

# **Tomorrow's World Today: A Career in International Business**

*By Balbir Bhasin and Candis Carmichael*

## **I. Introduction**

As recently as last year, Stanford University declared that: “over 15 percent of MBA graduating class took jobs outside the United States in 16 different countries. 81 percent reported their company was international in scope, and 54 percent reported their position was international or global in scope. Many others took jobs that were located in the United States but had a significant international component.” (Stanford MBA Catalog, 2002) This movement to the international playing field is a shift from the world of old where people were unaware of what went on outside their own back doors. Becoming global is the general motion of today's business world, and it will be the forward-thinking business executives and managers that will wield the ability to take full advantage of the new world market.

The world of international business is exciting because it combines the science and art of business with many other disciplines such as economics, anthropology, geography, history, language, jurisprudence, statistics and demography. Integral to learning about the principles and application of the concepts and theory, it is vital that students should get an exposure to international trade and transactions in action.

Schools such as Thunderbird in Glendale, Arizona and The University of Memphis in Tennessee boast the newer IMBA program – the *International* MBA – that “will challenge and inspire [the student] to see across boundaries and work across cultures.” (University on Tennessee, 2001) By equipping the businesspeople of tomorrow with invaluable skills and flexibility, they will not only be able to establish a career in one of the many areas of International Business, but they will be able to excel in their careers. In business, there is a need for comprehensive understanding, not just simple

application. Critical thinking, reasoning, and ethical problem solving will be the skills that separate the future CEOs from the lower-level managers.

International business careers follow any number of paths including: international economics, industrial organization, multinational management, marketing, human resource management, finance, and accounting, along with a host of others. The field offers an array of opportunities to experience new cultures, political environments, co-workers, and problem solving strategies, which will provide an exciting and engaging career.

## **II. Aim and Scope**

The purpose of this paper is to determine what it means to have a career in International Business and what it takes to succeed in the new economic order. The first part covers the basic historical perspective of the field (which will focus on IB as a profession) and growth and developmental trends in the field. The second part discusses globalization and its affects on business practices. Finally, the third part contains the opportunities and advantages of a career in IB and the required skills needed for a successful career. The primary aim is to provide a better understanding of what it means to participate in this elusive field called “International Business.”

## **III. Historical Perspective**

*International business is older than the ancient Phoenician traders and the trans-Asian caravans, yet only during the past century has the world become truly a global marketplace.*

Charles F. Valentine

*The Arthur Young International Business Guide*

Trade has existed across national borders for centuries, but the most obvious beginnings of a world economy were during the trade expansion during the time between 1450 and 1640. During this era, there were two major types of trade: local trade, which was over

short distances for necessities (local marketplaces, for example), and long-distance trade, which was for luxury and rare items (fine-cloth, for example) and was less common than local trade. As time progressed beyond this time, long-distance trade became more and more common. (Dicken, 1998)

The beginnings of International Business as we know it today, however, has its beginnings in the post World War II era. Following the 'great war,' many of the industrialized nations of the world (outside of the US) had been all but destroyed. (Dicken, 1998) The global economy had to be reconstructed from the ground up. Because of the US's survival, it quickly became a global leader while the rest of the world's countries were trying to re-establish their physical world.

This is when the clear divide between East and West formed. During this period, corporations were building in similar environments (i.e. the United States would establish plants in Western Europe). They were more interested in selling effectively and could do best at this in a culture with which the company was already familiar. (Martin, 2002) It avoided the major ideological power struggles (Western vs. Marxist societies) that later resulted when corporations from the West moved into the Eastern countries. (Livingstone, 1989) By the 1980s, hundreds of companies had global networks and subsidiaries all over the world. (Kogut, 1998)

In the current 'Information Era,' international business is taking on a whole new position in the world's economic makeup. It has become a more proactive environment that requires global corporations to utilize their worldwide networks for constant innovation to stay ahead of the competition. The world now demands that businesspeople (and therefore businesses) are "globally competent," according to The University of Memphis. (University of Memphis, 2001)

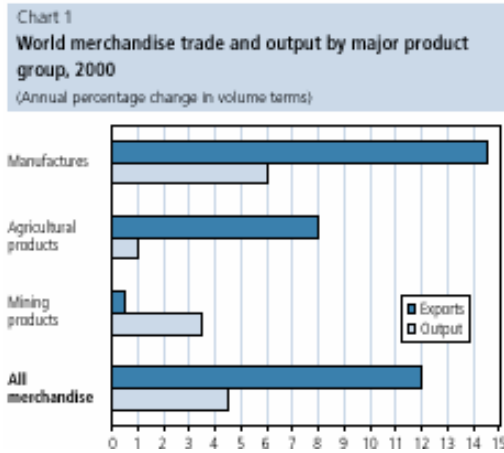
#### **IV. Trends: Growth and Development**

*Today, there is a growing trend toward defining success in terms of a balanced life, in which worldly pursuits share space with 'intangibles'...*

John R. O'Neil

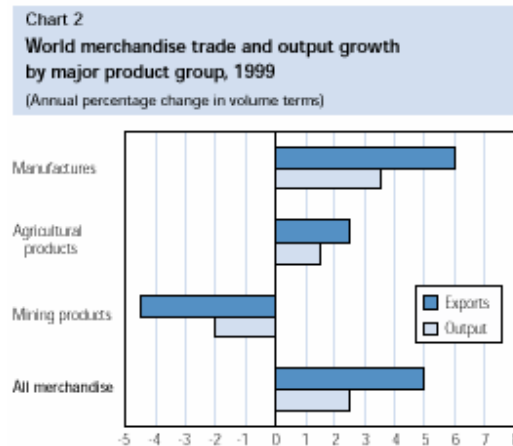
## 1. World Trade

With the world moving toward a single economy and trading system, there are a number of developments in this environment. For starters, international business has taken on the dimension of trading blocs. These include APEC, EU, NAFTA, and MERCOSUR. The establishment of these blocks has led to freer exchange of not only goods and services, but of labor and resources. NAFTA, for example, allows free movement of goods, services, labor, and resources throughout the North American continent (Mexico, the US, and Canada).



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The future may take these trading blocs from just one continent to combining across the oceans with a TAFTA (Transatlantic Free Trade Agreement) between the NAFTA members and the EU members. (Dicken, 1998) However, this is a possibility only when trading blocs are well established. This means that this is not going to happen for a while, what with the EU being a relatively new bloc.



Source: From WTO (2000, *International Trade*, Chart II)

Aside from the trading areas exemplifying the increased importance of being involved internationally, the World Trade Organization's report for 2000 as compared against that of 2001 demonstrates a growth in world trade. According

to their 2001 report, “the expansion of merchandise output and trade by 4.5% and 12%, respectively, was the strongest in more than a decade.” (WTO, 2001) By comparing **Chart 1** (the numbers for 2000) with **Chart 2** (the numbers for 1999), there has been a dramatic increase in exported and imported products in all groups. This would suggest that there is a rapidly growing international trade market.

## **2. Multinational Activities**

An interview with author José Santos provided some insight to the trends of multinational corporations’ (MNC’s) activities. For starters, there is a shift from the traditional global strategies that are no longer effective – sources of competitive advantage, such as scale or local responsiveness, for example – because markets are becoming more efficient. (Martin, 2002) This leads to the need for differentiation among the multiple new competitors in the international arena.

Up until now, there were domestic firms, transnational firms, and MNCs. Now, there is a new breed of international corporation: the *metanational*. Metanational companies go beyond just crossing borders and they are the truly global corporations of the future. According to Santos, the metanational differs from the multinational in that:

“it’s organized around sites and their associated teams of people and capabilities.... It’s managers will ‘think local and act global’.... And influence, recognition and reward will come... from the unique contribution each site makes to the goal of leveraging [company] innovations globally.”

José Santos (Martin, 2002)

The global corporations are comprised of a variety of complex network. This complicated environment is multi-faceted, complex, and full of integrated systems. Adam Smith likens it to a car in the respect that “a car is no longer a

mechanical machine with a combustion engine; it is also a computer, a mini-telecommunications center replete with advanced optical fiber.” (Kogut, 1998)

### **3. Education**

MBA professors are no longer teaching students what to think, but *how* to think. (Duxx, 2001) The programs are becoming more intense and more focused on the international arena of business. Schools like Barry University in South Florida, Florida International University’s College of Business Administration, and Duke University in North Carolina are among the universities starting to focus on the non-traditional aspects of international business, such as the e-commerce phenomenon, the cultural environments, the way it relates to entrepreneurial activities, and global supply chain management. (Latin Trade, 2000)

There are also schools, such as Thunderbird in Arizona and The University of Memphis in Tennessee, that are offering a newer degree and the opportunities of a lifetime: the IMBA (International MBA). These are programs that focus purely on business as it pertains to the global playing field. In addition to these IMBA programs, there are a host of schools that are now offering specialized MBA degrees. Instead of going through two years of classes that merely reiterate the classes taken at the undergraduate level, these specialized degrees take less time and directly target the student’s field of interest. (Schneider, 2002) These are the programs of the future.

### **5. Cross-border employment**

Working overseas is not as easy as it would seem. Companies have worked long and hard to establish programs to ease the problems faced by their expatriate and repatriate workers and their families. Most pay for language and cross-cultural training to ease the transition. (Carey, 1998) The largest problem faced is culture shock, which leads to other problems in international assignments. (Wederspahn, 2002) The problems that arise include:

- Negative feelings about the local culture and people, including irritability, hostility, and defensiveness

- Homesickness, nervousness, depression, uncharacteristic mood swings, anxiety, and anger
- Self-damaging behavior, such as alcohol or drug abuse
- Indecisiveness, inflexibility, close-mindedness, hypersensitivity to criticism, impatience, and boastfulness
- Ridicule or excessive criticism of local people

(list: Wederspahn, 2002)

Sending expatriates overseas carries a heavy price tag that makes the failures very costly for the company. Preparing both the employee and his/her family for the culture of the new assignment can curb the failure rates.

Not only is it culture shock for the expatriates, but they also experience similar problems when they repatriate. Things have changed at home and the longer they've been gone, the more important it is to provide them with a repatriation program. It is also important for companies to make sure that these employees have a job to come home to.

## **V. Globalization's Impact on International Business**

*...Globalization is everything and its opposite. It can be incredibly empowering and incredibly coercive. It can democratize opportunity and democratize panic. It makes the whales bigger and the minnows stronger.... It enables us to reach into the world as never before and it enables the world to reach into each of us."*

Thomas Friedman

*The Lexus and The Olive Tree*

In the past couple of decades, the phenomenon of globalization has progressed from buzzword to reality. Failure to become a part of the global market assures a nation of declining economic influence and a deteriorating standard of living for its citizens. Successful participation in international business, however, holds the promise of

improved quality of life and a better society, even leading, some believe to a more peaceful world.

Globalization is the term used for the fast-paced growth of international trade and investment. (Kahn, 2002) It is the idea of dissolving all national borders to create one open marketplace in which the only “countries” become the multinational corporations. The concept of globalization is a controversial one for any number of reasons, especially with the experts divided as to whether it is a “good” or “bad” direction for the world economy to follow.

One very important work that discusses this phenomenon is Thomas Friedman’s book, *The Lexus and the Olive Tree*, which has been critiqued by numerous scholars and businesspeople. The mixed reviews of the book demonstrate divided ideas of the scholars, as well as reiterates the profound impacts this creature will have on the world as we know it.

In the title, “the Lexus represents the efficiency, transnationality and technological sophistication of the new global economy; the olive tree represents tradition, rootedness, and local identities that persist and at times rise up in rage at the homogenizing demands of the ‘electronic herd.’” (Fukuyama, 1999) The only problem is that the Lexus is a representation of the industrialized nations (the US, Japan, the UK, etc.) and the olive tree represents the industrializing ones (China, most of Africa, Haiti, etc.), and the text demonstrates through examples that globalization is great for the Lexus, but the olive tree will forever have troubles assimilating the model because they are so far behind.

Edward Luttwak, known for his writings on military strategy, is on the opposite end of the spectrum. His idea is that though the new information technology jobs are extremely successful and efficient, they don’t provide jobs for people – on the contrary, they *eliminate* them. (Caldwell, 1999) He is among the many that feel that marketization and globalization are terms that can be replaced by “Americanization” because the US is the epitome of what countries that follow the protocol aspire to replicate.

In practice, globalization is actually causing problems because many countries are entering the globalized world prematurely (which is outlined and discussed by Friedman in *The Lexus...*) without the right governmental arrangement and infrastructure to use it to the country's advantage. "Globalization now seems more like an economic temptress, promising riches but often not delivering, in the view of many of the leaders at the United Nations conference." (Kahn, 2002)

People in Africa, Latin America, Central Asia, and the Middle East are, for the most part, no better off today than they were back in 1989 when globalization really took off. This is leading many countries into economic distress (Argentina) and now they're asking for international aid. France's president, Jacques Chirac says "there's no creation of wealth without the necessary infrastructure – and that infrastructure demands outside aid." (Kahn, 2002)

It would seem that there is what Friedman called "The Backlash." Those places that couldn't keep up with the motion of globalization are now falling backward or are unable to keep up with the movement of the global economy. The international aid will be required for them to catch up (and hopefully keep up) with the fast-paced global economy.

## **VI. Career Opportunities in International Business**

*Companies must definitively learn how to overcome the "not invented here" syndrome that precludes any attempt to innovate by learning from the world.*

José Santos

There are a variety of jobs available in the International Business field. Whatever the interest of an individual, there is bound to be something that will appeal. Seeing as how IB is such a diverse career opportunity, the following listing is merely a hint of what's available.

### **1. Jobs**

In IB, there are a number of jobs that one can hold. These include, but are not limited to, working in a foreign firm, a multinational enterprise, or an international division of a domestic company.

Some of the jobs in the International Business field include:

- Accountant/Auditor
- Advertising Account Executive
- Bilingual (Multi-lingual) Consultant
- Economist
- Financial Advisor/Management
- Forensic Accountant/Auditor
- Management Analyst/Consultant
- Marketing Research Advisor
- Operations Research Analyst
- Public Administrator
- Public Relations Specialist
- Purchasing Agent (Buyer)
- Statistical Clerk
- Statistician
- Top/Middle/Lower-level Management

## **2. Industries**

There are a large number of companies that hire International Business Majors for various positions within their companies. This section contains a brief list of examples of companies in varied industries.

- 20<sup>th</sup> Century Fox
- 3M
- Bodycom
- Bombardier Aerospace
- CIA
- Cahners In-stat Group
- Catholic Relief Services
- Capital One Financial Corp.
- Colgate-Palmolive
- Commonwealth of Puerto Rico
- Credit Suisse First

- DuPont  
Pharmaceuticals
- eBay
- FBI
- Hewlett Packard
- Honda Trading  
America
- Honeywell
- IBM Microelectronics
- InTouch Virtual  
Office Solutions

### **3. Countries**

There are opportunities available in all major industrialized countries, but there are also some available in the less developed ones. The global corporations have departments and projects all over the world. And the best part, most companies offer the opportunity to their employees to travel and work abroad. Some of the popular countries include:

- Spain
- U.K.
- Australia
- Japan
- Korea
- Mexico
- Canada
- India
- Columbia

## **VII. Skills Required**

*Leaders must understand how to distribute wealth with responsibility, purpose, and grace.*

Duxx University

International businesspeople require certain skills that separate them from everyone else. These skills are primarily focused around a “global mindset.” This is the mentality required for assessing situations in today’s global business environment. In his book, *A Manager’s Guide to Globalization*, Stephen Rhinesmith defines six attributes that are associated with a global mindset: knowledgeable, analytical, strategic, flexible, sensitive, and open. (Rhinesmith, 1996) He goes on to discuss each of the six in his book in further detail, but due to space constraints, we will outline them here (per his chart on p. 30):

- knowledgeable – drive for the broader picture
- analytical – balance contradictions
- strategic – engage process
- flexible – flow with change
- sensitive – value diversity
- open – learn globally

The universities list multiple skills that their MBA graduates should possess. Among their ideas of what each student should have is the knowledge of cultures, customs, languages, and business practices. (University of Memphis, 2001) This can be simply stated as cultural sensitivity. This is a key component to IB because doing business should be beneficial to both parties financially without culturally offending any of the participants.

Multiple graduate schools reiterate another skill that is needed: teamwork. With the growing networks being established around the globe, it is becoming less and less possible to complete a task without the assistance of someone else. Therefore, teamwork is essential to the success of the global businesses.

Another necessary skill is being able to think outside of the box. With so many items quickly becoming commodities (technology, especially), innovation is crucial to today's businesses. They need to develop competitive advantage in their products and services. As the world moves forward, coming up with the "new and improved" is less and less easy.

Above all, leadership is a quality that every businessperson *must* possess. To be a successful leader in international business means being able to organize, problem solve, and plan strategically.

### **VIII. Conclusion – “Advantages of a Career in International Business”**

International business is the now and it is the future. Regardless of the specific field chosen, a career in this field will provide a well-rounded life experience. The growth and room for development, along with the malleability of the international arena are factors

contributing to the globalization phenomenon. Not only that, but the long-term personal benefits are innumerable (and invaluable).

A career in international business can be the adventure of a lifetime with benefits that would stretch a mile long. Among them is the ability to see other cultures, work with people from other environments, and the biggest is that this career puts the world your feet to be your playground.

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