

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

Reason to cross a border	What must be demonstrated
New customers	Evidence of demand, competition and a reachable group
Costs, skills or resources	Actual cost, quality, delivery and access evidence
Entry commitment	Compare resources and risks; benefits are not automatic

Economic influences require explicit assumptions

Economic influence	Check before making a claim
Exchange rate	State the quote direction, invoice currency and pricing assumption.
Tariff / quota	Identify product, period, valuation or allocation rules.
Goods trade balance	Goods exports minus goods imports for an economy, not a firm's profit.

External law and ethics need evidence

Legal question

Which jurisdiction and actual activity are involved?

Check applicable product, contract and intellectual-property requirements.

Ethical evidence

Evaluate effects on people and the environment.

A stated supplier policy does not prove every supplier followed it.

Internal decisions shape coordination and delivery

Assign product and regional decision responsibilities.



Check design, quality, stock and delivery needs.



Connect staffing, authority and service to the promised offer.



Resolve conflicting instructions through an agreed process.

Research international customers without stereotypes

Research a group, not a national stereotype

Define reachable customers for the kettle and investigate their actual use, budget and alternatives.

Test names, instructions and claims with suitable readers. Do not infer everyone's preferences from nationality.

Connect product, price, place and promotion to evidence of actual purchases and service needs.

Bright Kettle is a fictional decision case

Bright Kettle — fictional practice case

An appliance maker wants to sell overseas. Managers must choose an entry method, price and delivery plan.

All rates, tariffs and accounts used here are invented teaching data.

A real-company investigation requires real dated sources. Keep case assumptions separate from company evidence.

Stakeholder effects need mechanisms and conditions

Stakeholder	Possible effect	Condition to investigate
Customers	More choice	Price, quality and access actually suit them
Workers	New work or job changes	Tasks, location and staffing response
Suppliers	More orders; greater dependence	Order reliability and bargaining position
Owners	A new market; new costs and risks	Demand, resources and delivery capability

Exporting still requires service and compliance

Export through a distributor

Can test demand without owning a foreign factory.

Check distributor delivery, customer information and service.

Direct export

Different customer contact and commitments.

Transport, after-sales support, compliance and contract costs still matter.

Licensing and franchising need continuing checks

Licensing

Agreed use of rights such as technology under contract.

Partner resources can help; quality, enforcement and protection of rights need checks.

Franchising

Usually adds an agreed business format and brand obligations.

Continuing obligations and monitoring remain; the partner does not remove every risk.

Shared ownership and full ownership have tradeoffs

Joint venture

Shared ownership, investment and resources.

Local knowledge may help; decisions and returns must be agreed.

Wholly owned subsidiary

Fully owned by the parent; larger ownership commitment.

Practical control still depends on people, contracts, law and customers.

Recommend a bounded first step for the stated case

Recommendation under the stated conditions

Bright Kettle has limited funds and no evidence of repeat overseas demand.

A bounded export trial through a checked distributor may fit better than immediately building a subsidiary.

Check service, reporting and contract terms. Review actual orders and support needs before further commitment.

Notice

Less ownership commitment is one consideration; no entry method is always cheapest or best.

Your turn: interpret both exchange-rate quotes

Your turn

Initially €1 buys 10 H; later €1 buys 11 H. Calculate the percentage change in H per euro and in euro per H. Explain why their magnitudes differ.

Attempt the complete task before advancing. Show the method and interpret the result.

Opposite exchange-rate quotes have different percentage changes

- 1 **Quote** Initially €1 buys 10 H; later €1 buys 11 H.
- 2 **H per euro** $\% \Delta q = (11 - 10)/10 \times 100 = 10\%$.
- 3 **Opposite quote** One H falls from €0.10 to $\text{€}(1/11) \approx \text{€}0.09091$.
- 4 **Opposite percentage fall** $= (0.10 - 1/11)/0.10 \times 100 \approx 9.09\%$.

Decision

Opposite quotes have different denominators. A 10% rise in one is not a 10% fall in the other.

A fixed home price converts to fewer euros

- 1 **Given** Home price stays 1,000 H. Quote changes from 10 to 11 H per euro.
- 2 **Convert** $P_{EUR} = P_H/q$.
- 3 **Old and new** $P_{old} = 1000/10 = 100$ euros; $P_{new} = 1000/11 = 90.91$ euros.

Decision

A lower converted price may improve competitiveness; demand and the final retail price still require evidence.

Imported components can offset an export benefit

- 1 **Given** The imported component's euro invoice stays at €40.
- 2 **Old cost** $C_H = C_{EUR}q = (40 \text{ euros})(10 \text{ H/euro}) = 400 \text{ H}$.
- 3 **New cost** $C_H = (40 \text{ euros})(11 \text{ H/euro}) = 440 \text{ H}$.

Decision

Imported-input costs can offset an export benefit. Contracts, invoice currency and payment dates matter.

Establish the original contribution

- 1 **Revenue** Original €100 sale at 10 H/euro gives 1,000 H.
- 2 **Variable costs** Imported component 400 H; other variable costs 500 H.
- 3 **Contribution** $c = R - VC = (1000 - 400 - 500) \text{ H} = 100 \text{ H/kettle}$.

Decision

Delivery, fixed costs, tax and other charges are excluded. Contribution is not final profit.

Your turn: compare two pricing choices

Your turn

At 11 H per euro, Choice A keeps a €100 invoice and Choice B keeps a 1,000 H price. Each kettle uses a €40 imported component plus 500 H of other variable costs. Compare contribution per kettle and state what is still needed to choose.

Attempt the complete task before advancing. Show the method and interpret the result.

Choice A keeps the euro invoice price

1 **Choice A** Keep the euro invoice at €100; the new quote is 11 H/euro.

2 **Receipt** $R_H = P_{EUR}q = (100 \text{ euros})(11 \text{ H/euro}) = 1100 \text{ H}$.

3 **Contribution**

$$c = R_H - C_{\text{component}} - C_{\text{other}} = (1100 - 440 - 500) \text{ H} = 160 \text{ H/kettle}.$$

Choice B keeps the home price

- 1 **Choice B** Keep the home price at 1,000 H; euro price becomes about €90.91.
- 2 **Contribution**
$$c = R_H - C_{\text{component}} - C_{\text{other}} = (1000 - 440 - 500) \text{ H} = 60 \text{ H/kettle.}$$
- 3 **Compare** A gives 160 H per kettle, B 60 H. Total contribution also depends on quantity sold.

Decision

Use demand evidence. Neither an automatic buyer-price fall nor a seller-profit rise follows from a currency change alone.

Your turn: tariff on a stated value

Your turn

Use fictional customs value €120 and tariff rate 10%. Calculate the tariff and value plus tariff, excluding all other charges. Explain one possible stakeholder effect with a condition.

Attempt the complete task before advancing. Show the method and interpret the result.

Calculate a tariff on a stated value

- 1 **Assumption** Fictional customs value €120; tariff 10%. Other charges excluded.
- 2 **Tariff** $T = V_{\text{customs}}r = (120 \text{ euros})(0.10) = 12 \text{ euros}$.
- 3 **Value plus tariff** $V_{\text{total}} = V_{\text{customs}} + T = (120 + 12) \text{ euros} = 132 \text{ euros}$.

Decision

This is not a complete real-country landed-cost calculation.

Quotas constrain plans but allocation matters

Does a 500-unit quota support a 600-unit plan?

Under the stated 500-unit limit, the proposed 600-unit import plan exceeds the limit by 100 units.

Check the product, period and how import rights are allocated.

A market-wide quota is not an allowance granted separately to every firm.

Trade agreements differ in their arrangements

Free-trade area

Agreed barriers removed for qualifying trade among members.

Members can retain different external tariffs.

Customs union

Common external tariff arrangement.

Actual products, origin rules and coverage still require checking.

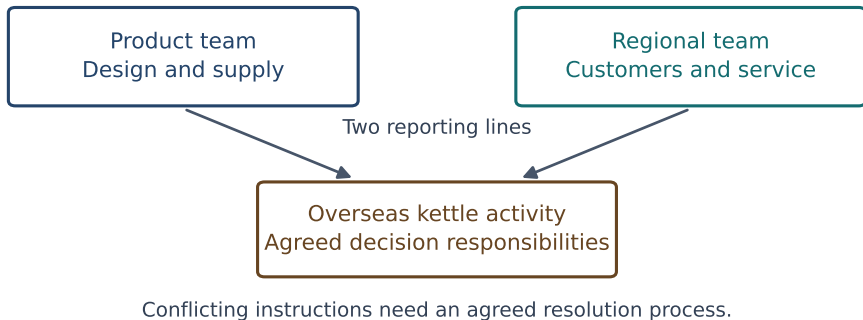
Identify external risk without inventing a universal rule

External issue	Evidence required
Political action / law	Relevant government action and applicable product, contract and IP requirements
Income / technology	Customer and operational effects in the actual market
Responsibility claim	Records and checks of conduct, not only a supplier policy

Use the evidence

Separate legal requirements, ethical judgement and reported evidence.

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 and product knowledge.

May need local language and operating support.

Local staff / mixed team

Can add market and language knowledge.

Define authority, training and conflict resolution; nationality alone does not determine competence.

Keep a tested core and check market-specific needs

Standardise the tested core

Keep agreed features consistent across markets.

Potential cost savings do not prove universal suitability.

Adapt where evidence requires

Check safety, power, instructions and service needs.

Changes can add cost; adaptation does not guarantee sales.

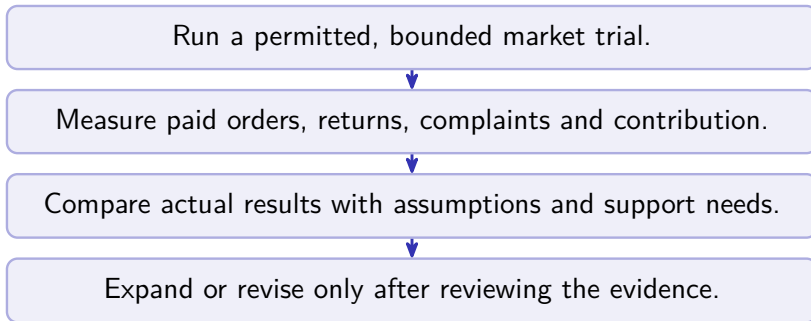
Check the stock and replacement-time mismatch

- 1 **Scenario** Two weeks of stock; replacement takes four weeks after disruption.
- 2 **Mismatch** Stock may run out two weeks before the replacement arrives, under these assumptions.
- 3 **Response** Evaluate justified stock cover or an alternative supplier.
- 4 **Verify** Check alternative quality, capacity and delivery. Balance holding cost against the specific risk.

Make the international four Ps evidence-based

Marketing choice	Proposal and supporting evidence
Product	Tested core; check customer use, safety, instructions and service needs
Price	Compare invoice currency, costs, alternatives and willingness to pay
Place	Checked distributor; verify coverage, delivery and after-sales records
Promotion	Clear language and supported claims; test comprehension and response

Review paid orders and service before expanding



Plan a narrow real-company investigation

Source-log field	Purpose
Firm, question, period, markets	Keep the investigation narrow enough to evaluate.
Author, document, date and section	Make each reported claim traceable.
Supported claim versus inference	Do not let a source appear to establish more than it does.

Use the evidence

Missing or conflicting evidence belongs in the limitations, not behind a confident recommendation.

Use a dated company filing within its limits

What the dated source supports

Apple Form 10-K, fiscal year ended 27 September 2025.

Regional reporting/management and dependence on outside manufacturing/logistics partners are disclosed.

What remains an inference

Partner arrangements need coordination and monitoring.

A disclosed risk does not prove a particular disruption occurred or that a subsidiary is the best response.

Communicate evidence before the recommendation

Evidence → analysis → bounded recommendation

Present the firm, period, method and dated findings before interpreting them.

Explain the tradeoff and what the sources cannot establish.

Recommend a limited next step with a review condition. Follow the actual centre brief for report or presentation format.

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.