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**LEADERSHIP AND CHANGE MANAGEMENT**

***INTERNATIONAL/GLOBAL BUSINESS PRACTICES***

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 **1.0 INTRODUCTION**

We live in a global world that is like a village community of nations, tribes, races and colors occupying spaces on the surface of the earth. The World population estimated to be about 7.9 billion going by the United Nations figure of April, 2022 is interwoven, related, connected and interdependent. With Technological and digital growth, distance, language or physical mobility is no longer a barrier to communication and transactions. Continents, Nations, States or Cities are not equally endowed with resources – natural, raw material, Human Capital, Climate, aquatic or environmental. Human hierarchy of needs implies interdependency on others to satisfy our needs. This calls for exchange and transactions to fill our inadequacies. International or Global Business is the process of trading or exchange in goods, services, technology, human capital, financial capital and information technology across two (2) or more Nations at a global or transnational Scale. It involves movement of goods or services across National borders. International Business is a mutual and symbiotic exchange process that strengthens relationships between 2 or more Countries. It goes beyond exchange of goods and services to understanding and supporting each other. A case in point is the support being enjoyed by Ukraine in their war against Russia. There is a monumental and total support from Countries across Europe, Asia, South America, North America and Africa for Ukraine.

International Business has evolved over time;

* **Paternalism**: Nations trading with their original Conqueror. Products of colonialism e.g. France and the French speaking countries in Africa, United Kingdom and the English Speaking Countries of Western Coast of Africa.
* **Commercialization**: This is the outcome of the industrial revolution which resulted in expanded capacities in production, distribution and marketing of goods and services. Also new products and services came into existence outside Nations producing beyond their local consumption.
* **Balancing**: This is the stage at which nations began to factor trade balances resulting from earnings from export less payments of imports. This dictates the direction or flow of capital to a given country.
* **Digitalization**: This is the current state of international businesses whereby Technology has been introduced to transform mode of transactions and the cost of doing business cut down drastically. Digitalization has introduced Technology into the production, warehousing, distribution and data exchange making global transaction more effective, easier and timely.

**1.1 LEARNING OUTCOMES**

At the end of this course, Student should learn and appreciate;

* The driving forces of globalization
* Learn the influences of culture, Economic, social, political impact of global business and domestic economies.
* Develop a mindset of ethical and social responsibility.
* Understand current trend, challenges and need for a paradigm shift in global business.
* The relationship between political stability of a nation and global business.
* The role of ethical practices and humanism in global businesses.
* The need and how to achieve international global diversification
* Globalization as a tool to maximize output and resources.
* To develop a global mindset and connectivity

**1.2 WHY GLOBALIZATION?**

Why is globalization the way to go now in midst of world conflicts, epidemics, cultural differences, climate and environmental changes, face to face with the high unemployment and poverty in the underdeveloped World

* **Differences in endowment**: Nations differs in their level and diverse endowments - which are resources at the disposal for utilization. Endowments include labor, land, natural resources, and money or entrepreneurial skills. There could be an undue advantage to Nations in producing certain class of goods and services. Youthful and large labor force is a typical example in Asia and Africa Countries. Oil deposits in Nations, Copper and goldmine in DRC Congo.
* **Advancement in Technology**: The coming of industrial robots, Artificial Intelligence, Machine learning and various financial Techs have impacted positively on the production of goods and services with reference to speed, quality, cost and logistics. Nations with such energy technologies have comparative advantage over others.
* **Demand and supply potentials**: Automatically, Global business is a direct boost to markets and market shares. Borderlines are opened for in and out flow of goods and services. China is a hub for production, shipping and distribution of most goods and services to the outside world. Their production of almost all goods and services far outstretch their local demands
* **Economic of scales and comparative advantage**: Global business enhances economy of scales as the demand market is widened beyond the country of production. Business become more efficient and cost effective resulting in lowered cost of production. Reduced price means capacity to gain more sales
* **Social connection**: Global business has opened the widow of labor mobility where diverse people of Critical skills are engaged. Provide unification of diverse people and culture that become connected and build different social alliances including marriages.
* **Global mindset and outlook**: Businesses have been transformed from being local players to global actors on the world platform. Global exposures and experiences have become the focus of executives and the labor market such that standards have been raised to an all time high in the last decade. Industrialists and business men now act locally but think globally.
* **Growth in knowledge and skills**: Global business exposes participants to a multitude of knowledge and skill hitherto unheard off. These are Researches and Product Development, Process designs and redesigns going on every day. Theories and assumptions are being discarded, barriers being broken and limitations being exceeded.

 **1.3 GLOBALIZATION AND THE FUTURE.**

This definitely is the way to go. It is an enhanced and a catalytic pathway to the attainment of Sustainable Development Goals by 2030. Globalization offers shift in mindset, production, labor, mobility and economic development in general.

* **Capacity/resource utilization**: This is a sure way to maximize both capacity and resources resulting from the pull-effect from other markets. There is no limitation to how far goods and services will go.
* **Foreign investment**: the future looks very bright for investors and financial technologies. Increased capacities translate to expanded inputs - machinery, raw material, labor etc which all translates to more investments. The World Bank, International Monetary Fund (IMF), Africa Development bank and other financial Institutions will become more visible and active in the nearest future.
* **International diversification**: there will be a shift and structural alignment to be able to cope with the increasing demand for products and services, jobs and employment opportunities provided by globalization. The impact will be ;
1. Economical – integration of financial markets.
2. Political – growing influences of Entrepreneurs and Skilled professionals.
3. Cultural - social, infrastructural and environmental changes.
* **International connectivity:** Globalization will collapse every wall of segregation and socialization - making the World become a global village connected on the social media, freedom of movement and association will be facilitated. The labor

Market will be mobile and diverse. Knowledge and skills will be the deciding factor as against all forms of prejudices of color, race, religion, gender or otherwise

* **Scope of engagement**: with the high rate of Youth unemployment and subsequent lack of disposable income to a large demography of the world population, global businesses are a ray of hope now and in the nearest future. Students can become career persons in so many specialties:
* Hospitality and tourism
* Retail and sales - malls, shopping outlets.
* Banking and financial institutions.
* Marketing, advertising and public relations.
* Human capital development.
* Consultancy and management.
* Health and related institutions.
* Education and research centers.
* Transportation – air, sea, roads, and rails.
* Other ancillary jobs on the international labor market.

**1.4 CULTURE AND GLOBALIZATION**

Culture is simply defined as the behavioral pattern of a Nation, Society or people – their beliefs, ideas, customs, religion and other social behaviors including the way they transact business.

“Cultural globalization refers to the transmission of ideas, meanings and values around the world in such a way as to extend and intensify social relationships. This process is marked by the common consumption of cultures. These have been diffused by the internet, popular cultures, media and international travels” (1)

Source (1) https://en.wikipedia.org>wiki>cultural globalization

‘’Global culture is a set of shared experiences, norms, symbols and ideas that unite people at the global level. Cultures can exist at the global, national, regional, city, neighborhood, subculture and super culture levels’’. (2)

Source (2) Lisbdnet.com. What is global culture? Published November30, 2021

“Globalization is defined as the set of processes (economic, social, cultural, technological, and institutional) that contribute to the relationship between Societies and individuals around the world. It is a professional process by which exchanges and flows between different parts of the world are intensified” (3)

Source (3) youmatter.world what is globalization? Published 6th October, 2020

What is accepted as a norm or standard behavior vary from Country to Country, State to state, and location to location. Culture affects how people think, communicate, behave and how they transact business. Culture affects how people deal or transact what they deal on and the negotiation pattern.

Culture can be classified under:

* Language – tool of communication.
* Customs and traditions
* Religion – beliefs, values, clothing etc.
* Arts and literature.
* Educational system
* Government and policies
* Economic system.

**1.5 GLOBAL BUSINESS ETHICS**

Global business cannot be left at the mercy of the strongest against the weaker players. Like every activity of the ‘homo sapiens” called man on earth, actions are guided by rules and regulations. Where there is no law, there will be no crime. The Carson college of Business defined Global Business Ethics as

 ‘’a set of principles that establishes ethical standards for employees and businesses. Though every business has an ethic code, engaging in international Business may introduce grey areas where expectations for employers conduct are unclear” (4)

Source (4). Washington State University, Carson College of Business. The Role of Global Business Leaders. Published January 14, 2021. https://onlinemba.wsu.edu/blog

Global businesses are expected to comply with international ethic codes in their sect oral operations - medical, pharmaceuticals, legal, insurance, properties, real estate etc. Also, they are compelled to follow industrial laws set by Organizations, e.g. Certificate of manufacture, International Standard Organization (ISO) and Environmental Protection Agencies. Here are some basic Ethics codes:

* Compliance Certificate: An agreement in writing to comply with company’s stated standard.
* Purchase order and letter of credit: Agreement to adhere to company’s policies by the suppliers.
* Payment terms: Agreement on how payment process will be conducted.
* Delivery Terms: A schedule of delivery agreed by the parties in a transaction.

The global Business code of conduct can be classified into 3 categories:

1. Corporate codes of conduct: These are ethics based on Corporate codes to guide the Organization. It covers; Ethics Training, Program Design, Whistle blowing channels, Disciplinary committees and guidelines, Role of Board Directors, Company’s communication strategies etc.
2. Industrial based code of conducts: These are industry wide code of conduct guidelines. They involve self monitoring, verification and compliance to codes. The medical field, the legal practitioners, Accountants, the manufacturing organizations, food industry and food handler’s regulations etc.
3. Global codes: This code of conduct will cover guidelines for Multinational Businesses, faith-based organizations , Non Governmental organizations(NGOs) amongst others, there is
* The Caux principle of Business
* The United Nations Global compact.
* The Global Reporting Initiatives (GRI) and
* The Global Corporate Responsibility.

**1.6 LEGAL ISSUES IN GLOBAL BUSINESS**

There is a global law regulating International Businesses. The international Commercial law covers a body of regulations of:

* Legal rules
* Convections and treaties.
* Domestic legislations and commercial customs and exercise that governs international transactions. It must contain elements of both countries transacting business.

Legal issues in global business covers:

* Company structures
* Employment laws
* Company shares and options.
* Intellectual Property law (IP)
* Contracts and Negotiations.
* Corporate acquisitions
* Tax obligations.

Globalization has affected virtually every aspects of doing business including crime and the process of committing crime.

 Crime policy covers;

* The trial methods
* Reason to lay a claim (warrantee and guarantee)
* The criminalization process and
* The de-criminalization.

Global laws have directly improved business conducts such that global or international trade and services have been made easy with free movement of labor, capital, product and services across National Borders.

**1.7 ENTRY STRATEGIES IN GLOBAL BUSINESS**

Going global in business vary from sector to sector and country to country. There are however some basic strategies that would work with little tinkering based on the location. There are several factors that would aid a particular strategy among which are;

* Tariff rates
* Adaptability or suitability of product or services
* Cost of production and marketing.
* Haulage and logistics
* Warehousing and distribution or redistribution.

According to Tradestart.CA, the basic entry strategies are;

* **Exporting strategy**: Organization export product or services across borders directly or through Agents and Distributors.
* **Licensing:** The right to deal on a product or services is transferred from the producer or original owner to another. Licensing could be for production or marketing. You become the Representative of the mother company.
* **Franchising**: This is a popular process where product or service is repeatable and easily transmitted to another market or Nation. This strategy is popular in the Hospitality business and Restaurants. The Holiday Inn, Kentucky, MacDonald, Sobeys are all products of this Strategy
* **Partnership:**  this strategy could range from co-marketing to manufacturing. The local partner leverages on knowledge, contacts and culture to the benefit of both parties. The Automobile industry festers on this strategy.
* **Joint ventures**: A sophisticated form of Partnership where a joint third party is set up by the 2 participating business to run the show. This is a 1+1 =3 process. Government of Nations go with this kind of entry strategies - the (Shell–NNPC) Joint Ventures, Sony- Ericson phones Joint venture
* **Acquisition:** Outright buying of existing business from the locals. This offers ;
* Good market shares
* Take-over of a competing brand.
* Solution to a Government regulation

It is an expensive strategy but grants local status to the buying company who benefits from government incentives.

* **Greenfield Investment**: This is very involving starting from acquiring the land, building the facility and operating the business as an ongoing basis in a foreign location. This is a highly skilled operation – building Airports, Seaports and running Institutions in a foreign land.
* **Turnkey projects**: This strategy involves huge financials which are mostly sponsored by international financial institutions. Popular in Engineering, Construction, Architecture and Consulting projects. The facility is built from scratch to finish and handed over to the Client.

**1.8 GLOBAL BUSINESS FINANCING**

Finance and cash flow is the oxygen of a sustainable business is it domestic, national or global. Financing is the process of raising and managing funds needed for the day to day running of a Business. The global financial systems accelerate the process of fund transfer across the borders in a documented, secured and productive manner. The process promotes investment, growth, employment, wealth creation and economic diversification.

The small and medium scale businesses have the following financial windows for funding:

* Debt financing
* Equity financing or the combination of the two.

For global businesses, source of financing is wider:

* Personal investment.
* Venture capital
* Business Angels
* Commercial bank loans
* Government subsidies and waivers
* Financial Bootstrapping and
* Complete Buyouts.

**1.9 BENEFITS OF GLOBAL FINANCING**

We are in a world currently passing through economic storms of inflation of goods and services, higher interest rates and lower earnings in savings. International or global financing ensures:

* Broader matrix of lending options.
* Policies and procedures that suits
* Competitive loan terms and interest rates
* Multi-currency availability
* Privacy and security
* Economic heaven to politically unstable Nations.
* Tax reliefs and rebate advantage.
* Accessibility and manageable.

**2.0 SUMMARY**

International or going global in business is the future of most businesses, organization and countries in the days ahead. This will help the business take full advantage of abundant resources, skills and expertise to deliver more competitive goods and services to the globe without market constraints. This has a domino effect of higher level of competitiveness and effectiveness. It offers a wider range, better quality and pocket friendly prices. The economy of scales is raised and larger output drops unit prices to the benefit of consumers. It is expected that Businesses are ethically structured with sound management principles to guarantee value, integrity and quality offerings. There are international Commercial laws which guide the conduct of players to ensure corruption free transactions that are fair, just and equitable to all parties. International labor laws controls employment to safe guard employees’ earnings, mobility and security of life; discrimination based on color, religion or gender. Global business is a sure way of wealth creation and distribution; higher income earning; youth employment and engagement; and a better and crime free society for all which is the ultimate goal of the United Nation. The general well being of World citizens is lifted and the standard of living improved by business globalization.

* 1. **RECOMMENDATION**
* United Nations should begin to preach the gospel of global business side by side the SDG-17 of 2030. It is a resourceful channel of attaining the Sustainable Development Goals and such Organization could be made to contribute a proportion of their profit towards specific goals.
* The cybercrime laws should be harmonized to give better protection to would be investors and fraud free financial transactions across borders.
* Operators of global business should be encouraged to set up business in populated location of high youth unemployment. This will serve two critical objectives of youth employment and reducing the crime rate of such society.
* Global incentives: Government hosting such business should provide tax-free holidays, land/property subsidy, reduced tariff on equipment and facilities to encourage such across the border handshake.
* The ethical clause should be factored into ALL Courses of Global Business studies.

**4.0 BIBLIOGRAPHY**

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