# GAC022 Business III: International Business Studies

GAC Business

## What this module is, and how it is marked

GAC022 is the Level III business module. It takes what GAC012 established about one firm in one country and asks what changes when the firm crosses a border.

Assessment mirrors GAC012 — a test, a **research task** 研究任务 on an international business, a report or presentation, and coursework — but the standard expected of the analysis is higher. A Level III report is judged on whether the evidence supports the judgement, not on whether the sections are present.

- △ Write about a **real** international firm with sources you can cite. A generic essay about globalisation scores badly however well written.
- Use the technical term the question uses: **tariff** 关税, **exchange rate** 汇率, **joint venture** 合资企业. A correct idea in everyday words often loses the mark.

## Introduction to international business

**International business** 国际商务 is commercial activity that crosses national borders, and **globalisation** 全球化 is the process that has made it ordinary.

- Firms go abroad to reach **markets** 市场, to lower **costs** 成本, or to secure **resources** 资源.
- **Exporting** 出口 is the lowest-commitment route; **licensing** 许可经营 and **franchising** 特许经营 use a local partner's money; a **joint venture** shares ownership; a **subsidiary** 子公司 is full control and full risk.
- Globalisation is contested on purpose. It has moved hundreds of millions out of poverty and it has moved industries out of towns, and a Level III answer says both.

**Worked example.** A Chinese appliance maker wants to sell in Germany.

*Export* means the lowest cost and the least control. *Joint venture* buys local knowledge and distribution, and shares the profit. *Subsidiary* keeps all the profit and carries all the risk, including a legal system the firm does not know.

The mark is for choosing one and justifying it against the firm's actual position — not for listing all three.

# External influences: international economics

- **Exchange rates** decide what a price abroad is worth at home. A weaker home currency makes exports cheaper and imports dearer.
- A **tariff** is a tax on imports; a **quota** 配额 is a limit on their quantity. Both protect domestic producers and raise prices for domestic consumers.
- A **trade bloc** 贸易集团 removes barriers between members and keeps them against outsiders.
- The **balance of trade** 贸易差额 is exports minus imports.

**Worked example.** The home currency falls by 10% against the euro.

An exporter's goods now cost a German buyer 10% less, so demand rises. But imported components cost 10% more, so the margin narrows. Whether the firm gains depends on how much of its input it imports — and that dependency is the analysis the question wants.

# Additional external influences

- **Political risk** 政治风险 is the chance that a government's action changes the value of an investment: expropriation, capital controls, sanctions, a changed tax regime.
- **Legal systems** 法律体系 differ in contract enforcement and in **intellectual property** 知识产权 protection.
- **Ethics** 商业伦理 travels badly: what is legal in one market may be unacceptable to customers in another, and a firm is judged in both.
- **Corporate social responsibility** 企业社会责任 is a firm accepting obligations beyond the legal minimum, and it is now a real factor in access to Western markets.

# Internal influences on international business

- **Organisational structure** must answer to two masters: the product line and the region.
- **Staffing** 人员配置 abroad chooses between sending home-country managers, hiring locally, or both — each trades control against local knowledge.
- **Standardisation** 标准化 keeps one product for every market and is cheaper; **adaptation** 本地化 changes it per market and sells better.
- **Supply chain** 供应链 length is a strategic choice. Long chains are cheap and fragile, as every firm relearned recently.

# International marketing and culture

- **Culture** shapes what a product means, not only whether it is wanted. Colour, number and imagery all carry local meaning.
- **Brand** 品牌 names do not always survive translation, and a name that is unpronounceable in a market is a real cost.
- The **marketing mix** must usually be adapted: price to local incomes, place to local retail, promotion to local media and local norms.
- △ **Market research** abroad is harder and more necessary. Assuming your own market's preferences is the error the whole unit exists to prevent.

**Worked example.** A snack brand enters a market where its flagship flavour is unfamiliar.

*Standardise:* one product, one factory, lowest cost — and slow sales.

*Adapt:* a local flavour, a smaller pack for local retail, promotion through the platform people actually use — higher cost, and a market.

Most firms do both: a standard core with adapted edges. Saying which parts to standardise and which to adapt, with a reason for each, is the Level III answer.