



FCJE
UFRO

Facultad de Ciencias
Jurídicas y Empresariales

COURSE MATERIALS

2020

International Business

IAE516 @ Business Administration program of UFRO

Professor: leva Zebryte leva.zebryte@ufrontera.cl

Dear Students,

Welcome to the class on International Business where the last five years you've spent at the university converge into a project-based learning experience of flipped classroom, English-practice and critical analysis of the globalized business environment.

The students are encouraged to ask questions such as "how...?" and "why...?" directly to the professor through e-mail, whatsapp, Virtual Campus or in meetings to ensure that the answers are recorded and available to other students of the same course.

The students are discouraged to ask the "what...?" and "when...?" questions because the answers to these questions will be available in the Virtual Campus of the International Business course or Wikipedia, as well as other sources online (Google knows it all!!!).

Finally, the Business Plan with an International Component or International Business Plan for short, must be an original piece of work developed for this course only and based on a creative or innovative business idea, clearly identified foreign market and realistic data (market research, tax rates, tariffs, if any, etc.). You are encouraged to think of international trade in services as a viable option for your business idea. Also, business ideas based on bundling of products-services are another option for innovation in the value chain. The projects based purely on import-export of products are discouraged though not forbidden.

Work hard and have fun!!!

Professor Ieva

About the Course (from Course Program on Intranet of UFRO)

I. Descripción de la Asignatura

La asignatura de negocios Internacionales forma parte del bloque de asignaturas de formación especializada del plan de estudios del Ingeniero Comercial. Ella tiene como foco de análisis la globalización de los negocios y su impacto en las actividades empresariales. De esta forma, esta asignatura tiene como misión, mostrar a los alumnos los distintos elementos que componen e involucran los negocios internacionales. En ella se estudian aspectos tales como el entorno que rodea a los negocios internacionales, las teorías e instituciones involucradas, las operaciones de negocios internacionales y el plan de negocios internacional. Los conocimientos previos de esta asignatura provienen de los elementos y dimensiones tardados en Administración, Emprendimiento y Marketing.

II. Programa orientado al desarrollo de las siguientes competencias

GENÉRICAS	TITULACIÓN
Comunicación en inglés. Liderazgo.	Manejar los elementos básicos del entorno de los negocios internacionales y su impacto en las actividades empresariales. Diseñar un plan de negocio internacional que se enfoque en la detección de oportunidades en el mercado internacional. Integrar los conocimientos del área de negocios aplicándolos a los casos de escala internacional.

III. Resultados de Aprendizaje

Al finalizar con éxito la asignatura o módulo los estudiantes deberán ser capaces de:

- RA1. Identificar los elementos básicos del entorno de los negocios internacionales y su rol en los mismos.
- RA2. Explicar el rol de las teorías e instituciones involucradas en los negocios internacionales.

RA3. Identificar los principales elementos que están involucrados en las operaciones de negocios internacionales.

RA4. Elaborar un Plan de Negocios Internacional para ser presentado y defendido frente al resto de sus compañeros.

RA5. Interactuar a través de correos o redes sociales profesionales en inglés.

RA6: Evidencia la capacidad de tomar responsabilidad para avanzar al logro de los resultados.

IV. Metodología & Evaluación

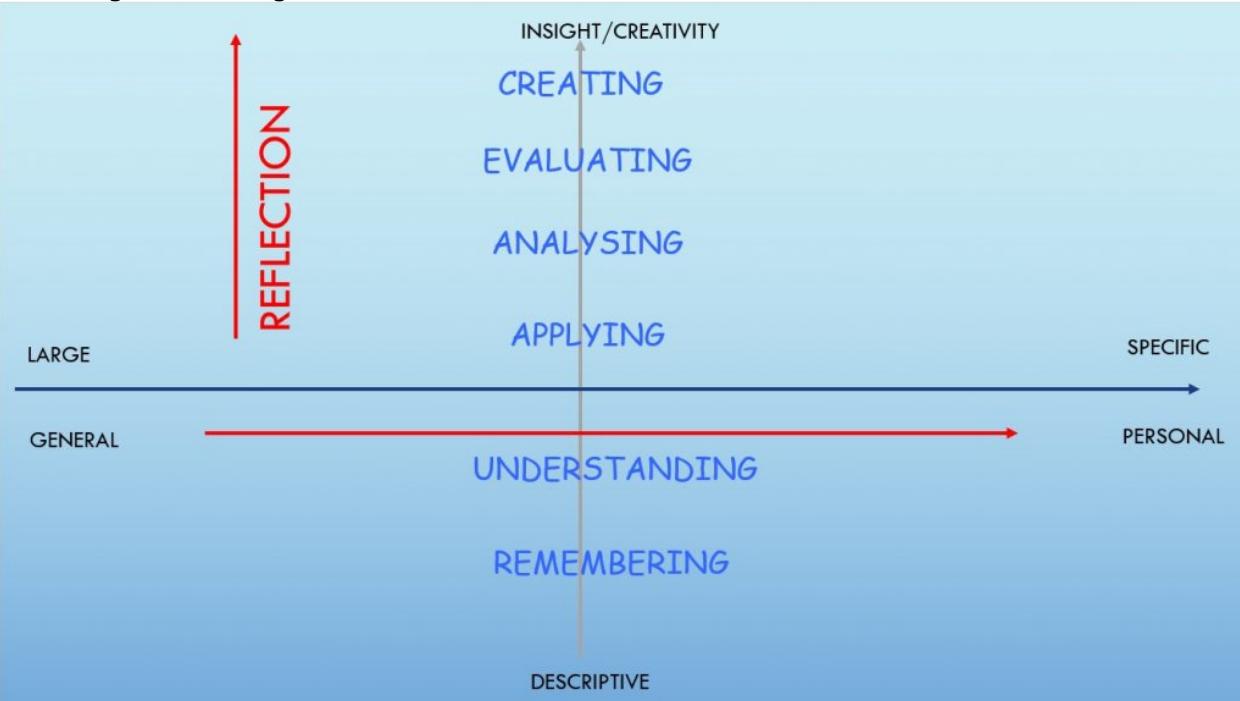
La Metodología de enseñanza en la modalidad de docencia virtual consiste en “Flipped Classroom” y “Just Fail Challange”, frente a estos conceptos las actividades de enseñanza-aprendizaje se organizarán de la siguiente manera: (i) actividades lectivas sincrónicas (Zoom o Meet) y asincrónicas (videos disponibles en YouTube y actividades en el Campus Virtual); (ii) atención a estudiantes modalidad sincrónica (Zoom o Meet) y asincrónica por parte de la profesora (correo electrónico, whatsapp); (iii) participación por parte de estudiantes de foros o talleres a través de las plataformas digitales (trabajo individual o grupal para estudio de casos de éxito y fracaso en Negocios Internacionales (material de lectura o audiovisual) y análisis de los hallazgos presentados en los artículos de Harvard Business Review); (iv) comunicación escrita en inglés durante toda la asignatura (trabajo individual). El Trabajo Final de Integración (TFI) será el desarrollo (trabajo grupal) de un Plan de Negocios, con componente internacional, expresado en un documento escrito y un video corto del Pitch.

Se recuerda a l@s estudiantes, que en la Universidad de La Frontera y para los efectos de la presente asignatura, la competencia genérica de “Comunicación en inglés” se mide en los parámetros de la comprensión lectora y comunicación escrita a nivel B2, es decir en la asignatura se evalúa el dicho nivel de manejo del idioma inglés. Por lo que, al respecto de las presentaciones y trabajos realizados en el marco de la asignatura, se define lo siguiente.

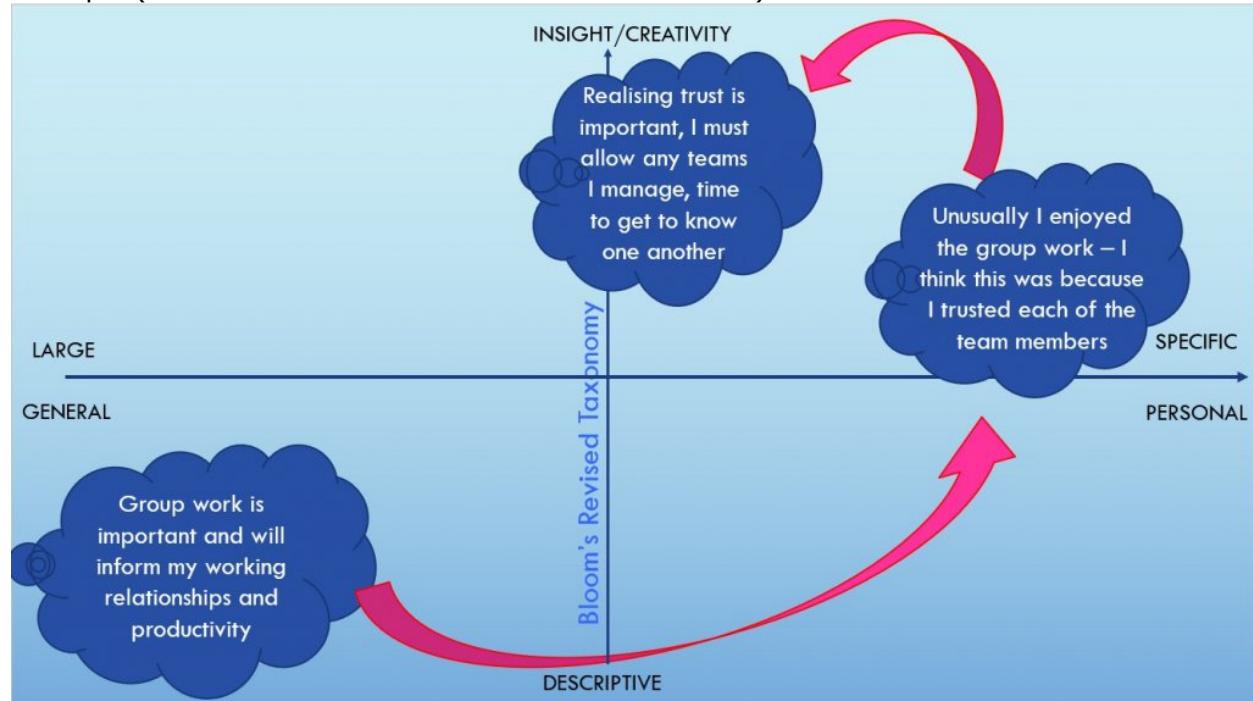
- Primero, el trabajo escrito -en los foros y presentaciones de los resultados de los talleres- debe realizarse en inglés.
- Segundo, para los videos los estudiantes pueden hablar en castellano, pero los respaldos escritos para tales presentaciones, sin excepciones, deben ser en el idioma inglés.

La Evaluación de resultados de aprendizaje consiste en: (i) presentaciones, trabajos escritos en foros y “productos” creados a través de los talleres (trabajo en grupos en el contexto de las Tasks 1-3); (ii) desarrollo del Plan de Negocios con el componente internacional -documento-. Esta última actividad evaluada (Modelo y Plan de Negocios) es una actividad integradora de la carrera y asignatura (ramo); es decir, se debe utilizar la lectura de la asignatura y los aprendizajes desarrollados durante la carrera -otras asignaturas, prácticas de estudios, visitas industriales y actividades extracurriculares-. Finalmente, se requiere una participación (no asistencia!) del 100 % en todas las actividades evaluadas, tales como los foros y talleres de las Tasks 1-3. Por ello, las Tasks 1-3 se evaluaran con una nota la cual ponderaraa 50 % de la nota final y 100 % de la nota teórica (T). El Trabajo Final de Integración (TFI), 50 % de la nota final y 100 % de la nota práctica (P), será el desarrollo (trabajo grupal) de un Plan de Negocios, con componente internacional, expresado en un documento escrito (60 % de la nota “Plan de Negocios”) y un video corto del Pitch (40 % “Plan de Negocios”).

If the student demonstrates application, analysis, evaluation or creation of new knowledge, then the grade will be between 4.5 and 7 points. Otherwise, if the student demonstrates only understanding and memory of codified knowledge then the grade will be 4.4 or below.



Source: British Council of Chartered Business Schools
Example (British Council of Chartered Business Schools):



V. Obligatory * and optional reading

* **Fatehi, K. & Choi, J. (2019). Managing internationally: Succeeding in a culturally diverse world. 2nd ed. Sage.**

* **Hill, C.W.L. & Hult, G.T.M. (2016) Global Business Today. 9th ed. p. 541. McGrawHill Education, USA.**

* **Hill, C.W.L. (2013) International business: competing in the global marketplace. McGrawHill Education, USA.**

Etchebarne López, M. S., & Geldres Weiss, V. V. (2011). La distancia psíquica y el desempeño exportador: Un reto para la PYME en la era de la Globalización. *Estudios Gerenciales*, 27(118), 85-96.

Etchebarne López, M. S., Geldres Weiss, V. V. & Ramos8R., H. (2009). LAS CAPACIDADES EN TECNOLOGÍAS DE LA INFORMACIÓN Y LAS FIRMAS BORN GLOBALS. *Revista Ibero Americana de Estratégia*, 8(1), 160-174.

Faulconbridge, J. & Beaverstock, J. 2009. Globalization: interconnected worlds. In S. Holloway, S. P. Rice, G. Valentine, & N. Clifford (Eds.), *Key concepts in Geography* (2nd edition), 331-343. London: Sage.

Gallagher, K. (2013). *The Clash of Globalizations: Essays on the Political Economy of Trade and Development Policy*. London: Anthem Press.

Geldres-Weiss, V. V., & Carrasco-Roa, J. A. (2016). Impact evaluation of national export promotion programs on export firms using contrast groups. *International Journal of Export Marketing*, 1(1), 77-95.

Geldres-Weiss, V. V., & Monreal-Pérez, J. (2018). The Effect of Export Promotion Programs on Chilean Firms' Export Activity: A Longitudinal Study on Trade Shows and Trade Missions. *Journal of Promotion Management*, 24(5), 660-674.

Geldres-Weiss, V. V., Etchebarne López, M. S., & Medina- B., L. H. (2011). The impact of governmental export Promotion on the firm's export Performance. *Revista Latinoamericana de Administración*, 47, 1-17.

Geldres-Weiss, V. V., Monreal-Pérez, J., Tornavoi-Carvalho, D., & Tello-Gamarra, J. (2018). A new measure of international product innovation. *Contemporary economics*, 12(4), 367-381.

Geldres-Weiss, V. V., Uribe-Bórquez, C. T., Coudounaris, D. N., & Monreal-Pérez, J. (2016). Innovation and experiential knowledge in firm exports: Applying the initial U-model. *Journal of Business Research*, 69(11), 5076-5081.

Goh, Bee Chen. 1999. Culture: the silent negotiator, *ADR Bulletin*: Vol. 2: No. 2, Article 3. Available at: <http://epublications.bond.edu.au/adr/vol2/iss2/3>

Goh, Bee Chen. 2012. Cross-cultural conflict management in an age of globalisation, *Pertanika Journal of Social Science and Humanities*, vol. 20, no. 4, pp. 1287-1298.

Mettler, T. (2014). Towards a Unified Business Model Vocabulary: A Proposition of Key Constructs. *Journal of Theoretical and Applied Electronic Commerce Research*, 9(1), 5–6. <https://doi.org/10.4067/S0718-18762014000100003>

Monreal-Pérez, J., & Geldres-Weiss, V. V. (2019). A configurational approach to the impact of trade fairs and trade missions on firm export activity. *BRQ Business Research Quarterly*.

Piza, C. et al. (2016). The Impacts of Business Support Services for Small and Medium Enterprises on Firm Performance in Low-and Middle-income Countries: A Systematic Review. *Campbell Systematic Reviews*, 12(1).

Teague, B., Gorton, M.D., & Liu, Y. (2019). Different pitches for different stages of entrepreneurial development: the practice of pitching to business angels. *Entrepreneurship & Regional Development*, 1-

19.

- Welsh, D. & Carraher, S. (2018) Case Studies in Global Entrepreneurship. p. 236. Kendall Hunt. USA.
- Welsh, D. & Carraher, S. (2018) Global Entrepreneurship. p. 430. Kendall Hunt. USA. <https://he.kendallhunt.com/product/global-entrepreneurship>
- Žebrytė, I. & Jorquera, H. (2017) Chilean Tourism Sector 'B Corporations': Evidence of Social Innovation and Entrepreneurship. International Journal of Entrepreneurial Behaviour & Research. (Scopus)
- Žebrytė, I. & Villegas, L. (2016) La teoría del refugio de contaminación: efectos de la inversión extranjera directa a escala local en Chile. Revista Jurídicas, Vol. 13-1, Universidad de Caldas, Colombia. (Scopus)
- Zolnowski, A., Weiβ, C., & Böhmann, T. (2014, January). Representing Service Business Models with the Service Business Model Canvas--The Case of a Mobile Payment Service in the Retail Industry. In 2014 47th Hawaii International Conference on System Sciences (pp. 718-727). IEEE.

Useful on-line materials may be found on the following websites OECD, WTO, World Customs Organization, the EU, US Trade Department, World Economic Forum and SUBREI of Chile (Global Value Chains: <https://www.subrei.gob.cl/minisitio/cadenas-globales-de-valor/#>)

Course Program in the Virtual Campus of UFRO

Map of the International Business Course Program and Materials Available in the Intranet and Virtual Campus UFRO

Course Program	Tab in Virtual Campus under which the materials are available
UNIDAD 1: Fundamentos de los Negocios Internacionales 1.1. El panorama de los negocios internacionales 1.2. Modalidades de los negocios internacionales 1.3. El proceso de internacionalización	Week 2
UNIDAD 2: El Ámbito de los Negocios Internacionales 2.1. Ámbito cultural 2.2. Ámbito político y legal 2.3. Ámbito económico	Week 3
UNIDAD 3: Teorías en Instituciones 3.1. Teorías del Comercio Internacional 3.2. Influencia del gobierno en el comercio 3.3. Integración económica 3.4. Inversión extranjera	Content taught in detail in other two courses of undergraduate Business Administration program, so just a "repaso" for Week 1
UNIDAD 4: Políticas y Estrategias Corporativas 4.1. Evaluación y selección de países 4.2. Comercialización 4.3. Exportación e importación	Week 4 Week 5
UNIDAD 5 Operaciones Internacionales 5.1. Fabricación y subcontratación 5.2. Administración financiera de los negocios internacionales	Week 6 Week 7
UNIDAD 6 Plan de Negocios 6.1. Contenidos de un plan de negocios internacional 6.2. Establecimiento de objetivos del plan de negocios 6.3. Análisis situacional 6.4. Definición y medición del mercado meta 6.5. Estrategia de Negocios Internacional 6.6. Proyecciones de resultados	Week 5 Week 6 Week 7 Week 8

Gantt Chart of International Business course within “Bloque II” of 2020 academic year.

	Grade "Th."				Grade "P"			
	W 1	W 2	W 3	W 4	W 5	W 6	W 7	W 8
Activities and Tasks to be completed during the course as evidence of advancement/achievement of the RAs								
RA 1 & 2 – materials for “repaso” available in Virtual Campus of UFRO and previous courses under Business Administration prog.								
RA 3 & 4								
Business and globalization wkshp. Task 1. 25.08.2020 antes de las 23:59 (Virtual Campus of UFRO)	X	X						
Business and culture lecture (synchronous)		X						
Business and culture wkshp. Task 2. (Virtual Campus)		X	X					
Critical analysis of business models lecture (synchronous)				X				
Comex: goods (imports, exports) and services lecture (asynch.)					X			
Intl. e-Business Model wkshp. Task 3. (Virtual Campus)				X				
RA 5 & 6								
Regional SME case assignment to groups for International Business Plan development and detailed explanation of TFI (synchronous)					X			
Fact-finding missions (synchronous and asynchronous group-work)					X	X	X	
In-class feedback sessions (synchronous)						X	X	X
Intl. Business Plan for a regional SME. 60 % advanced draft submission (03.10.2020 @ 23:59 hrs)							X	
E-mail feedback about improving Written English (B2 level)							X	
International Business Plan document 100 % submission	X	X	X	X	X	X	X	X

Wkshp. = workshop = students present their research on the given topic (Tasks 1-3)

Business Model Canvas (canvanizer.com) as a tool to structure your learning

Designed for:
Designed by:
Date:
Version:

The Business Model Canvas

Key Partners  <p>What are key partners? Who are key partners? Who are key resources are arriving from partners? What key activities do partners perform?</p> <p>Partnerships Distribution Technology Manufacturing Logistics Financials</p>	Key Activities  <p>What key activities does Value Propositions require? What activities are required? What value is created? What activities are required?</p> <p>Activities Research Development Manufacturing Marketing Sales Customer Service Logistics Financials</p>	Value Propositions  <p>What value do we deliver to the customer? What value of our customer's problems are we going to solve? What kind of products and services are we offering to each customer segment? What customer needs are we satisfying?</p> <p>Value Propositions Research Development Manufacturing Marketing Sales Customer Service Logistics Financials</p>	Customer Relationships  <p>What type of relations does each of our customer segments expect us to establish and maintain with them? Which ones have we established? How are we integrated with the rest of our business model? How closely are they?</p> <p>Relationships Research Development Manufacturing Marketing Sales Customer Service Logistics Financials</p>	Customer Segments  <p>For whom are we creating value? Who are our most important customers?</p> <p>Segments Research Development Manufacturing Marketing Sales Customer Service Logistics Financials</p>
		Channels  <p>Through which channels do our customer segments most value us? How are we reaching them? How are we getting them to buy? How are we getting them to repeat? What are our most valuable channels? How are we integrating them with customer relations?</p> <p>Channels 1. Direct 2. Indirect 3. Distribution 4. Resale 5. Specialty 6. Loyalty 7. Referrals 8. Social media</p>		
		Revenue Streams  <p>For whom are we creating value by selling what? For whom are we creating value? How are they currently paying? How should they prefer to pay? How much does each Revenue Stream contribute to overall revenues?</p> <p>Revenue Streams Research Development Manufacturing Marketing Sales Customer Service Logistics Financials</p>		
		Cost Structure  <p>For whom are we creating value by the way it costs to produce and sell what? What key resources are most expensive? What activities are most expensive?</p> <p>Cost Structure Research Development Manufacturing Marketing Sales Customer Service Logistics Financials</p>		


DESIGNED BY: Business Model Foundry AG
 The makers of Business Model Generation and Strategyzer.
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strategyzer.com

Pitch canvas as a tool for developing your presentation for International Business classes

1 THEM (your audience)	2 CONTEXT (in-class presentation, asynch. presentation = video, Pitch to VC investor, Pitch to a private investor, Pitch to a social business donor, etc.)	3 YOU (the presenter)
Their Needs	4 CONTENT	Your Key Message
Their Objectives		Your Objectives
Their Reservations		Call to Action

Brainstorming Space

Example of a great Pitch video may be found here: <https://www.youtube.com/watch?v=i6O98o2FRHw>
(ATTENTION: there is more than one way to do it!!!)

The following video is a step by step guide to developing a great Pitch:
<https://youtu.be/554Fwv7jQMI>

Tips for Tasks 1-3 and TFI

Think BMC!!!! (Business Model Canvas)

If you start your preparations for Tasks 1 through 3 by taking a look at the BMC (the 9 blocks and the questions which need to be answered in every one of them), you will be successful in each of these tasks because you will know which questions need to be answered and in what order to achieve clarity and focus in your group work and presentations.

Also, think “the 7 factors that investor’s look for in a Start-Up”!!!!!! (*presentation is available in the Virtual Campus*)

THINK SUSTAINABILITY!!!

- UN SDGs and SMEs (also, role of MSMEs and MNEs)
- Berlin 2019 | 4th Int. Conference on New Business Models - Interview with Prof. Nancy Bocken <https://youtu.be/Eh2JMMdBfeM>

Evaluation Rubric for the Tasks 1 through 3

Ponderación	Criterio	7. Excelente	5. Bueno	3. Suficiente	1. Deficiente
30%	Cumplimiento	Contesta a cabalidad todas las preguntas formuladas / analiza todos los temas requeridos.	Contesta hasta 75 % de preguntas formuladas o analiza hasta 75 % de los temas requeridos y/o las contesta/analiza parcialmente	Contesta menos de 50 % y/o vagamente las preguntas formuladas o temas requeridos a analizar	No contesta las preguntas formuladas o las respuestas de estas son pobres. Describe los temas sin presentar análisis.
40%	Análisis crítico	El equipo proporciona información complementaria y existe un evidente proceso de reflexión que conecta la tarea con las lecturas previas	El equipo no incorpora información complementaria, pero si existe una reflexión parcial con respecto a las lecturas previas	Las respuestas y las explicaciones asociadas a éstas son genéricas y no se relacionan con los antecedentes entregados previamente o el objetivo de la tarea.	El detalle y la explicación de las actividades es pobre.
15%	Originalidad y creatividad	Las respuestas demuestran perspicacia del grupo con respecto a la información conocida a través de la lectura	Las respuestas cubren aspectos más allá de lo evidente y demuestran reflexión del equipo	Las respuestas corresponden a antecedentes evidentes y de fácil deducción	Las respuestas no son originales y denotan falta de reflexión
15%	Trabajo en equipo	El equipo realiza un trabajo colaborativo, donde todos participan y se escuchan, planteando nuevos puntos de vista.	Solo algunos integrantes del equipo participan activamente en la discusión	Los integrantes del equipo trabajan mayoritariamente en forma independiente	No realiza trabajo colaborativo
	Nota				

The texts must be in correct written English while the oral presentation (video) by the group may be in Spanish or English. All group's/team's members must take turns speaking, presenting in the video, but not everyone is obliged to participate in the in-class discussion!

Task 1

"Activities of SMEs in the context of Globalization"

Objective: develop understanding of the link between macro social phenomenon such as globalization and micro social phenomenon such as business activities of SMEs, as well as improve skills related to critical thinking processes and delivering short presentations (voicing opinions and arguments).

Deadline & products: (i) present your map of concepts in BMC format (PPT, Prezi, photo, "papelografo", BMC with post-it from canvanizer.com, etc.etc.), (ii) send-in through Campus Virtual the result (video in mp4, avi o other popular audiovisual format) on Tuesday 25th of August by 23:59 hrs. The video must last no more than 7 minutes. All members of the group must participate in the creation of the "product", and be seen and heard in the video for at least 30 seconds each.

1. Answer the following questions based on the material available online but do not limit yourself to this material. CRITICAL THINKING, YOUR PERSONAL OPINIONS and SOLID ARGUMENTATION are more valuable than summaries (comparing SMEs with MNEs is one way to go). Participate in the round table discussion during class:
 - **What is Globalization? What is International Business? How does International Business differ from International Trade and Commerce?**
 - **What is an SME as opposed to an MNE (MNC)? What are the roles of SMEs in Global Value Chains (GVC, in Spanish CGV)?**
 - **How do macroeconomics influence microeconomics? Why both concepts are important for International Business?**
2. The Concept Map and Definitions must be in English while the oral presentation by the group may be in Spanish or English.

Tips:

1. What is a Concept map? Concept maps are graphical tools for organizing and representing knowledge. Find your answers here:
<http://cmap.ihmc.us/docs/conceptmap.php> Also, <http://www.xmind.net/> could be a first step to developing a Concept Map. But it is best if you use Business Model Canvas to structure your presentation of the answers to the question.
2. How do Concept Maps differ from Mind Maps? Mind Map is a diagram in which information is represented visually, usually with a central idea placed in the middle and associated ideas arranged around it. Concept Maps are usually based on knowledge produced by the scientific community. Tangible expression of that knowledge are books, papers, articles, monographs, thesis, etc.

Obligatory reading for this task is as follows (however you are also obliged to offer your own opinions and perceptions about Globalization and International Business):

1. **Faulconbridge, J. & Beaverstock, J. 2009. Globalization: interconnected worlds. In S. Holloway, S. P. Rice, G. Valentine, & N. Clifford (Eds.), Key concepts in Geography (2nd edition), 331-343. London: Sage. [Virtual Campus]**
2. **Hill, C.W.L. (2013) Chapter 1. Globalization. In Hill, C.W.L. International business: competing in the global marketplace. 9th ed. 2013. p. 2-40. McGrawHill Education, USA.**
3. **Video (obligatory): link on next page**

Another way of looking at Globalization
Video available in the FCJE-UFRO channel on YouTube
<https://youtu.be/sK09sX7P0wE>

INTEGRACIÓN DE LAS PYMES REGIONALES EN LAS CADENAS GLOBALES DE VALOR



Viviana Araneda Urbina, Jefa del Departamento Cadenas Globales de Valor, Direcon

44% DE LAS
EXPORTADORAS
CHILENAS SON
PYMES

VALOR DE SUS
ENVÍOS
REPRESENTA EL
2,3% DE LAS
EXPORTACIONES



Miércoles 29 de mayo
12:30 hrs.
Aud. Pablo Neruda de la FCJE-UFRO

Organiza el Departamento de
Administración y Economía



FCJE
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Facultad de Ciencias
Jurídicas y Empresariales

Viviana Araneda, Master in Environmental Management (Yale University), Economist (University of Chile) - International Trade Expert. Viviana has 15 years of experience working on international trade and environment and currently is working on Global Value Chains (GVC) as adviser and consultant to Governments and firms in developing strategies in order to promote the insertion on GVC. She has also worked in the issue of corporate social responsibility.

Previously, she founded VAUFilms an entrepreneurship company that had offered services of production and agency to independent filmmakers from South America with focus on social issues (gender, environment, poverty, and politics, among others). An important component is reducing the carbon foot print in the film industry (industrial ecology approach). Also, she has worked as a special adviser in the Oscar and Golden Globe campaigns of Latin films at Weissman/Markovitz Communications.

From 2006 to 2010 she was the Trade Commissioner of Chile in Los Angeles, California, in charge of export promotion of Chilean goods and services, bilateral trade negotiations, new business niche' detection, she was actively involved in the Chile California Cooperation Agreement. Prior to her post as Trade Commissioner, Viviana was the Head of the Asia - Oceania Department at the Bureau for International Economic Affairs of the Chilean Ministry of Foreign Affairs. She was responsible of the trade negotiations for Chile with China, Japan, New Zealand, Brunei, Singapore, Vietnam, Malaysia, India and Korea.

Before, she was involved in the multilateral negotiations at the WTO Doha Round, developing the position of Chile in the fisheries subsidies' negotiations. She also worked in several Multilateral Environmental Agreements negotiations including the Biosafety Protocol, the Climate Change Convention, and FAO.

Task 2

Tackling cross-cultural issues in the internationalization of a business

Objective: develop understanding of how culture, including ethics, and international business venturing are related and influence each other on strategic and operational levels of doing business.

Task: 5-7 minute presentation, in class, with PPT, Prezi, images, video or other visual tool (texts written English!). The general topic is provided, but you must decide what case you will present, namely a company (or a Start-Up), a business model or a product or service. Presentation topic: "[...]: case of failure / success in tackling cross-cultural issues in internationalization of a business". Example: "Mapuche Cooperative Rewe: the case of success in tackling cross-cultural issues in internationalization of a business".

For guidance as to how cases are presented and critically analyzed, take a look at the textbooks Hill (2013), Hill & Hult (2016) or Welsh & Carrahen (2018). DO NOT use the cases from the text-books. They are only examples and guiding materials. You MUST do your own search of and research on business cases.

Questions to be answered through your analysis of the case:

1. **Is it clear, what SMEs must do in respect of culture and ethics to run a successful business internationally?**
2. **How do you measure success of culturally and ethically sensitive / responsive international business?**
3. **Do entrepreneurs and/or SMEs face a bigger or a smaller challenge in their efforts to tackle cross-cultural issues which they face when internationalizing their activity, product or service, compared to other business sizes, for example MNEs?**

Advice and Tips:

It is suggested that the presentation possess at least three parts (but you are free to structure it the way you see fit to fully analyze the issues):

- i. Introduction (presentation of the team, definition of the concepts / technical terms and brief description of the case your group has chosen to present on);
- ii. Explanation of the issues and the group's position in relation to the issues (indicate how what you have read in the text-book and saw in the video supports your position; and where in the business model of an SME more attention should be paid to cultural and ethics issues);
- iii. Conclusions (Think! Analyze and criticize! Contrast the lecture that professor gave to the ideas displayed in the text-book).

Research beforehand!!! Obligatory Reading and Viewing (Virtual Campus):

1. **Hill, C.W.L. (2013) Chapter 4: Differences in Culture. Chapter 5: Ethics, Corporate Social Responsibility, and Sustainability. In Hill, C.W.L. International business: competing in the global marketplace. 9th ed. 2013. McGrawHill Education, USA.**
2. **Patriot Act (2019). Fast Fashion. Netflix. USA. (Cross-border and consumer ethics issues): <https://youtu.be/xGF3ObOBbac>**
3. Goh, Bee Chen. 1999. Culture: the silent negotiator, *ADR Bulletin*: Vol. 2: No. 2, Article 3. Available at: <http://epublications.bond.edu.au/adr/vol2/iss2/3>
4. Goh, Bee Chen. 2012. Cross-cultural conflict management in an age of globalisation, *Pertanika Journal of Social Science and Humanities*, vol. 20, no. 4, pp. 1287-1298.

***Examples of issues and topics for discussion in an International Business class,
especially when SME internationalization is concerned:***

- **Workplace diversity.**
Examine the policies used by companies to promote diversity in the workplace. Assess the positive effects from their implementation (e. g. increased productivity, job satisfaction, and loyalty) and possible problems. Discuss whether governmental regulation of workplace diversity does more good or bad.
- **Pay-performance link.**
Review the theoretical basis of performance-based pay. Discuss main methods of linking employee payments to their performance. Find out which of these practices are most efficient today and why.
- **Business ethics.**
Identify primary ethics concerns in a specific industry and the means companies can use to address them. Alternatively, you may compare business ethics laws in different countries, or investigate the reasons that corporate ethics policies do not work and offer ways for improvement.
- **Public-private partnerships.**
Explore the history of partnerships between the government and private companies in your state. Identify the main advantages and disadvantages of this form of collaboration for both parties and for the public. Suggest the ways to make public partnerships more transparent and efficient.
- **Small business strategy.**
Discuss the specific challenges of managing a small enterprise. Identify the features that all successful small companies share and suggest a course of action for a small business founder that can increase the likelihood of success.
- **Franchising.**
Provide a brief overview of the history and main forms of franchising. Compare and contrast buying a franchise and launching a startup as two ways to start your own business. Discuss the advantages and disadvantages of both approaches and conclude which one can work better in which cases.
- **Business deregulation.**
Investigate the arguments for and against business deregulation in your state and decide which side is right. Another way is to compare and contrast business regulation policies in two countries and find out which effects governmental regulations has on their economies.
- **Management techniques.**
Discuss a popular management technique, such as "management by walking around." Explore its theoretical basis, history of implementation, beneficial and adverse effects. You may also compare two management techniques side by side.
- **Business leadership training.**
Begin with a brief overview of the business leadership concept and schools. Choose the leadership training approach that you consider to be the most efficient. Explain your choice.
- **Word-of-mouth in the digital age.**
Discuss the use of such a powerful marketing instrument as "word-of-mouth" in the digital era. Point out the key opportunities and challenges for companies.

Language Issues in Multinational Management

In today's world of globalization, many firms operate internationally. When doing business across national borders, people are confronted with language and cultural differences. Language and culture are closely intertwined. Each language is a window into a specific view of life and a general frame of reference that is culturally bound to its speakers. Thus, learning a foreign language offers a way of understanding and appreciating a new culture. From a language perspective, there are homogeneous and heterogeneous nation states in the world with several official or major languages in use such as Belgium, Finland, or India. For speakers of minority languages such as Swedish-speaking Finns, for example, language tends to be the basis of personal identity. However, instead of analyzing language at the level of nations, this research-paper examines this issue in the context of the multinational corporation.

There are many definitions of what constitutes a multinational corporation. A common view is that a multinational corporation is a large firm headquartered in one country but with subsidiaries in a number of other countries. It actively manages these subsidiary operations, which are an integral part of the company both strategically and organizationally. In the light of this general definition, it is clear that some firms will be more multinational than others. The degree of multinationality may be a function of the number and size of foreign subsidiaries, the number of countries in which the firm has subsidiaries, the proportion of assets, revenue, income, or employment accounted for by its foreign subsidiaries, the range of activities that foreign subsidiaries are responsible for (sales, marketing, production, research and development, etc.), and the degree to which top managers represent different nationalities and have personally internationalized themselves. Moreover, the ownership base of the multinational corporation may be international in its profile.

Compared to a domestic firm, a multinational corporation consists of headquarters and subsidiary units, which are located in different national, cultural, and language environments. While a domestic firm in a large country may face regional or even ethnic differences in headquarters-subsidiary relationships, the differences the multinational corporation experiences at the international level are of another magnitude. Consider the following example. A Finnish engineering company, Kone Corporation, headquartered in Finland, sources and produces some of its components and elevators in China, designs and manufactures particular elevator types in Italy, carries out research and development in Finland and the United States, and generates sales of elevators, escalators, and automatic doors in a number of countries worldwide. For the Finnish staff, creating and maintaining relationships with subsidiaries in China is particularly challenging due to the geographical distance, different time zones, and cultural and language barriers. Thus, compared to a domestic firm, the organizational context in which headquarters-subsidiary and intersubsidiary relationships are embedded is simultaneously multinational, multicultural, and multilingual.

As the example of Kone Corporation illustrates, multinational corporations often organize their foreign operations as a network of subsidiary units that are geographically scattered across many countries and continents but closely interconnected through flows of components, products, people, and information. The lifeblood of such a global network is communication, and language is the principal means of communication. Despite the wide use of English in international business activities, the reality of the multinational corporation is far from monolingual. Thus, adopting an English-only approach is not a viable solution for top management of the multinational corporation. Indeed, language diversity characterizes the daily operations of these large firms, and knowledge of foreign languages is an important personal asset for both headquarters and subsidiary staff. The effects of foreign

language competence on individuals in terms of careers, job performance, and social exclusion/inclusion at the workplace, for example, will be discussed later in this research-paper. Moreover, the broader organizational effects on the integration of acquired units will also be examined. Future managers need to be aware of the impact of language on multinational management. Having such an awareness is far from being illusory or diminishing, because the impact of language persists.

Until fairly recently, language as a separate variable has gained very limited attention in the field of international management in general. This is because language, if considered at all, is often subsumed into the broader concept of culture. The present research-paper aims to examine language issues in multinational corporations and argues that an English-only approach is inadequate to manage what is a complex and evolving enterprise. The discussion centers on the inner workings and internal relationships of the multi-national corporation rather than on external contacts with suppliers, customers, and competitors. More specifically, the research-paper focuses on why language matters in managing the multinational corporation in the 21st century and provides some solutions as to how language challenges may be resolved.

The remainder of this research-paper is organized as follows. First, the limits of an English-only approach to managing the multinational corporation are discussed. Second, the meaning of language and language diversity is explained and situated in the organizational context of the multinational corporation. Inevitably, given that language skills reside in individuals, the focus is on managing people. The effect of language on individual careers and informal, personal communication networks are examined. Moreover, the role of language in foreign subsidiary management is explained. Also, the advantages and disadvantages of machine translation are assessed. In the concluding sections, future directions of the field are presented with a summary of the main arguments made in the research-paper. Throughout the research-paper, a language perspective on multinational management is explicitly adopted.

Why Is Speaking English Not Enough?

It is commonly argued, particularly by those from English-speaking backgrounds, that language is a peripheral issue in multinational management. Since English has become the conduit of international business, language is not regarded as a problem or, at best, its importance is seen to decline due to the forces of globalization. Building on previous research by the author and her Australian colleagues (Marschan-Piekkari, Welch, & Welch, 1999a, 1999b; Welch, Welch, & Marschan-Piekkari, 2001), this research-paper presents a contradictory view by introducing a set of arguments as to why language still matters and why multinational corporations in the 21st century cannot be managed by an English-only approach. Consider the following arguments.

First, the wide use of English in international business encounters has not yet rendered the corporate world monolingual. Research by Marschan-Piekkari et al. (1999a) shows that staff in multinational corporations often operate at the interface between several languages including those of the home country, the common corporate language, and the various subsidiary languages. While many multinational corporations adopt English as the common corporate language, English is not necessarily an overruling language in in-house communication but is used more generally as an intermediary language between various parallel subsidiary or headquarters languages. For example, once documents in English arrive at subsidiaries, they are likely to be translated into the respective local languages. Fluency in English among subsidiary staff (as well as headquarters staff) is likely to vary, as staff members may revert to one or more other languages alongside English when engaging

in international communication. In particular, much of the informal communication is likely to occur in multiple languages, as will be discussed later in the research-paper.

Second, the rise of new economic powers such as China (see, e.g., Akoorie & Scott-Kennel, 2005) means an inevitable rise in the importance and use of the Chinese language(s) as more firms enter China and Chinese firms expand abroad. The acquisition of the personal computer division of IBM by Lenovo, China's largest personal computer manufacturer, is a case in point. Overall, the current and anticipated role of China in the world economy is also reflected in the increasing demand for multilingual Web sites (including Mandarin) on the Internet. Thus, language diversity is likely to characterize international business activities also in the future.

Third, while English as the common working language has facilitated international exchanges, it has also introduced communication challenges of a different kind. As Henderson (2005) explains based on her study of international management teams, the use of English may create a false impression that the parties engaged in the communication share the same context and make the same interpretation. In fact, she notes that members of the management team continue to use diverse frames of reference derived from their respective native tongues. From this perspective, subtle communication differences may be bypassed unnoticed when parties are forced to operate in English as a second language.

Fourth, it is difficult to engage in social interaction and develop close personal relationships using interpreters, translators, or automatic translation software. While these media have a valid place in facilitating certain types of international communication, they are not "a cure for all ills" in international communication. When confronted with the language barrier, a common response is to regard it as merely a technical problem that can be readily addressed through appropriate language aids. Yet, it is useful to note that translation is not the same as personal communication, which is often essential when exchanging complex information building on trust. There is also the question of security of commercial-in-confidence material, as well as the problem that technical information may be inaccurately translated (Welch, Welch, & Piekkari, 2006).

Fifth, hiring employees with the requisite foreign language skills and/or providing language training is just another way of seemingly removing the language problem. It takes substantial time for a person to reach a level of operational fluency in another language, though the actual amount of time will vary depending on each individual's aptitude and motivation to learn. Firms face questions of whether to invest in the training of existing staff in the desired foreign language or whether to hire new staff with the appropriate language skills, assuming that such employees are readily available. It is worth bearing in mind that there are considerable national differences in terms of foreign-language training at schools. For example, in Scandinavia and the Netherlands, it is common that young people speak more than three languages alongside their native tongues. This stands in sharp contrast to the situation in many Anglo-Saxon countries. Either way, the company faces additional costs as well as the time constraint in achieving the necessary skills base (Welch et al. 2006).

Sixth, despite the fact that English has become the main vehicle of professional management education originating from the United States in the form of popular MBA programs (Tietze, 2004) and transformed corporate elites into an English-speaking group, personnel at lower organizational levels seldom possess the language skills and vocabulary to effectively operate in the workplace. For example, the common corporate language of the new, enlarged Lenovo previously mentioned is English. The senior Chinese executives of the company are comfortable operating in English, but not all of their subordinates are fluent. In addition, hardly anyone from the IBM side speaks Mandarin, which renders the challenge

facing the merging company considerable. Thus, international communication in several languages is particularly important at organizational levels below top and middle management.

The arguments just presented paint a picture of a multilingual corporation in which speaking English is not enough. The following section goes deeper into the concept of language diversity and discusses it in the context of the multinational corporation.

Language Diversity in the Multinational Corporation

Being headquartered in one country and having foreign subsidiary operations in a number of other countries renders the multinational corporation multilingual almost by definition (Barner-Rasmussen & Bjorkman, 2007). From a language perspective, the multinational corporation is likely to have a parent country language, a common corporate language, and a range of host country languages used by foreign subsidiary staff. While for companies internationalizing from English-speaking countries the parent country language and the common corporate language tend to be the same, the situation for the German-based Siemens Corporation is more complex. Siemens uses predominantly German and English in its corporate communication (Fredriksson, Barner-Rasmussen, & Piekkari, 2006). It is a globally operating electronics and electrical-engineering company with some 475,000 employees and a presence in over 190 countries. Siemens was ranked 28th on the Fortune Global 500 list in 2007 and 22nd in 2006 ("Fortune Global 500 in 2007", 2007). Most of the employees are located in Germany (34%) and in the rest of Europe (27%). Top management in Siemens tends to have strong language skills in at least these two key languages. Thus, German as the parent country language of Siemens is an additional source of internal language diversity.

In an attempt to manage internal language diversity and overcome it, several multinational corporations such as General Electric, Nokia, and Electrolux have adopted English as a common corporate language to facilitate in-house communication. This decision, however, which often falls on English, does not in itself resolve the language diversity associated with daily operations of the multinational corporation. First, the level of proficiency in the common corporate language is likely to vary resulting in different kinds of "Englishes" and causing comprehension problems (Charles & Marschan-Piekkari, 2002). For example, in their study of Japanese-owned subsidiaries in Scotland, Wright, Kumagai, and Bonney (2001) identified a specific form of everyday spoken language, "broken English" or "pidgin English," which the Scottish personnel used when communicating with the Japanese management. Moreover, even native speakers of English may struggle with strong Irish, Scottish, or Northern English accents. Second, lower level employees in foreign subsidiaries are inclined to speak only their local language. Despite the use of a common corporate language, international communication between units of the firm is frequently carried out in a mixture of languages.

Multinational corporations are likely to follow different language strategies. While some multinational corporations may choose one common corporate language and prioritize it in their internal communication, other companies may consciously or unconsciously avoid making this decision. For example, Scandinavian Airlines (SAS), which is a pan-Scandinavian organization originating from Sweden, Denmark, and Norway, did not formally appoint a common corporate language partly due to an attempt to maintain the power balance between the three nations (Bruntse, 2003). Alongside English, Scandinavian languages were extensively used within SAS, which was characteristic for its internal communication. In the Siemens case, neither German nor English held unambiguously the position of a common corporate language although there was a strong trend of convergence toward English in many parts of the organization. One may speculate that, in order not to

provoke emotional reactions from either the “German” or the “non-German” parts of Siemens, the issue of a common corporate language was intentionally left ambiguous and allowed to solve itself in an emergent manner, inviting different parties to make their own interpretations (Fredriksson et al., 2006).

Furthermore, the internal communication in multinational corporations is colored by “company speak” and professional jargon (Welch, Welch, & Piekkari, 2005). “Company speak” refers to acronyms, special terms, and abbreviations that are specific to the company. For example, General Electric uses abbreviations such as N-1 and N-2 to indicate the person’s status in the organizational hierarchy. Newly recruited staff may easily find themselves excluded from communication exchanges and social interaction because they do not master this form of language. On the other hand, once a person learns to master the professional jargon associated with the job, it facilitates communication. For example, engineers, who have similar professional training worldwide and who therefore share a common terminology, belong to the same professional community. They all speak “the same language” when it comes to their jobs. Although these engineers may be located in different foreign subsidiaries of the multinational corporations and speak different mother tongues, they are still likely to communicate with relative ease.

Thus, language diversity stems from the organizational and professional context of the multinational corporation, which is complex, heterogeneous, and geographically scattered.

Language and Careers

The requirements for foreign-language competence have been increasing during the last few years due to several reasons. As multinational corporations have introduced network structures and encouraged direct communication between foreign subsidiaries, there is a growing need to use foreign languages in the daily work. This applies not only to the top echelons of the organization but also further down the hierarchy, “democratizing” and demystifying international communication (Charles & Marschan-Piekki, 2002). In practice, this means that the responsibilities of managers and employees, who are based nationally, are also likely to entail international elements of working and communicating across borders. At the same time, a growing number of managers and specialists physically relocate on long-term or short-term assignments or travel extensively abroad in order to carry out their work responsibilities.

Foreign language competence is likely to influence employees’ chances of advancing their careers within the multinational corporation. Some multinational corporations value foreign-language competence to the extent that it is used as an explicit criterion in recruitment and promotion decisions. For example, language ability is an important aspect of selecting expatriates for foreign assignments and in evaluating expatriate performance. More specifically, Dowling and Welch (2004) refer to the expatriate’s skills in the local language of the host country as well as in the common corporate language of the multinational corporation. In many recruitment and selection decisions, however, more emphasis tends to be placed on professional competence rather than language competence. Overall, gaining foreign work experience through expatriate postings may be regarded as a “must” for somebody who aims to climb up the corporate ladder.

The effects of foreign-language competence on career paths may take various forms. As discussed previously, many multinational corporations introduce a common corporate language to facilitate internal communication. Some groups of existing employees will master this language while others will need to decide whether to invest the time and energy in order to learn this language. For outsiders, the choice of the common corporate language

may also shape the company image among potential recruits in terms of its attractiveness as a potential employer. Once a common corporate language is in place, it becomes a requirement for admittance to corporate training and management-development programs, potential international assignments, and promotion thus affecting individual career opportunities (Marschan-Piekkari et al. 1999b). For example, in a study of a Finnish-Swedish merger, Swedish was introduced as the common corporate language of the merged organization. It was found that the Swedish language operated as a "glass ceiling" effectively excluding non-Swedish-speaking individuals from career advancement (Piekkari, Vaara, Tienari, & Santti, 2005).

Research on Japanese-owned subsidiaries in different parts of the world provides similar findings (e.g., Wright et al. 2001). In Japanese companies, senior positions are filled mostly with Japanese nationals, rendering the Japanese language a significant source of power. In a similar vein, the Japanese language creates a "glass ceiling" restricting the upward mobility of non-Japanese staff and making them pursue different careers. This may mean that particular nationalities or groups of employees are preferred over others resulting in selective recruitment and promotion practices. However, with the increasing degree of internationalization and diversification of personnel working for multinational corporations, frequent calls for equal opportunity are made. Thus, the meaning and interpretation of equal opportunity should also take into account the possibilities of representatives from different nationalities and language groups advancing in their careers.

At international workplaces, foreign-language competence also affects perceptions of professional competence and identity. For example, after the introduction of Swedish as the common corporate language of the Finnish-Swedish merger, many Finns had to operate professionally without adequate levels of proficiency in the common corporate language. Consequently, these otherwise capable and useful employees appeared unintelligent in their encounters with the Swedes: in short, they felt that speaking Swedish lowered their IQ. The Finns often remained silent although professionalism would have required active participation. In a way, their professional competence was hidden behind the language barrier and they seemed to be underperforming (Piekkari et al. 2005).

In sum, the introduction of a common corporate language may influence individual career paths through self-selection as well as through top-management measures to explicitly move or rotate staff with the purpose of developing a better fit between foreign-language requirements of the job and individual competences.

Language-Based Communication Networks

While language issues are likely to affect individual careers in several ways, they also shape personal communication networks by connecting people who share a common language. These personal communication networks may be used for company purposes as well as for personal purposes in order to advance one's own career beyond the boundaries of the firm.

An individual who is competent in key languages of the multinational corporation may have more opportunity to gain a strategically important position beyond his or her formal, hierarchical status than a colleague who lacks this capability (Marschan, Welch, & Welch, 1997). Marschan-Piekkari et al. (1999a) have termed these individuals "language nodes." They are comfortable operating across several language interfaces such as the subsidiary language used in the host country, the common corporate language and the parent-country language. These so-called language nodes communicate, often informally, with colleagues in other subsidiaries and headquarters units and operate as intermediaries in information exchanges. This nodal position is likely to contribute both to the quality and quantity of the

personal communication networks. For example, a Finnish engineer working for a Finnish-owned subsidiary in Mexico of Kone Corporation was competent in Spanish (subsidiary language), English (common corporate language), and Finnish (parent-country language). Given his long tenure with the company, he was also proficient in the "company speak." His language skills contributed to his ability to communicate with local colleagues in the Mexican subsidiary, staff in other Spanish-speaking units as well as with Finnish- and English-speaking personnel. Not surprisingly, he occupied an important position in the internal communication network of the subsidiary.

One explanation for the emergence of language-based communication is interpersonal similarity (Makela, Kalla, & Piekkari, 2007). People have a tendency to interact with others whom they perceive as similar and a shared language is a strong factor facilitating such interaction. On the other hand, language is also a powerful mechanism for social exclusion and a divider between social groups. For example, subsidiary managers often find themselves socially excluded when employees at Finnish headquarters revert to their native tongue and speak their "secret language" during international-management meetings. Similarly, expatriates, who are sent on foreign assignments to work for one of the subsidiaries abroad, will miss the intricacies and nuances of the more formal communication that occurs in the office setting if they do not speak the local language.

On the organizational level, personal communication networks may have an aggregate effect of forming language-based clusters (Makela et al. 2007). In other words, similar people have a tendency to flock together, thus creating informal clusters such as the Germanic, Anglo, Latin, and the Scandinavian clusters within the multinational corporation. Such informal clusters are likely to emerge even though English is used as the common corporate language within the firm. Members of the Germanic cluster, for example, readily exchange information and knowledge with each other in German. The exchanges are likely to flow better within clusters (in terms of quantity, quality, and speed) rather than between clusters such as the Germanic and the Anglo cluster where complete communication blockages may exist. Creating and maintaining informal, personal relationships driven by a common language is widely used as a mechanism to overcome the language barrier. The power of such informal connecting points between people in different parts of the multinational corporation has serious implications for how to manage the entire enterprise and its foreign subsidiaries.

Foreign Subsidiary Management

Foreign subsidiaries are part of the multinational corporation through ownership ties. Some foreign subsidiaries may enjoy highly autonomous and independent positions within the firm while others may be more tightly managed and controlled. The management task to integrate, coordinate, and control foreign subsidiaries involves a great deal of communication between headquarters and the subsidiaries, and it is therefore affected by language considerations. For example, building and spreading shared practices across the subsidiary network, introducing a new organizational structure with reporting lines, agreeing upon budgetary controls, and submitting monthly reports all require consultation and discussion between headquarters and the subsidiaries. The language competence of the managers involved is a power resource with which to resist or negotiate the use of control and coordination mechanisms to manage foreign subsidiaries.

Previous research has shown that foreign subsidiaries are often managed and controlled in linguistically constrained environments. For example, case studies of Kone Elevators and Escalators show that control efforts were targeted at a large number of foreign subsidiaries whose employees were not native speakers of the common corporate language, English,

and whose level of competence was low (Marschan-Piekkari et al. 1999a, 1999b). Furthermore, the experience of a Danish company with two subsidiaries (about 130 employees) in France illustrates how one single person at headquarters, a French-speaking Dane, acted as a conduit and connector in the communication and control processes with the French units (Andersen & Rasmussen, 2004). In another study, it was found that language barriers reduced the number of top-management visits to foreign units whose language they did not master (Barner-Rasmussen, 2003). It is clear that the quality of the headquarters-subsidiary relationship in terms of trust and closeness is likely to suffer from the language barrier experienced by the parties involved.

Like individuals who may be socially excluded or included due to their language competence, foreign subsidiaries may see their role and task change partly due to language considerations. On the one hand, a foreign subsidiary lacking staff with the relevant language skills to communicate with headquarters may enjoy a relatively autonomous position vis-à-vis headquarters. In fact, language may provide a shield from the headquarters' scrutiny. On the other hand, the lack of language competence may result in feelings of isolation and marginalization among subsidiary staff (Welch et al. 2005). One mechanism to enhance connectivity across foreign subsidiaries is expatriate assignments.

Staff transfers are often used as a way to support communication and control of foreign subsidiaries. Sending a trusted employee from headquarters to a key position in a foreign subsidiary is likely to facilitate communication between the units involved. However, while headquarters-subsidiary communication is likely to improve, the language barrier may be introduced between the expatriate and the local subsidiary personnel. Consider an American expatriate who has been sent on foreign assignment from the U.S. headquarters to the subsidiary in Japan. Since the expatriate does not speak Japanese, English is used as the common language. Japanese managers have to accept it although they are disadvantaged by their low command of English. Some local managers may experience alienation and isolation because they are often left out or bypassed by the American expatriate or even by their local colleagues whose fluency in English is better than their own. In a similar vein, the American expatriate may find it very difficult to break into the very close local communication networks due to limited skills in Japanese. As in the case of local Japanese staff, the challenges associated with the language barrier in international communication at the workplace are likely to cause frustration and a sense of peripherality. Thus, language training of expatriates should be a high priority in multinational corporations.

Taken together, language affects foreign subsidiary management in myriads of ways. In the following, the use of translators and other language aids will be discussed as partial solutions to the language barrier.

The Use of Translators and Machine Translation

Where a common language is not shared by individuals who need to communicate within the multinational corporation, some form of language aid or intermediary is required to perform the translation. These can be internal or external to the firm as well as personal or machine based. External, professional translators are often ineffective when technical and specialized languages are involved and in promotional situations in which an ability to respond rapidly is important (Welch et al. 2005). Working through a personal translator, however, has implications in terms of quality of communication, time spent on translation, costs of translation, and nature of the relationship between the communicating parties (Welch et al. 2001).

Recently, new solutions such as machine translation have been provided to solve various problems associated with international communication ("Tongues of the Web" 2002). With the emergence of multilingual Web sites, machine translation provides speedy translations. Machine translation, which is the use of computers to translate documents from one language to another automatically, works best when the system has been customized for a particular topic such as microbiology, aerospace, or particle physics. The commonly used professional vocabulary and technical terms are at the heart of the translation ("Tongues of the Web" 2002). Colloquial language, slang, and ungrammatical expressions, which are often used in ads, for example, are very hard to successfully translate by machine. However, the Internet has considerably changed the requirements for machine translation: users want speed, rather than quality, and are more likely to accept poor results ("Tongues of the Web" 2002).

A study on machine translation among different types of Finnish organizations aimed to map the corporate use of such a language-aid and collect experiences among test users regarding the quality of the translation service (Lindholm, Lindqvist, & Miettinen, 2006). The target organizations were categorized into three groups including (a) multinational corporations, (b) public organizations, and (c) importers. The findings show that the need for machine translation varied significantly across the three types of organizations with importers representing the group with highest demand for such services. Since this research-paper deals with multinational corporations, the potential for using machine translation services in this organizational context will be discussed. In addition, importers are a useful example for contrasting purposes and therefore will be briefly covered.

In the four multinational corporations studied, a considerable amount of English material was used. The average level of foreign-language competence was high among the headquarters staff who readily translated material from various languages and produced it in English, the common corporate language. Most of them had access to an electronic dictionary and used it in their daily work. Overall, employees working for multinational corporations are expected to be proficient in English although lower level employees may lack this capability. For them, a machine translation would be practical when translating e-mail messages and making sense of a text in a foreign language for personal use. The findings reveal that printed and public materials are often translated by external translation professionals with whom the company has collaborated with for many years. The test users in multinational corporations found that machine translation might be useful in producing a first draft of the text particularly in urgent situations. The study showed that the costs of translation were seldom systematically monitored and the persons interviewed did not have a clear understanding of the exact amount as these costs were often budgeted into the total costs of producing promotional material, for example. The authors conclude that wide adoption of machine translation would require an attitudinal change. Currently, employees are used to turning to a colleague who is competent in foreign languages rather than using computers for translation. Such practices may hide the true need and potential for machine translation (Lindholm et al. 2006).

In contrast to multinational corporations, importers are often small- or medium-sized enterprises that tend to lack specialized staff with the necessary language skills. Since using external professional translators is expensive, machine translation offers an economical alternative for translating package information, user instructions, manuals, ads, and so on. The study shows that importers often faced an urgent need to have a text translated. However, one of the challenges associated with machine translation is the lack of contextual knowledge. Needless to say, the quality of user manuals and instructions, for example, is highest in the original language. During the course of translation between multiple languages, some localization takes place that a machine does not recognize. Once a text

has been translated by a machine, it is difficult and time consuming to correct it (Lindholm et al. 2006).

Interestingly, the quality of machine translation has not improved very much during the past decades ("Tongues of the Web" 2002). It is useful to keep in mind that one language cannot be completely translated into another. For example, the word "bread" when translated does not convey meaning very well as the actual bread differs considerably from culture to culture. At best, machine translation is a useful aid to support international communication by providing "rough-and-ready" translation. At the end of the day, however, it is often the personal relationships that play a vital role in ensuring that important information gets to the people who need it (Welch et al. 2005).

A different solution to translation hurdles is to minimize the use of words and utilize symbols instead. For example, the instruction manuals for assembling pieces of Ikea furniture often contain symbols, which are internationally well known. Also, drawings are frequently used to facilitate the transmission of the main message.

In short, language training, transfer, and placement of language-competent staff as well as the use of external, professional translators are potential measures to solve the language barrier, albeit expensive ones. Machine translation, in turn, is a much more economical alternative but the quality of the translation needs to be weighted against the purpose and urgency of communication.

Future Directions

As the globalization process unfolds, the need for staff with language and cultural competence grows all over the business world. While there will still be domestically oriented jobs and functions such as legal affairs, the effects of internationalization penetrate deeply into the structures and processes of the multinational corporation. Thus, the implications of the international business context are increasingly present when examining questions of, for example, careers and career management, gender and diversity issues, human resource management, and corporate culture. From a research and teaching perspective, this means more cross-fertilization between disciplines such as organizational behavior, strategic management, international business, and sociolinguistics.

Summary

This research-paper has focused on the question of why language matters in managing multinational corporations and how the language barrier can be overcome. Despite the dominant position of English as the main medium of international business communication, six arguments were presented to substantiate the view that a multinational corporation cannot be managed by an English-only approach. These arguments elaborated on, among other things, language diversity in the workplace, limits of translation equipment and language aids, lack of foreign language competence at organizational levels below top management, and the rise of new economic powers such as China. The notion of language diversity was further examined and grounded in the organizational context of the multinational corporation.

In answer to the question of why language matters, the effect of language on individual careers was discussed. Multinational corporations may reward individuals for investing in foreign language skills through recruitment, staffing, and promotion decisions as well as performance evaluation.

The introduction of a common corporate language may have an additional effect on careers by operating as a glass ceiling for those who lack the relevant language skills. At the same time, the choice of common corporate language may favor certain groups of staff who possess a language edge and therefore gain strategically important positions within the firm. Language skills also affect perceptions of professional competence and identity. Having to operate professionally in a language that one does not master seems to lower one's IQ.

The emergence of informal, personal communication networks driven by a common language is additional evidence of why language matters in multinational management. These networks are powerful, as they may last over many years and cut across time zones as well as geographical distance. A common language can be regarded as a factor of interpersonal similarity explaining why people tend to interact with others who are similar to themselves. Personal, language-based networks form clusters on the organizational levels grouping staff into, for example, Anglo, Latin, Germanic, or Scandinavian clusters. Within these clusters, members readily exchange information and knowledge while the nonmembers located outside the clusters may experience severe communication blockages. The creation and maintenance of personal communication networks that operate in a particular language is a mechanism to overcome barriers in international communication.

Moving from the individual level of analysis and clusters to subsidiaries, the effects of language on foreign subsidiary management are discussed. It is argued that control and coordination of foreign subsidiaries involves a great deal of communication across borders and is thus influenced by language considerations. Language competence of subsidiary staff can be viewed as part of the subsidiary's power base, which shapes the degree of subsidiary autonomy and its roles and tasks within the corporation. Language is one potential explanation for why some foreign subsidiaries are marginalized and remain in the periphery while others prosper and develop into core units of the firm.

Finally, the use of translators and machine translation is examined as a way of overcoming the language barrier. Multinational corporations are likely to use external, professional translators for printed material. It is acknowledged that while machine translation provides an economical and speedy translation of a text, the quality of the translation may suffer. However, when using the Internet and its many multilingual Web sites, for example, any translation may be better than none. This opens up new possibilities for machine translation, which might serve employees below top management with poor skills in English.

To conclude, in our modern way of life, most issues are measured and valued in quantitative terms. Therefore, a person's qualitative abilities such as foreign language skills or cultural knowledge may not necessarily be highly appreciated. However, in order to succeed and make a career in multinational corporations, students in business and management need to have an understanding of foreign languages and cultures. Showing awareness and appreciation of the other is the foundation for any international business activity.

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- Copyright: [RESEARCH PAPER](#) website.

Task 3

Understanding international e-business models

Objective: understanding (identifying and analyzing) what developing and implementing an International e-Business Model entails, includes (goods, services and mixed or “good-service bundling”). Specific objective 1: to identify the elements present in the international business processes, in particular export-import procedures, provision of services and mixed scenarios (bundling). Specific objective 2: to identify the factors which facilitate or suppress international e-business, and analyze them using BMC as framework.

Deadline & Task Accomplishment: make a video (PPT, Prezi, images, doodlevideo or other) and then upload to Virtual Campus by 23:59 hrs on Tuesday (the day before class).

Product: up to 7-minute video (backup texts must be written in correct technical English!).

Groups: same groups as always.

Tips:

- Think! ...under Business Model Canvas (BMC), how wider (global) institutional and legal frameworks of international trade in goods and services affect international business ventures and entrepreneurship in general (for example, business decision-making, choice of markets to play in, strategy or operations, etc.)?
- Use examples and be explicit and specific about what issue they exemplify (advantage or disadvantage, facilitating or hindering factor, etc.)!!! Think of examples that are relevant for internationalization of small businesses originating from Chile.
- Make sure to use this Task 3 as an opportunity to start on your International Business Plan task.

Be creative and critical when thinking about...:

- the terms and conditions (legal incorporation, trading, quality control, tax & tariff regimes etc.) that businesses are subjected to in order to be allowed to reach millions of potential clients through digital platforms or e-interfaces.
- business model based on a digital platform and how it impedes or facilitates international business.
- What non-digital infrastructure or services are needed depending on the key activities under the goods, services or mixed business model?
- International E-Commerce or Trading Platform (B2C and B2B) is a virtual space through which vendors (sellers) connect with the purchasers (buyers), and providers of services connect with those who require these services rendered.

Obligatory reading for this Task (in Bold letters):

1. **Chapters 16 (Exporting, Importing, and Countertrade), 17 (Global Production, Outsourcing, and Logistics), 18 (Global Marketing and R&D) of Hill (2013).**
2. **Videos: 2 examples of critical business model analysis Patriot Act (links are available in Virtual Campus of UFRO).**
3. **“The Age of Continuous Connection” in Harvard Business Review.**
4. **ProChile (2018) Exportar Paso a Paso. (Virtual Campus UFRO).** (Only for hypothetical business situations based on goods)

If your hypothetical international e-business model involves imports or exports, think about the following issues involved in International non-e-Business Model, and then extend your analysis to the hypothetical international **e-business** model your group chose to present:

1. What are the challenges associated with exporting/importing experienced by regional companies and/or SMEs?
2. What are the compliance requirements for goods and services?
 - a. What are SPS requirements?
 - b. What are the TBT requirements?
 - c. What is a certificate of origin?
3. How do customs participate in international trade in services? (Think of "bundles" or goods bundled with services: what business models you know / can find that function this way?)
4. Why are ports key stakeholders in the exports of goods? Why are ports' services important to the International Trade and, consequently, International Business?
5. Finally, why are ports * important in trade in services?
6. <https://www.bbc.com/news/world-europe-50659780>
7. <http://simcase.io/>

* Think of naval- and air- ports, since the influence of the latter has grown due to booming e-commerce. How do space ports influence International Business models? what about cyber ports? What are they? What is their role in e-commerce?

"Internet wisdom" delivered by Google search engine:

An e-business model is simply the approach a company takes to become a profitable business on the Internet. There are many buzzwords that define aspects of electronic business, and there are subgroups as well, such as content providers, auction sites and pure-play Internet retailers in the business-to-consumer space. Dec 4, 2000.

The four main types of ebusiness models are (1) business-to-business (B2B), (2) business-to-consumer (B2C), (3) consumer-to-business (C2B), and (4) consumer-to-consumer (C2C). iz note: "prosumism" is big theory in sustainable marketing.

Reverse online auctions are examples of C2B e-business models, as are airline ticket websites, like Priceline. Under the consumer-to-consumer (C2C) e-business model, consumers are both buyers and sellers via third-party-facilitated online marketplaces, such as eBay.

What is the difference between a business model and an ebusiness model? A business model details how a company creates, delivers, and generates revenue. An ebusiness model does all of the same except on the Internet. ... Carfax is an example of a company that sells its products or services directly to its consumers online.

E-business applications are web-based applications that can be implemented to perform tasks for businesses. ... Common e-business applications provide some way for a company to interact with consumers on the web or to perform tasks related to meeting consumer needs (such as online tracking of postal shipments).

Read "The Age of Continuous Connection" to appreciate the practical side of e-business models and customer relationship building.

Obligatory Reading for Task 3

The definition of services trade under the GATS is four-pronged, depending on the territorial presence of the supplier and the consumer at the time of the transaction. Pursuant to [Article I:2](#), the GATS covers services supplied

- a. from the territory of one Member into the territory of any other Member (Mode 1 — Cross border trade);
- b. in the territory of one Member to the service consumer of any other Member (Mode 2 — Consumption abroad);
- c. by a service supplier of one Member, through commercial presence, in the territory of any other Member (Mode 3 — Commercial presence); and
- d. by a service supplier of one Member, through the presence of natural persons of a Member in the territory of any other Member (Mode 4 — Presence of natural persons).

[Box A](#) gives examples of the four modes of supply.

The above definition is significantly broader than the balance of payments (BOP) concept of services trade. While the BOP focuses on residency rather than nationality — i.e. a service is being exported if it is traded between residents and non-residents — certain transactions falling under the GATS, in particular in the case of mode 3, typically involve only residents of the country concerned.

Commercial linkages may exist among all four modes of supply. For example, a foreign company established under mode 3 in country A may employ nationals from country B (mode 4) to export services cross-border into countries B, C etc. Similarly, business visits into A (mode 4) may prove necessary to complement cross-border supplies into that country (mode 1) or to upgrade the capacity of a locally established office (mode 3).

Box A: Examples of the four Modes of Supply (from the perspective of an "importing" country A)

Mode 1: Cross-border

A user in country A receives services from abroad through its telecommunications or postal infrastructure. Such supplies may include consultancy or market research reports, tele-medical advice, distance training, or architectural drawings.

Mode 2: Consumption abroad

Nationals of A have moved abroad as tourists, students, or patients to consume the respective services.

Mode 3: Commercial presence

The service is provided within A by a locally-established affiliate, subsidiary, or representative office of a foreign-owned and — controlled company (bank, hotel group, construction company, etc.).

Mode 4: Movement of natural persons

A foreign national provides a service within A as an independent supplier (e.g., consultant, health worker) or employee of a service supplier (e.g. consultancy firm, hospital, construction company).

https://www.wto.org/english/tratop_e/serv_e/cbt_course_e/c1s3p1_e.htm

International Business Plan

Instructions for the “Trabajo Final de Integración” (TFI)

Development of an International Business Plan for a Regional SME

(50 % de la nota final del curso y 100 % de la nota P)

Objective: consolidate the knowledge and skills required for international business and entrepreneurship through development of a plan for implementation of an international business idea / amplifying or deepening internationalization of the regional MSMEs.

Groups & cases: same groups as in Tasks 1 through 3! Each group of students will be assigned a regional MSME which volunteered to help with the International Business course.

Submission / entrega de 60 % del plan en el idioma Castellano: un documento en el formato word (editable) enviado por correo electrónico y Campus Virtual.

Deadlines: see the Gantt Chart of the course and Academic Calendar of UFRO

Format requirements / Requerimientos del formato:

1. Hasta 3500 palabras incluyendo la lista de referencias (Normas APA!!!). Adicionalmente se permiten hasta 5 anexos de hasta 2 hojas cada uno (ej. organigrama, flujo de caja).
2. Cada trabajo debe ser escrito en idioma inglés y tener por lo menos un elemento internacional en el modelo de negocio.
3. Times New Roman fuente tamaño 12, espacio entre líneas simple (1.0), márgenes de 1 pulgada, tamaño de carilla “carta”.
4. Títulos en negritas, tamaño: 14 y centrado. Subtítulos en negritas, tamaño: 12, espacio sencillo, y alineados al margen izquierdo.
5. Referencias bibliográficas en el texto y lista de referencias en el formato APA (Normas APA ed. 6).
6. Obligatorio usar lectura y bases de datos disponibles en el Campus Virtual.
7. No cover page is required, but the document must list the members of the group (and group name) in an express manner.

Resumen de los Criterios de evaluación:

- Creatividad e innovación (puede ser en la idea misma del negocio (producto o servicio; modo de su entrega etc.), el modelo de negocios o el país);
- Capacidad de síntesis (ver sugerencias para la estructura del plan de negocios; referencias a los textos de lectura obligatoria);
- Claridad y organización del texto (subtítulos claramente señalan de que se trata la respectiva sección del texto);
- Aspectos formales (cumplimiento con normas APA para las citas y referencias, ortografía (uso de Spellcheck) y correcto uso de lenguaje técnico en inglés -glosarios-).

Tips

- Use <https://wheretoplay.co/> to identify, evaluate and prioritize market opportunities;
- Use worldwide recognized indexes to define your foreign market;
- Use <https://canvanizer.com/> for teamwork.

The Essentials of Business Writing: <https://hbrascend.org/topics/the-essentials-of-business-writing/>

Creating the business internationalization idea for your assigned case and working on it with your team

Requirements: The idea for internationalization of the business of a regional SME assigned to your group must be original. The problem must be worthwhile. The international component must be present. Thus, students must analyze beforehand the 7 factors that investors take into account when choosing a business idea to invest in. The said factors are described in detail in the PPT which is available in the Virtual Campus. Finally, problematization, opportunity identification, constructing rapport and design-based thinking are available in the step by step guide to creativity - GUÍA DEL PROCESO CREATIVO- available in Spanish for your comfort and swift but intense work of your group.

Some tips for formulating your business internationalization idea for the regional MSME case assigned to your group, specifically for choosing a country whose market to play in:

1. Use worldwide recognized indexes (Credits: emol.cl)
 - a. Business Environment Ranking
 - b. Ranking de Competitividad Mundial del IMD
 - c. Índice de Paz Global
 - d. Good Country Index
 - e. Global Innovation Index
 - f. Global Entrepreneurship Index
 - g. Índice de Corrupción de Transparencia Internacional
 - h. Índice de facilidad para hacer negocios

(example: the USA <https://www.nap.edu/read/4921/chapter/6>)

- i. Índice de Libertad Económica
 - j. Índice de Desarrollo Humano
2. Use this chance to play around with original ideas (innovation, services), niche markets and unusual countries (study their culture as well as macroeconomic data).

Points of information and more tips:

The simplest explanation for business model, is how to make money. It has three elements: WHO (customers, i.e. particular segment/s), WHAT (products or services for the particular customer segments), HOW (how you deliver the service and how do you organize exchange, how you are getting paid) (Markides, 1997 article).

The questions you ask yourself when developing the International Business Plan should be centered on separate elements of business model, not on the whole business model. Finally, Chapters 15 through 20 are obligatory reading for this task. This means that it is obligatory to cite each chapter at least once in your Business Plan.

Resources for more ideas:

- De Massis, A., Kotlar, J., Wright, M., & Kellermanns, F. W. (2018). Sector-based entrepreneurial capabilities and the promise of sector studies in entrepreneurship. *Entrepreneurship Theory and Practice*.
- Fitz-Koch, S., Nordqvist, M., Carter, S., & Hunter, E. (2018). Entrepreneurship in the agricultural sector: A literature review and future research opportunities. *Entrepreneurship Theory and Practice*, 42(1), 129-166.
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- Teague, B., Gorton, M. D., & Liu, Y. (2019). Different pitches for different stages of entrepreneurial development: the practice of pitching to business angels. *Entrepreneurship & Regional Development*, 1-19.
- von Briel, F., Davidsson, P., & Recker, J. (2018). Digital technologies as external enablers of new venture creation in the IT hardware sector. *Entrepreneurship Theory and Practice*, 42(1), 47-69.
- Welsh, D. & Carraher, S. (2018) Case Studies in Global Entrepreneurship. p. 236. Kendall Hunt. USA.

10 Essential Business Plan Components

by Patrick Hull

Business plans are critical to the success of any new venture. I believe that entrepreneurs should dedicate time to create them, regardless if you're searching for investors. Business plans serve as the framework for your company and provide benchmarks to see if you're reaching your goals. In my experience, they are key to helping you think through your business and keep you on track.

What I've learned as an entrepreneur and investor is that it's important to outline your business plan carefully. Consider all the variables so you don't rush into anything and test your assumptions.

You should take some time to work with mentors, business partners, and colleagues on your plan. Ask them to look for holes so you can adjust accordingly. Seeking input is a great way to get an objective view, so don't forget this step; it's way too important.

As with most things in the business world, the size and scope of your business plan depend on your specific goals. If you're drafting it for investors, you should make the plan more detailed. Be sure to keep in mind that potential investors might not be as familiar with your industry so you have to clearly explain your concept and where it fits in.

If you're just developing the plan for you and/or business partners, it doesn't have to be as detailed, but you should still outline your goals and how you want to reach them.

Likewise, if your product or service is not overly complex, your plan doesn't have to be very lengthy. For example, a business plan for a hair salon is not going to look anything like a plan for a biotech research company.

Need some help creating the right business plan for your company? Take a look at the Small Business Administration, which has great resources for creating a plan for any business.

<...>

Make sure to think about how your business plan expresses the embeddedness of your business model with international component. Use Business Model Canvas for your International Business Plan.

Source: <https://www.forbes.com/sites/patrickhull/2013/02/21/10-essential-business-plan-components/#7f5b147e5bfa>

Business Plan or Business Proposal [*structure and contents*]

Table 13.2 Business Proposal Format [*with professor's comments*]

Cover Page	Title page with name, title, date, and specific reference to request for proposal if applicable. <i>For this class, do not forget to include a logo or other catchy visual!</i>
Executive Summary (Resumen Ejecutivo)	Like an abstract in a report, this is a one- or two-paragraph summary of the product or service and how it meets the requirements and exceeds expectations.
Background (Antecedentes)	Discuss the history of your product, service, and/or company and consider focusing on the relationship between you and the potential buyer and/or similar companies.
Proposal (Business Model)	The idea. <i>Who, what, where, when, why, and how.</i> Make it clear and concise. Don't waste words, and don't exaggerate. Use clear, well-supported reasoning to demonstrate your product or service and the value created by it.
Market Analysis	What currently exists in the marketplace, including competing products or services, and how does your solution compare?
Benefits (Beneficios)	How will the potential buyer benefit from the product or service? Be clear, concise, specific, and provide a comprehensive list of immediate, short, and long-term benefits to the company.
Timeline	A clear presentation, often with visual aids, of the process, from start to finish, with specific, dated benchmarks noted.
Marketing	Delivery is often the greatest challenge for Web-based services—how will people learn about you? If you are bidding on a gross lot of food service supplies, this may not apply to you, but if an audience is required for success, you will need a marketing plan.
Finance	What are the initial costs, when can revenue be anticipated, when will there be a return on investment (if applicable)? Again, the proposal may involve a one-time fixed cost, but if the product or service is to be delivered more than once, and extended financial plan noting costs across time is required.
Conclusion	Like a speech or essay, restate your main points clearly. Tie them together with a common theme and make your proposal memorable.
References	List of references to the materials and resources used for the plan.

Source: <https://courses.lumenlearning.com/englishforbusiness/chapter/13-3-business-proposal/>

What is a Business Model and How Does It Differ from a Business Plan?

by Charmayne Smith

Successful businesses are similar to onions. They come with many layers with the most powerful part lying at the core. Businesses have many departments and processes. Though each has a different function, they all operate under one core objective, the business model. In business, the business model serves as the onion's core with the business plan describing the details of its layers.

Business Model: The business model clearly identifies how your business converts its products and services into value. Quick MBA defines the business model as how the business "converts new technology to economic value." This model takes the value of a product and identifies the target market that values the product. It then defines the valuable products that the business will create for those markets, the process that will generate revenue from the sales of those products and the steps required to remain competitive against its business counterparts. Unlike the business and strategic plans, it does not identify how the business will capture value or the challenges that will accompany those steps.

Business Plan: The business' operations revolve around the business model. The operations are created to meet, if not exceed, the aspects that are defined within that model. The business plan identifies and explains the business' operations, including its departments, staffing, location, equipment, marketing strategies and financial status of the business.

Strategic Plan: The strategic plans, including the marketing plans, provide detailed steps and strategies that your business will use to achieve the goals identified by the business plan. These plans explain how your business will capture the value of its products, express the value to the target market and retain that target market after capture. Like the business plan, strategic plans revolve around the demands of the business model.

Variables: The business model is the leading force for the business plan, as well as the business' strategies. However, it is quite easy for a business to stray away from its model. Internal and external factors such as a fluctuating economy, staff attrition and changing regulations are just some of the variables that can cause businesses to waver on its models. Thoroughly researched business plans and strategies, however, will prepare your business for the variables and help your business to stay on its course of success.

Considerations: At times, internal and external factors can require permanent changes to the business model. Shifts in the industry, new company technology and swings in customer demand can force businesses to change their methods and goals in order to maintain their success. If, and when, you decide to make changes to, or completely revamp your business model, you must also make revisions to your business plan and strategies. A yearly review of the business model, business plan and business strategies will help you to stay ahead of any necessary changes.

Source: <http://smallbusiness.chron.com/business-model-differ-business-plan-3860.html>

Brought to you by [Business Insider](#)
<https://www.entrepreneur.com/article/204854>

The [Gotham Gal](#) and I make a fair number of non-tech angel investments. Things like media, food products, restaurants, music, local businesses. In these investments we are usually backing an entrepreneur we've gotten to know who delivers products to the market that we use and love. The Gotham Gal runs this part of our investment portfolio with some involvement by me.

As I look over the business plans and projections that these entrepreneurs share with us, one thing I constantly see is a lack of sophistication in calculating the investor's return.

The entrepreneur needs \$400k to start the business, believes he/she can return to the investors \$100k per year, and therefore will generate a 25 percent return on investment. That is correct if the business lasts forever and produces \$100k for the investors year after year after year.

But many businesses, probably most businesses, have a finite life. A restaurant may have a few good years but then lose its clientele and go out of business. A media product might do well for a decade but then lose its way and fold.

And most businesses are unlikely to produce exactly \$100k every year to the investors. Some businesses will grow the profits year after year. Others might see the profits decline as the business matures and heads out of business.

So the proper way to calculate a return is using the "cash flow method."

Here's how you do it.

1. Get a spreadsheet, excel will do, although increasingly I recommend [Google docs spreadsheet](#) because it's simpler to share with others.
2. Lay out along a single row a number of years. I would suggest ten years to start.
3. In the first year show the total investment required as a negative number (because the investors are sending their money to you).
4. In the first through tenth years, show the returns to the investors (after your share). This should be a positive number.
5. Then add those two rows together to get a "net cash flow" number.
6. Sum up the totals of all ten years to get total money in, total money back, and net profit.
7. Then calculate two numbers. The "multiple" is the total money back divided by the total money in. And then using the "IRR" function, calculate an annual return number.

Here's [a link to Google docs where I've posted this example](#). It is public so everyone can play around with it and see how the formulas work.

It's worth looking for a minute at the theoretical example. The investors put in \$400k, get \$100k back for four years in a row (which gets them their money back), but then the business declines and eventually goes out of business in its seventh year. The annual rate of return or [ROI](#) (return on investment) on the \$400k turns out to be 14 percent and the total multiple is 1.3x.

That's not a bad outcome for a personal investment in a local business you want to support. It sure beats the returns you'll get on a money market fund. But it is not a 25 percent return and should not be marketed as such.

I hope this helps. You don't need to get a finance MBA to be able to do this kind of thing. It's actually not that hard once you do it a few times.

Fred Wilson is a partner at Union Square Ventures. He writes the influential [A VC](#), where this post was originally published.

Evaluation of International Business Plan (document)

Plan evaluation criteria/ elements:

1. Creativity and innovation will be evaluated based on either (i) the very business idea (product or service, mode of delivery or logistics etc.); (ii) the business model or the country / market segment; or (iii) element of knowledge creation is present.
2. Ability to synthesize in-depth analysis of the foreign market and financial data (appropriate use of figures, graphs and infographics to illustrate and sum up the information being presented).
3. Clarity and organization of the text (see suggestions for the structure of the business plan; subtitles clearly indicate what the respective section of the text is about, etc.).
4. Chapters 13 through 20 of Hill (2013) dully cited (quoted) and used appropriately throughout the text in addition to other sources necessary for the market research and other elements of a business model and plan.
5. Formal aspects: compliance with APA standards for citations and references, including the requirement that direct quotations must not be longer than 40 words;

Plan Evaluation Criteria/Element Fulfillment Tracking

Group / Grade range	1 (4.5-4.9)	2 (5.0-5.4)	3 (5.5-5.9)	4 (6.0-6.4)	5 (6.5-7.0)

1 only one element present

2 two elements present

3 three elements present

4 four elements present and clearly expressed in the plan (document)

5 five elements present, clearly expressed and written in excellent English



Think



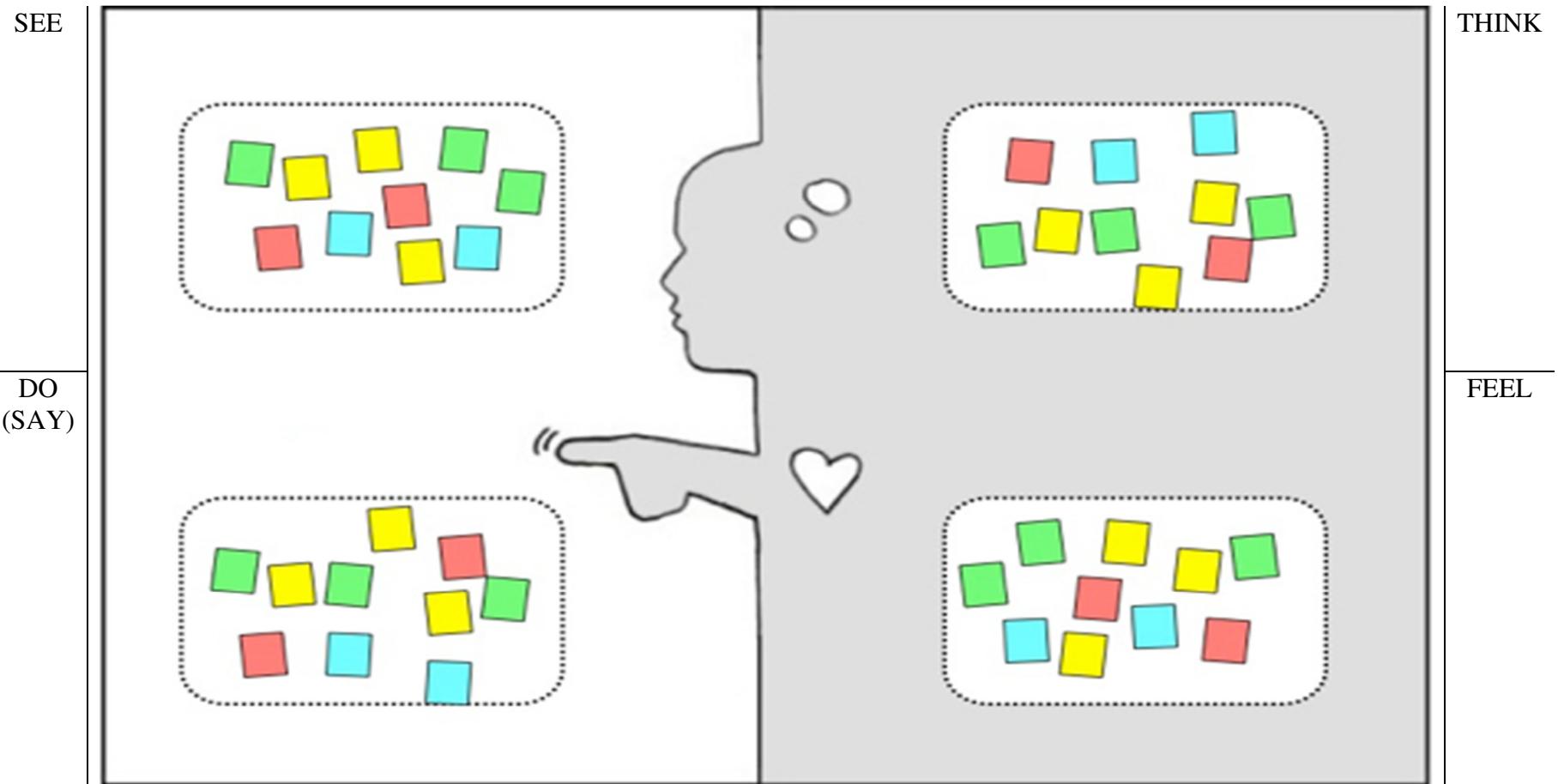
See



Do



Feel



© https://dschool-old.stanford.edu/groups/k12/wiki/3d994/empathy_map.html

Como complemento a la GUÍA DEL PROCESO CREATIVO a continuación se presentan los videos de Fundación Wadhwani que de manera dinámica ejemplifican algunos de los pasos descritos en dicha guía.

BRAINSTORMING: Un buen método para consolidar ideas después del proceso de investigar el problema que vale la pena resolver es hacer una lluvia de ideas -en el siguiente video aprenderás lo básico de este método. Para acceder al video da clic aquí. https://youtu.be/tqv_7dTdcO8

DESIGN THINKING: El Design Thinking está en todos lados –vamos a conocer esta metodología. Para ello veremos 3 videos:

1. En el primer video aprenderás sobre pensamiento convergente y divergente, para acceder a este video da clic aquí <https://youtu.be/4QVX8GHG4vA>
2. mientras que en el segundo video hablaremos sobre que es el diseño y su importancia en nuestra vida diaria. para acceder a este video da clic aquí <https://youtu.be/0LuRg4-e7xY>
3. En el tercer video vamos a conocer sobre los principales valores de los cuales se nutre esta metodología, para acceder a este video da clic aquí <https://youtu.be/Hz0aK4AAkSo>

EL MAPA DE EMPATÍA (VER PAGINA ANTERIOR)

EL SEGMENTO DE CLIENTES: Antes de definir una Propuesta de valor es importante analizar quien es el segmento de mercado.

- vídeo 1: aquí aprenderás como segmentar el mercado e identificar el segmento adecuado de mercado para un producto/servicio. para ir al video da clic aquí <https://youtu.be/TarAilqGKQY>
- vídeo 2: aquí aprenderás sobre el nicho de mercado y los beneficios que tiene enfocarse en un nicho de mercado para un emprendedor. para ir al video da clic aquí <https://youtu.be/jnJJ5woU6Ys>

LA PROPUESTA DE VALOR: Una vez que se identificó al cliente, podemos hablar de la propuesta de valor. Vamos a revisar algunos conceptos básicos de este tópico en los siguientes videos:

- En el primer video aprenderás sobre el diseño de una propuesta de valor, para acceder a este video da clic aquí. <https://youtu.be/HsSBd1cRg10>
- En el segundo video aprenderás sobre cada uno de los componentes del lienzo de la Propuesta de Valor. para acceder a este video da clic aquí. <https://youtu.be/ZCJC1hI6qWQ>

LEAN CANVAS for LEAN START-UP, but full BMC for the TFI.