

International Business: Cross-border Decisions and Evidence

GAC022 public-outcome teaching; full centre guide governs assessed depth.

International business needs a supported judgement

- Use a real firm and dated sources for the assessed research.
- Separate reported facts, analysis and assumptions.
- Follow the actual centre brief for format and depth.

Explain why the firm wants to cross a border

- Possible aims: customers, costs, skills and resources.
- Entry methods differ in ownership and commitments.
- Benefits and costs can differ across stakeholders.

Economic influences require explicit assumptions

- State which currency the exchange-rate quote buys.
- Tariffs, quotas and trade agreements affect different firms.
- Distinguish a goods trade balance from a firm's profit.

External law and ethics need evidence

- Check the relevant jurisdiction and actual business activity.
- Separate legal requirements from ethical judgement.
- A supplier policy is not proof of every supplier's conduct.

Internal decisions shape coordination and delivery

- Assign product and regional decision responsibilities.
- Compare staffing, standardisation and adaptation in context.
- Check quality, lead times, stock and alternative supply.

Research international customers without stereotypes

- Define a reachable group and test its needs.
- Connect product, price, place and promotion.
- Check meanings, instructions and actual purchase behaviour.

Bright Kettle is a fictional decision case

- Choose entry method, price and delivery for a new market.
- Practice figures are not current rates or company accounts.
- Use real sources for a real-company research task.

Stakeholder effects need mechanisms and conditions

- Customers may gain choice; workers may face job changes.
- Suppliers may gain orders and greater dependence.
- Owners may gain a market and new costs or risks.

Exporting still requires service and compliance

- Direct sales and distributors can involve different commitments.
- Avoiding a foreign factory does not remove every cost.
- Check delivery, service, reporting and contract terms.

Licensing and franchising need continuing checks

- Licensing grants agreed rights under a contract.
- Franchising usually adds a business format and brand obligations.
- Partner resources do not eliminate quality or rights risks.

Shared ownership and full ownership have tradeoffs

- A joint venture shares ownership and resources.
- A wholly owned subsidiary belongs fully to the parent.
- Ownership does not guarantee unrestricted practical control.

Recommend a bounded first step for the stated case

- Limited funds and untested demand favour a limited trial.
- A checked distributor can support an export test.
- Review actual orders and service before further commitment.

Opposite exchange-rate quotes have different percentage changes

- Old quote: 1 euro buys 10 H.
- New quote: 1 euro buys 11 H, a 10% increase.
- One H falls from 0.10 euro to about 0.09091 euro.

$$\text{H per euro rise} = \frac{11 - 10}{10} \times 100 = 10\%$$

$$\text{euro per H fall} = \frac{0.10 - 1/11}{0.10} \times 100 \approx 9.09\%$$

A fixed home price converts to fewer euros

- Keep the kettle's home price at 1,000 H.
- Euro price changes from 100 to about 90.91.
- A lower converted price does not prove demand rises.

$$\text{old euro price} = 1\,000 \div 10 = 100$$

$$\text{new euro price} = 1\,000 \div 11 \approx 90.91$$

Imported components can offset an export benefit

- A component has a fixed euro price of 40.
- Its home cost rises from 400 H to 440 H.
- Invoice currency, contracts and payment timing matter.
 - old component cost = $40 \times 10 = 400$ H
 - new component cost = $40 \times 11 = 440$ H

Establish the original contribution

- Old sale at 100 euros brings 1,000 H.
- Variable costs: component 400 H + other costs 500 H.
- Contribution is 100 H, before excluded costs.

$$\text{old contribution} = 1\,000 - 400 - 500 = 100\text{ H}$$

Choice A keeps the euro invoice price

- Invoice remains 100 euros at 11 H per euro.
- Home receipt becomes 1,100 H; component cost becomes 440 H.
- Contribution increases to 160 H per kettle.

$$\text{A contribution} = 1\,100 - 440 - 500 = 160 \text{ H}$$

Choice B keeps the home price

- Home receipt remains 1,000 H.
- The euro price falls to about 90.91.
- Contribution falls to 60 H per kettle.

$$\text{B contribution} = 1\,000 - 440 - 500 = 60\text{ H}$$

Calculate a tariff on a stated value

- Fictional customs value 120 euros; tariff rate 10%.
- Tariff is 12 euros; value plus tariff is 132.
- Freight and all other taxes or charges are excluded.

$$\text{tariff} = 120 \times 0.10 = 12 \text{ euros}$$

$$\text{value plus tariff} = 120 + 12 = 132 \text{ euros}$$

Quotas constrain plans but allocation matters

- A stated limit of 500 cannot support a 600-unit import plan.
- Check the product, period and allocation rules.
- A market-wide quota is not each firm's allowance.

Trade agreements differ in their arrangements

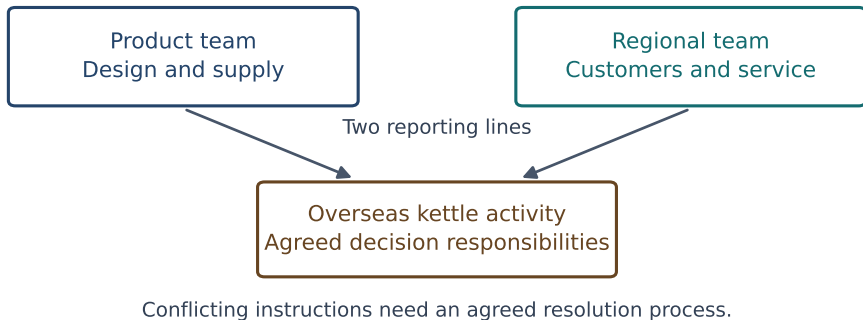
- A free-trade area can retain different external tariffs.
- A customs union has a common external tariff arrangement.
- Check qualifying products, origin rules and actual coverage.

$$\text{goods trade balance} = 80 - 95 = -15$$

Identify external risk without inventing a universal rule

- Political action, law, income and technology can affect the firm.
- Check actual contract, product and intellectual-property requirements.
- Responsibility claims need evidence of practice.

Combine product and regional knowledge



- Assign design, supply, customer and service responsibilities.
- Two reporting lines need an agreed resolution process.

Compare staffing choices through skills and support

- Experienced home staff can transfer routines.
- Local staff can contribute language and market knowledge.
- A mixed team needs training, authority and conflict resolution.

Keep a tested core and check market-specific needs

- Standardisation keeps agreed features consistent.
- Adaptation changes features for the intended market.
- Compare safety, power, instructions, service and cost evidence.

Check the stock and replacement-time mismatch

- Two weeks of stock may run out before a four-week replacement.
- Check quality, capacity and delivery of an alternative supplier.
- Balance stock cost against the specific disruption risk.

Make the international four Ps evidence-based

- Product: use and requirements; price: costs and alternatives.
- Place: checked distribution and service.
- Promotion: clear language and supported claims.

Review paid orders and service before expanding

- A survey response is not a repeat purchase.
- Measure paid orders, returns, complaints and contribution.
- Compare actual results with the stated assumptions.

Plan a narrow real-company investigation

- Choose a firm, question, period and relevant markets.
- Log author, document, date, section and supported claim.
- Separate reported evidence, inference and assumptions.

Use a dated company filing within its limits

- Apple example: fiscal year ended 27 September 2025.
- The filing describes regional management and outside partners.
- Reported risks do not prove a particular disruption occurred.

Communicate evidence before the recommendation

- Report purpose, method, findings, analysis and limitations.
- Use readable evidence, units and concise language in slides.
- Recommend a bounded step with a review condition.

Check yourself

- Explain entry choice and stakeholder effects with conditions.
- Check quote direction, conversion, contribution and tariff arithmetic.
- Evaluate supply, organisation and the limits of a real-company claim.