graduate?". Highly focused around the future career outlook for International Business majors, the article highlighted the need for continual improvement, as did the previous article. However, one interesting point that this made was that prospective International Business students should attempt to remain a balance between education and experience. According to the article, having ample experience with minimal education is often preferred over having many degrees and minimal experience. Although at first it was confusing to understand this concept, I later realized that since International Business is a field that fluctuates frequently due to economic, political, and even environmental factors, education can quickly be outdated, but experience serves to be helpful for a long time. As a result, being able to gain an impactful experience from ISM will serve to help me in the future, as it can add much-needed experience.

Both of the articles also talked about how the expected job growth for International Business stands at the average rate of 12%. Given that as a society, we are striving for the ever-increasing development of globalization, the need for International Business majors becomes more necessary than ever. However, with increasing globalization, American jobs

rooted in International Business are not just limited to Americans only. In fact, prospective foreign employees are encouraged because of their immense background in different cultures. . In fact, many International Business professionals that I have spoken to have all been able to recount living in four or more countries, and knowing about 4 languages. As a result, in order to stand out, I need to start working towards obtaining a multi-faceted perspective on International Business and different cultures, allowing me to become a solid candidate for jobs.

The last article I looked into, “11 Biggest Challenges of International Business in 2017” largely emphasized some sectors of International Business that were difficult to deal with. Given that I had not weighed the downsides to my topic, it was important that I understood International Business from a holistic approach. Furthermore, exploring this article showed me what I want to learn more about in future research assessments.

The biggest challenge that the article highlighted was that International Business is a volatile and uncertain field which is affected by many factors such as politics, environmental issues, and cultural barriers. Whilst addressing the challenges, the article also clearly explained how most international businesses works by giving a plethora of examples. Due to the vast market size of global businesses, most companies create a comprehensive business marketing plan that can be applied to different localities and then slightly alter it to fit the wants and needs of the market. Nonetheless, an ample amount of research about the location, especially if it is overseas, is needed so that the structure of the economy and the market can be understood. For example, IKEA, a Swedish furniture store known for its cheap goods, did not succeed initially in China because the prices were too high for the Chinese market. As a result, IKEA had to shift production to China in order to be able to sell their products at a competitive price.

Through this article, it became apparent that International Business is a growing field, and because there are many challenges in the field, it is important to make sure that I continually learn and improve my skills to compensate for the changing nature of International Business. As a result, I would like to learn more about the different outcomes with choices regarding the organization of an international business. Some businesses choose to run from one headquarter with “on the ground” representatives in foreign markets. Others choose to hire local marketing analysts to fulfill the research and representative role. Through more research, I hope to learn how these operational differences affect the success of a particular company.

In addition, I want to learn more about the economic cycle, and how using that, businesses can predict the time period at which to create an offshore branch of their company. By conducting research on this, I will have more background knowledge in International Business.

Furthermore, since nonverbal signals dictate an ample portion of business in different countries, I want to learn more about them as well. Perhaps for my original work, I can focus my attention towards these nonverbal signals and other cultural barriers that many hinder communication among business professionals of different cultures.

In conclusion, careers in International Business are varied, and given the increasing globalization of the world, there is ample job growth. However, given the vast amount of competition, it is important to develop a solid understanding of all aspects of business (marketing, finance, logistics, business administration, etc) and gain an ample amount of experience in the field in order to be a competitive candidate. Furthermore, the knowledge of different cultures and languages often serves as a distinguishing factor between candidates, so it

important to continue foreign language education. With International Business being a varied, field, there is still much yet to learn and understand on my part, and I hope to learn more through the use of future research assessments.

## **International Business Jobs Post-Graduation**

These days, many people are thinking critically about the degree that they should earn because they want to ensure that they will be able to get a job when they graduate. Although there are a variety of degrees an individual could pursue, many people are intrigued at the idea of attaining a degree in international business. If you have been thinking about earning your degree in international business, you may be wondering about your likelihood of finding gainful employment upon graduation – and if there are alternative employment options if you can't. Here is some information to consider:

### **International Business: The Basics**

One of the first things you should consider when attempting to determine whether you'll be able to attain a job after graduating with a degree in international business is the various fields you could work in. Some of them include:

- Investment and Global Trading
- Marketing
- Sales and Procurement
- Law, Import/Export Regulations
- Translation
- Financial Management
- Public Relations/Communication

As many job experts know, **many of the aforementioned fields are experiencing growth**, a fact which lends credence to the notion that individuals with international business degrees would be able to get a job following graduation. For example, the Bureau of Labor Statistics Bureau of Labor Statistics reports that the job outlook for a public relations manager and specialist is

currently 21% faster than average for 2010-2020. (with more globalization in the future, the need for people to Additionally, the job outlook for interpreting and translation is growing much faster than average, *(the other article talked about translation job outlook being high)* so individuals with international business degrees who pursue such positions will likely be hired quickly. On the other hand, positions as a sales or marketing manager for 2010-2020 have an average job outlook, a fact which may indicate that one could experience substantive challenges in attaining a position within those fields. *(At this point, I find marketing very interesting)*

### **The Competitiveness of the Global Economy**

In addition to thinking about the job outlook for various positions that one could seek after attaining a degree in international business, people who are considering vocations pertaining to international business should consider the competitiveness of the global economy. Although complex, the competitiveness of the global economy is a principle pointing towards the fact that the rise of international trade, multiculturalism, and the oncoming ubiquity of the internet mean that the job market functions differently than in the past. Rather than competing regionally or nationally for positions, individuals from all over the world can apply and gain acceptance for jobs throughout the world. *(there is more competition, especially from third world countries in which people before did not get the same opportunities as us)* Since people who opt to pursue a career in international business are often inclined to enjoy travel and relocation, the competitiveness among job applicants from all over the world for positions in the field of international business can be high.

Since competition for careers in international business can be high, individuals who want to pursue international business vocationally should do all that they can to stand out as top candidates for the positions they apply to. Some of the things that can be done to help a job candidate stand out include learning multiple languages, participating in internships, maintaining a high GPA, and doing community service work that somehow amplifies one's aptitude to work in the international business sector. *(such habits must be kept throughout college)*

## The Importance of Education and Experience

If you are serious about pursuing a career in international business, you should recognize the role that education and experience can play in helping you accomplish your objective. While education can often be the key to helping an individual attain a position in the field of international business after graduation, upward mobility is often contingent upon the acquisition of experience that makes one an asset to the company. Additionally, many companies may prefer to hire a candidate who has minimal education but extensive experience which indicates his or her ability to perform job duties expeditiously. *(this is a new outlook, but it can show how one is able to take minimal education and expand/ apply it)* With this thought in mind, individuals pursuing a career in international business should recognize the value of completing internships. For this reason, it is important to recognize that both education and experience play a role in determining how successful one will be in the field of international business. *(balance between education and experience)*

## Alternative Career Paths

In considering whether you will be able to attain a job after completing a degree in international business, you should definitely think about alternate career paths you could select. *(as with any career, important to have backup jobs)* Oftentimes, people who attain a degree in international business obtain positions in sectors that are not directly related to the work they were prepared to do. For example, the communication and interpersonal skills that an international business student obtains can make them a top candidate for careers in fields such as human resources or teaching.

## Forward Thinking For International Business Professionals

If you are thinking about pursuing a degree in international business, you should note that there are a variety of job opportunities that you will have after graduation. At the same time, it is

important to conduct continual research regarding the job outlook for various occupations so you can get an understanding of which sectors are most likely to hire you. Good luck!

## International Business Salary and Job Outlook

*Salaries for international business careers vary widely. Learn what your international business salary could be after completing your degree.*



In the same way that business administration provides the general skills that can transfer into a wide array of careers in business, **international business offers a multitude of career opportunities**. The exciting thing about international and multinational business is that you can literally take your skills with you—and to just about anywhere. With **applications across a spectrum of industries, your international business salary will vary depending on what type of business you specialize in, who you work for and where.** *(wide range of careers available in international business)* Here are some statistics on salaries, job growth, and employer types for careers in international business.

Take a look at some of the salaries for popular careers in international business:

International Business Career	Median Annual Salary*
International Financial Management	\$115,320 <i>(finance has the most money)</i>
Management Analyst	\$80,880
International Marketing Manager	\$123,450 <i>(this is more what I am interested towards)</i>
Translator / Interpreter	\$43,590

Source: U.S. Bureau of Labor Statistics 2016-17 Occupational Outlook Handbook

\*The salary information listed is based on a national average, unless noted. Actual salaries may vary greatly based on specialization within the field, location, years of experience and a variety of other factors. **National long-term projections of employment growth may not reflect local and/or short-term economic or job conditions, and do not guarantee actual job growth.**

### What is the potential for international business salary?

It is difficult to know what to expect from salaries in international business, since they reflect already varied salaries in the world of business in general. Many possible career paths are open to those interested in business and travel, each with varying levels of supply and demand. As with almost all careers, the higher degree you hold, the higher your salary: A [bachelor's degree](#) in business administration can add \$2,000 to \$5,000 or more per year in earning potential, while an **MBA can add yet another \$7,000 to \$11,000**, though many MBAs *(with an MBA, you often end up in a higher paying job to begin with)* start out in higher-level management jobs with more responsibility, and consequently earn a larger salary that may include a bonus package.

### Is there demand for this career?

While job growth depends on the area of business in which you choose to work, **the prospects for success in international business grow as the world shrinks due to technology**. According to the U.S. Bureau of Labor Statistics, the demand for business administrators is expected to **grow about as fast as average for all occupations**. But, as corporations establish operations overseas or seek to strengthen their bonds with existing global partners, demand for those with specialized skills—such as translation, ethics, advising and management—will likely increase.

### What is the job growth for the field?

Compare the job growth for these business administration occupations:  
Job Outlook Comparison Through 2024

- Management analyst—14 percent, faster than average
- Budget analyst—3 percent, slower than average
- Human Resources Management—9 percent, a little faster than average
- Financial Management—7 percent, as fast as average
- Translator/Interpreter—29 percent, much faster than average (*this would be a great job to have during college*)
- Marketing Management—9 percent, a little faster than average

Source: U.S. Bureau of Labor Statistics' 2016-17 Occupational Outlook Handbook

### How much competition will I face for a job?

The job market for those in business has become increasingly competitive, and what once worked for job-seekers now requires more education and credentials. For example, an MBA was once a near-guarantee for a great career in business administration. Employers are now seeking candidates with a DBA and certifications as business becomes more global and fast-paced.

Proficiency in a second language will be a major advantage to international business workers.

(*cultural relativism is quite important in International Business*) Similarly, you will need to prove your tech savvy, and willingness to develop it continually as new processes and systems emerge for communication and business management. The more knowledge and experience you have with computers and software, as well as with people, the better. (*continual improvement and education needed*)

### What kind of companies hire workers in international business?

Here are some of your workplace options:

- **International business expatriate assignments:** Many large corporations have overseas offices and often employ a staff that is comprised of both local and expatriate workers. In decades past, an assignment in India or China meant the worker would take family with them, but budgets often don't allow for that now, and many international workers are either spending time apart from their families, or the people that apply for these jobs don't have families. (*does this usually lead to being separated from the*

*family for a long time, or you travel back and forth constantly?)* This is an important consideration to make when applying for positions overseas.

- **Public Sector Jobs:** There are many jobs held by civilians in the public sector and government, such as the aerospace industry, in embassies, education, administration, information technology and health care. Many of these jobs require some sort of security clearance, and as a contractor or civil worker, you may be required to follow certain government practices or regulations. Other government jobs may be in the trade arena, such as international trade specialist, international economist and import compliance specialist. *(international business closely tied to government jobs)*
- **Short-term International Jobs:** A cultural advisor works with international business people, usually as a contractor, in specific areas of business such as technology, management, international trade, banking, law, media and education. These types of consulting jobs can be short- or long-term, and you may be hired by a specific firm in the United States and travel abroad, or you may want to find a position overseas first. If you want to work for a few months, you might find a position teaching English, as an intern in an international law firm or business, as a tour guide, or in a hotel or restaurant

### How do I advance in my international business career?

The ability to spot trends and patterns and to conduct business within a code of ethics would at one time have taken you far. But with the world becoming smaller thanks to technological advances, business administration is more complicated and complex than ever.

Earning at least an [MBA](#) could increase your career options and give you access to management and administrative roles, **but earning a doctorate will open avenues in areas such as academia and research.** *(does a Doctorate degree allow for advancement in business setting, too?)* If you want to be considered for that great promotion, you might want to think about one (or both) of these tips:

- Learn a new language—**Places such as India and China are huge market opportunities.** *(I know Hindi, maybe try to learn some basic Chinese)*

- Get computer savvy—take some IT and computer science classes and learn the different software applications *(try to take AP Computer Science, and learn more about programming)* you'll need to do your job better and faster.

Also, earning certification or licensure in your field (where applicable) *(can be specific to the job/subfield)* shows potential employers that you are a qualified and accomplished professional in your chosen career, and may play a role in employment decisions or promotions.

## 11 Biggest Challenges of International Business in 2017

From the U.K.'s unprecedented decision to leave the European Union to the historic and divisive U.S. presidential election, 2016 was a year of **large-scale change and uncertainty**. *(even in the future,*

*there will be many volatile years)* Nowhere, perhaps, was it felt more keenly than in the world of

international business. **Political, economic, and environmental issues** are increasingly becoming

the remit of international business leaders as much as governments. *(international business is a cross-section*

*for many different fields, and current event issues are important to consider)*

At Hult, our aim is to prepare our students to become the next generation of global business leaders, embracing the opportunities and challenges of international business. While the global marketplace **becomes more interconnected and accessible, the risks involved in doing business abroad are not to be taken lightly.**

Expanding business overseas means **reaching new clients or customers and potentially boosting**

**profits**. Despite all the uncertainty of 2017 and the challenges that have yet to reveal themselves,

there are some guidelines for conducting business on a global scale that you should always

consider before leaping into new international operations. Here is our advice on how to tackle the

11 biggest challenges for international business:

1. International company structure
2. Foreign laws and regulations
3. International accounting
4. Cost calculation and global pricing strategy
5. Universal payment methods
6. Currency rates
7. Choosing the right global shipment methods
8. Communication difficulties and cultural differences
9. Political risks
10. Supply chain complexity and risks of labor exploitation

## 11. Worldwide environmental issues

### **International company structure**

If your aim is to be competitive globally, you must have a team in place that's up for the challenge. One fundamental consideration is the structure of your organization and the location of your teams.

For instance, will your company be run from one central headquarters? Or will you have offices and representatives "on the ground" in key markets abroad? If so, how will these teams be organized, what autonomy will they have, and how will they coordinate working across time zones? If not, will you consider hiring local market experts who understand the culture of your target markets, but will work centrally? *(Are these people free floating or do they work for a consulting company that caters to the need of foreign businesses?)*

Coca-Cola offers one example of effective multinational business structure. The company is organized into continental groups, each overseen by a President. The central Presidents manage Presidents of smaller, country-based or regional subdivisions. Despite its diverse global presence, the Coca-Cola brand and product is controlled centrally and consistent around the world.

While Coca-Cola is a vast international brand, the structure of your business and the number, nationality, and level of expertise of your team will vary depending on your industry, product, and the size of your business. *(the entire product and management works from a global presence, but there is a lot of individuality with the marketing, for example the ads based around current events- Kendall Jenner ad)*

### **Foreign laws and regulations**



Along with getting your company structure in place, **gaining a comprehensive understanding of the local laws and regulations governing your target markets is key.** From tax implications through to trading laws, navigating legal requirements is a central function for any successful international business. **Eligibility to trade is a significant consideration, as are potential tariffs and the legal costs associated with entering new markets.** *(as seen in the other marketing article, some countries favor domestic businesses much more and therefore each country's statistics must be considered)*

**Airbnb** ran into trouble in 2014, with a crackdown on **advertised rental properties falling outside local housing and tourism regulations.** The company was forced to pay a **€30,000 fine** for a breach of local tourism laws in Barcelona. *(legal advisors and double checking everything is important)*

**It's important to note that employment and labor requirements also differ by country.** For instance, **European countries stipulate that a minimum of 14-weeks maternity leave be offered to**

employees, while on the other hand, there is no such requirement for U.S. employers. With the complexity involved in foreign trade and employment laws, investing in knowledgeable and experienced corporate counsel can prove invaluable.

Beyond abiding by official laws, engaging in international business often requires following other unwritten cultural guidelines. This can prove especially challenging in emerging markets with ill-defined regulations or potential corruption. In response, companies doing business in the United States must abide by the Foreign Corrupt Practices Act, which aims at eliminating bribery and unethical practices in international business. A good rule of thumb is to beware of engaging in any questionable activities, which might be legal but could have future reputational repercussions. *(some countries have shaky definitions for corruption and other social activities, so be careful when doing business with such companies)*

## International accounting

Of the main legal areas to consider when it comes to doing international business, tax compliance is perhaps the most crucial. Accounting can present a challenge to multinational businesses who may be liable for corporation tax abroad. Different tax systems, rates, and compliance requirements can make the accounting function of a multinational organization significantly challenging. *(hire local people because they would be more familiar with the taxes of their country than foreigners)*



Accounting strategy is key to maximizing revenue, and the **location where your business is registered can impact your tax liability**. Mitigating the risk of multiple layers of taxation makes good business sense for any organization trading abroad. **Being aware of tax treaties between countries where your business is trading will help to ensure you're not paying double taxes unnecessarily**.

A focus on tax efficiency is often the aim of international accounting efforts. In the **European Union, companies may benefit from the Common Consolidated Corporate Tax Base proposal, whereby companies with operations around the EU can limit tax liability to one corporate center**.

*(what does tax liability consist of and why would more than one company have it?)* Tax consolidation is a feature of several multinationals' decision to be headquartered in Dublin, as Ireland is known for its “business-friendly” corporate tax policy. Well-known companies with operational headquarters in the **Republic of Ireland include Google, Facebook, and Intel**. *(attracted by the good corporate tax policy)*

### **Cost calculation and global pricing strategy**

Setting the price for your products and services can present challenges when doing business overseas and should be another major consideration of your strategy. You must consider costs to remain competitive, while still ensuring profit. **Researching the prices of direct, local-market competitors can give you a benchmark, however, it remains essential to ensure the math still works in your favor**. For instance, the cost of production and shipping, labor, marketing, and distribution, as well as your margin, must be taken into account for your business to be viable.

Pricing can also come down to how you choose to position your brand — should the cost of your product reflect luxury status? Or will low prices help you to penetrate a new market? *(take into account*

*the local competitor prices and what the market wants)* Swedish furniture giant **Ikea, known in Europe for its low-cost value, struggled initially in China** due to local competitor costs of labor and production being much cheaper. By **relocating production for the Chinese market and using more locally sourced materials, the company was able to successfully cut prices** to better reflect its brand and boost sales among target consumers.

Wherever you're looking to launch your product or service, here are four useful strategies to help you find the right price:

# 4 PRICING STRATEGIES TO BOOST YOUR PROFITS



Set prices that will sustain your business without turning off your customers by using these tried-and-true pricing strategies.

## USE PREDICTIVE PRICING

Anything your company owns that has monetary value, in order of liquidity.



### LOOK AHEAD

Transaction data, predictive equations and business experts are good sources for setting prices.



### USE CUSTOMER SEGMENTATION

Divide your customer base into groups that share similarities so you can better target offerings.



### MONITOR OTHER BUSINESSES

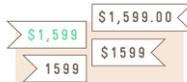
If competitors or bigger corporations adjust their prices for inflation, you should consider it as well.



Avoid discounting your prices — especially for services — unless it's an industry standard based on volume. Once you offer a discount, it's nearly impossible to later charge your regular price and still keep the customer.

## FIND THE RIGHT PRICE

There are a number of tactics to get the most out of your prices.



### 1 KEEP IT SIMPLE

Prices that have more symbols register as more expensive, and complicated pricing structures can turn customers off entirely.



### 3 USE PRICE ANCHORING

Place expensive products next to an even more expensive option. The less expensive items will seem like a steal in comparison.



### 2 END WITH 9

A common marketing strategy is ending prices with the number 9 to convey affordability. Pricier retail stores often mark their full-price items with whole numbers and their discounted merchandise with .99/1.



### 4 OFFER THREE OPTIONS

Offer a bargain price, the price you actually want people to pay and a luxury price. People will typically buy the middle-priced option.

Avoid setting prices using a "cost-plus" approach. For most businesses, this usually guarantees leaving money on the table.



TEXT: ANTHONIA AKITUNDE AND MIKE PERIU

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## Universal payment methods

The proliferation of international e-commerce websites has made selling goods overseas easier and more affordable for businesses and consumers. However, payment methods that are commonly accepted in your home market might be unavailable abroad. Determining acceptable payment methods and ensuring secure processing must be a central consideration for businesses who seeks to trade internationally. *(third world countries are just introducing concepts of credit cards, so important to consider)*

Accepting well-known global payment methods through companies like [Worldpay](#), as well as accepting local payment methods, such as JCB in Asia or Yandex Money in Russia, can be a good option for large international businesses. Accepting wire transfers, PayPal payments, and [Bitcoin](#), are other possibilities, with Bitcoin users benefiting from no bank or credit card transaction fees. Despite the risk of fluctuating value, the lack of fees is one of the reasons a number of online companies, including WordPress, the Apple App Store, Expedia, and a number of Etsy sellers accept Bitcoin.

## Currency rates

While price setting and payment methods are major considerations, currency rate fluctuation is one of the most challenging international business problems to navigate. Monitoring exchange rates must therefore be a central part of the strategy for all international businesses. However, global economic volatility can make forecasting profit especially difficult, particularly when

rates fluctuate at unpredictable levels. *(previous article talked about how international business is hard to predict and they are volatile)*

Major fluctuations can seriously impact the balance of business expenses and profit. For instance, if your company is paying suppliers and production costs in U.S. dollars, but selling in markets with a weaker or more unpredictable currency, your company could end up with a much smaller margin — or even a loss. *(how exactly does this happen?)* One way to protect yourself against large fluctuations in currency is to pay suppliers and production costs in the same currency as the one you're selling in. This may mean switching to more local production where possible in order to better balance your outgoings and sales revenue. *(How IKEA was able to make their prices more economical in China)*

Another option for mitigating the risk of unpredictable currency rates can be setting up a forward contract and agreeing a price in advance for future sales. Of course, this potentially means missing out on greater profit should rates shift in your favor. *(have to play the game, there is always risk)* However, it can protect your sales from the risk presented by unstable currency.

Learn more about six key factors that can influence currency exchange rates:

- **Choosing the right global shipment methods**

The potential of online sales presents a huge international business opportunity for retailers in the 21st century, but finding reliable, fast, and cost-effective shipment and distribution methods can be a difficult balance in some markets. *(For example, many Indian outfit online stores that are becoming quite popular bc of the target market)* Depending on the volume and destination of your shipments, will you send by land, sea, air, or a combination? Your choice of shipping method can be a major influence on your revenue and may be a limiting factor to the products you can viably sell overseas.

Other considerations to address according to your company's products and your target markets include customs fees, the need and cost of storage, and local methods of distribution. There are also country-specific regulations and shipping requirements to take into account. For a quick check of costs and compliance, UPS International has created an online tool called TradeAbility to help businesses and individuals manage the movement of good overseas.

- **Communication difficulties and cultural differences**

Good communication is at the heart of effective international business strategy. However, communicating across cultures can be a very real challenge. *(overcoming cultural barriers, for example black gift boxes are not good in Japan)* At Hult, developing cross-cultural competency and communication skills are a core focus inside and outside of the classroom.

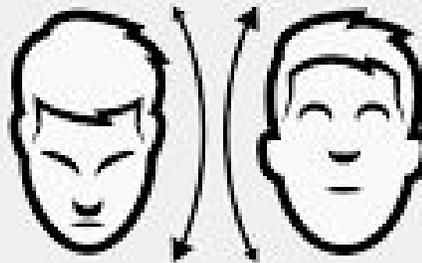
Effective communication with colleagues, clients, and customers abroad is essential for success in international business. And it's often more than just a language barrier you need to think about — nonverbal communication can make or break business deals too. Do your research and know how different cultural values and norms — such as shaking hands — can and should influence the way you communicate in a professional context. Being aware of acceptable business etiquette abroad, and how things like religious and cultural traditions can influence this, will help you to better navigate potential communication problems in international business.

Discover the subtle nuances of body language for different countries and nationalities you may be doing business with:

# BODY LANGUAGE AROUND THE WORLD

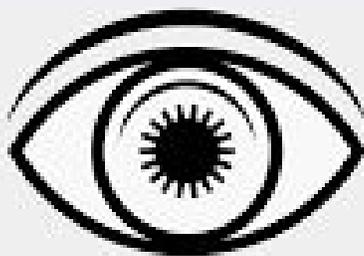
## HEAD

Nodding your head generally means agreement or approval.



But **Bulgarians** and **Greeks**, for example, are known for their unusual manner of saying yes and no: Nodding up and down signifies a negative.

## EYES



Good eye contact is expected in the **West**. Strong eye contact is most notable in **Spain**, **Greece**, and **Arab** countries.



**Finns** and **Japanese** are embarrassed by another's stare, and seek eye contact only at the beginning of a conversation.

## EARS

The **Portuguese** tug their earlobes to indicate tasty food, but in **Italy** this gesture has sexual connotations,



...and in **Spain** it means someone is not paying for their drinks.

## NOSE

A hearty nose blow into a handkerchief is typical in the **West**, while public nose blowing is frowned upon by the **Japanese**.



Tapping your nose means “confidential” in **England**, but “watch out” in **Italy**.

## LIPS



In some cultures – **Filipino**, **Native American**, **Puerto Rican**, and many **Latin American** cultures – people use their lips to point, instead of a finger. In the **West**, people often kiss when they meet or when they say goodbye; in many **Asian** countries, it is considered too intimate of an action to be displayed in public.



## ARMS

Many cultures use their arms freely, as in **Italy**, where they often wave their arms around when talking, or the **US**. But **northern Europeans** find it hard to tolerate gesturing with the arms,



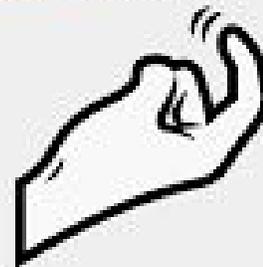
associating it with insincerity and over-dramatization. In **Japan**, gesturing with broad arm movements is considered impolite.

## HANDS

The **American** "goodbye" wave can be interpreted as the signal for "no" in many parts of **Europe** and **Latin America**.



The **Italian** goodbye wave can be interpreted by **Americans** as "come here." The **American** "come here" gesture can be seen as an insult in most **Asian** countries.



In **Malaysia** it is taboo to point with your index finger, but you can point with your thumb. "Thumbs up" is used in many cultures, none more so than **Brazil** however,



...where the signal is used everywhere. However, it's a rude sexual signal in some **Islamic** countries, **Sardinia**, and **Greece**, and can signify the number "1" in **France**.

## LEGS

Sitting crosslegged is common in North America and some European countries,



...but it's viewed as disrespectful to show the sole of your shoe to another person in Asia and the Middle East.

Source: "When Cultures Collide: Learning Across Cultures" by Richard Cross and IMC/M, (My share varies this info)

**BUSINESS INSIDER**

Cultural differences can also influence market demand for your product or service. The need your business may address at home may already be met or not exist at all overseas. Local market insight is key, and there are a number of successful brands whose business models simply weren't viable in overseas markets. *(does the culture of the company even make room for your business/ product)* For instance, American coffee company Starbucks seriously struggled in Australia, where the demand for local, independent cafes and coffee shops vastly outweighed the appeal of the corporate giant.

Small practical considerations can also be easily overlooked, such as creating quality translations of product and marketing materials, and even ensuring your brand name works well abroad. A number of well-known companies have had to consider adapting the names of their brand or product when launching in a foreign market. The Chevrolet Nova is perhaps the most commonly cited example, where “no va” literally translates to “no go” in Spanish—not the best product name for a car. Although slumping sales figures in Latin America have proven to be an urban

legend, the story of the “no go” car serves as a useful reminder of the importance of preparing well before launching your business in a new market.

### Political risks



An obvious risk for international business is political uncertainty and instability. Countries and emerging markets that may offer considerable opportunities for expanding global businesses may also pose challenges, which more established markets do not. Before considering expansion into a new or unknown market, a risk assessment of the economic and political landscape is critical.

Issues such as **ill-defined or unstable policies and corrupt practices can be hugely problematic in emerging markets.** Changes in governments can bring changes in policy, regulations, and interest rates that can prove damaging to foreign business and investment.

**A growing trend towards economic nationalism** also makes the current global political landscape **potentially hostile towards international businesses.** *(talked about in previous article and how this can also manifest*

*itself in the form of tariffs)* For instance, companies like Facebook are **banned in China**, partially in preference for national social networks and also due to government regulation over internet content. Monitoring political developments and **planning accordingly** can mitigate political risks of doing business abroad.

### **Supply chain Complexity and Risks of Labor Exploitation**

When it comes to sourcing products and services from overseas, managing suppliers and supply chains can also be a tricky process. **Unfortunately, the length and complexity of supply chains increases the chance of working with suppliers who have unethical — and even illegal — business practices.** Of growing concern is the risk in international business of forced labor and **worker exploitation.** *(more steps means there are more opportunities for illegal behavior to emerge, especially forced labor in third world countries)*

In October 2015, the UK passed the **Modern Slavery Act** in response to this often-hidden human rights violation. Recent research led by a partnership between Hult International Business School and the Ethical Trading Initiative revealed that an **astonishing 77% of businesses believe that modern slavery exists at some point in their supply chains.** *(a potential topic for original work, bring awareness)*

To raise awareness and help local and international businesses respond more effectively to this issue, their published research report presents case studies of businesses who have implemented

practices at the leading edge of the fight against modern slavery. As the research team continues to bring their findings to light, developing and supporting ethical and sustainable business practices remains a focus in the Hult classroom.

## **Worldwide Environmental Issues**

As the environmental risks and effects of climate change are becoming better understood, sustainability is high on the agenda of many major global corporations. Recent international legislations and proposals, such as the UN's Sustainable Development Goals, have put environmental issues at the forefront of international business development. The Ashridge Centre for Business and Sustainability at Hult researches innovative ways that organizations can develop and implement more environmentally sustainable business models.

On a practical level, if you're considering expanding your business overseas, it's important to be aware of the country-specific environmental regulations and issues associated with your industry. Some key considerations include how your production methods might impact the local environment through waste and pollution.

Beyond a legal or ethical incentive to be more eco-friendly, establishing environmentally conscious business practices can attract new, forward-thinking consumers to your company.

With a number of brands such as Dell, Renault, and MUD Jeans leading a shift towards the circular economy, there is an opportunity and demand for changing production methods and consumer behavior to establish a more sustainable future for the environment and society as a whole.

In the video below, [Dr. Mark Esposito](#) discuss the global business and societal benefits of the circular economy:

### **Closing thoughts**

As we see what the first months of the new year will bring for international business, new opportunities, challenges, and uncertainties will continue to arise. How are you preparing to make the most of the opportunities of doing business overseas in 2017? Comment below with any further issues or challenges and how your organization is overcoming them.

Want to learn more? Discover how Hult's unique global [Masters](#), [One-Year MBA](#), and [EMBA](#) programs are designed to prepare globally minded professionals to overcome the pressing problems of doing business on the international stage.