

PRESENT CHALLENGES OF GLOBAL BUSINESS AN OVERVIEW

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1. [International company structure](#)
2. [Foreign laws and regulations](#)
3. [International accounting](#)
4. [Cost calculation and global pricing strategy](#)
5. [Universal payment methods](#)

If your aim is to be **competitive globally**, you must have a team in place that's up for the challenge. One fundamental consideration is **the structure of your organization and the location of your teams**.

For instance, will your company be run from one **central headquarters**? Or will you have **offices and representatives "on the ground"** in key markets abroad? If so, how will these teams be organized, what autonomy will they have, and how will they coordinate working across time zones? If not, will you consider hiring local market experts who understand the culture of your target markets, but will work centrally?

[Coca-Cola](#) offers one example of **effective multinational business structure**. The company is organized into continental groups, each overseen by a President. The central Presidents manage Presidents of smaller, country-based or regional subdivisions. Despite its diverse global presence, the Coca-Cola brand and product is controlled centrally and consistent around the world.

While Coca-Cola is a vast international brand, the structure of your business and the number, nationality, and level of expertise of your team will vary depending on your industry, product, and the size of your business

Along with getting your company structure in place, gaining a comprehensive understanding of the **local laws and regulations** governing your target markets is key. From **tax implications** through to **trading laws**, navigating legal requirements is a central function for **any successful international business**. Eligibility to trade is a significant consideration, as are potential tariffs and the legal costs associated with entering new markets.

Airbnb ran into trouble in 2014, with a crackdown on advertised rental properties falling outside local housing and tourism regulations. The company was forced to pay a **€30,000 fine** for a breach of local tourism laws in Barcelona.

It's important to note that **employment and labor requirements** also differ by country. For instance, European countries stipulate that a minimum of **14-weeks maternity leave** be offered to employees, while on the other hand, there is no such requirement for U.S. employers. With the complexity involved in foreign trade and employment laws, **investing in knowledgeable and experienced corporate counsel can prove invaluable.**

Beyond abiding by official laws, engaging in international business often requires following other unwritten cultural guidelines. This can prove especially challenging in emerging markets with ill-defined regulations or potential corruption. In response, companies doing business in the United States must abide by the **Foreign Corrupt Practices Act**, which aims at **eliminating bribery and unethical practices in international business.** A good rule of thumb is to beware of engaging in any questionable activities, which might be legal but could have future reputational repercussions.

Of the main legal areas to consider when it comes to doing international business, **tax compliance is perhaps the most crucial.** Accounting can present a challenge to multinational businesses who may be liable for corporation tax abroad. Different tax systems, rates, and compliance requirements can **make the accounting function of a multinational organization significantly challenging.**

Accounting strategy is key to maximizing revenue, and the location where your business is registered can impact your tax liability. Mitigating the risk of multiple layers of taxation makes good business sense for any organization trading abroad. Being aware of **tax treaties** between countries where your business is trading will help to ensure you're not paying double taxes unnecessarily.

A focus on **tax efficiency is often the aim of international accounting efforts.** In the European Union, companies may benefit from the **Common Consolidated Corporate Tax Base** proposal, whereby companies with operations around the EU can limit tax liability to one corporate center. Tax consolidation is a feature of several multinationals' decision to be **headquartered in Dublin**, as Ireland is known for its "business-friendly" corporate tax policy. Well-known companies with operational headquarters in the Republic of Ireland include Google, Facebook, and Intel.

• **Cost calculation and global pricing strategy**

Setting the **price for your products** and services can present challenges when doing business overseas and should be another major consideration of your strategy. You must consider costs to remain competitive, while still ensuring profit. Researching the prices of direct, local-market competitors can give you a benchmark, however, it remains essential to ensure the math still works in your favor. For instance, the cost of production and shipping, labor, marketing, and distribution, as well as your margin, must be taken into account for your business to be viable.

Pricing can also come down to how you choose to position your brand — should the cost of your product reflect luxury status? Or will low prices help you to penetrate a new market? Swedish furniture giant Ikea, known in Europe for its low-cost value, **struggled initially in China** due to local competitor costs of labor and production being much cheaper. By relocating production for the Chinese market and using more locally sourced materials, the company was able to successfully cut prices to better reflect its brand and boost sales among target consumers.

Wherever you're looking to launch your product or service, here are four useful strategies to help you find the right price:

• **Universal payment methods**

The proliferation of international e-commerce websites has made selling goods overseas easier and more affordable for businesses and consumers. However, payment methods that are commonly accepted in your home market might be unavailable abroad. **Determining acceptable payment methods and ensuring secure processing must be a central consideration for businesses who seeks to trade internationally.**

Accepting well-known global payment methods through companies like **Worldpay**, as well as accepting local payment methods, such as JCB in Asia or Yandex Money in Russia, can be a good option for large international businesses. Accepting wire transfers, PayPal payments, and **Bitcoin**, are other possibilities, with Bitcoin users **benefiting** from no bank or credit card transaction fees. Despite the risk of fluctuating value, the lack of fees is one of the reasons a **number of online companies**, including WordPress, the Apple App Store, Expedia, and a number of Etsy sellers accept Bitcoin.

• **Currency rates**

While price setting and payment methods are major considerations, **currency rate fluctuation is one of the most challenging international business problems** to navigate. Monitoring exchange rates must therefore be a central part of the strategy for all international businesses. However, global economic volatility can make forecasting profit especially difficult, particularly when rates fluctuate at unpredictable levels.

Major fluctuations can seriously impact the balance of business expenses and profit. For instance, if your company is paying suppliers and production costs in U.S. dollars, but selling in markets with a weaker or more unpredictable currency, your company could end up with a much smaller margin — or even a loss. One way to protect yourself against large **fluctuations in currency** is to **pay suppliers and production costs in the same currency as the one you're selling in.** This may mean switching to more local production where possible in order to better balance your outgoings and sales revenue.

Another option for mitigating the risk of unpredictable currency rates can be setting up a [forward contract](#) and agreeing a price in advance for future sales. Of course, this potentially means missing out on greater profit should rates shift in your favor. However, it can protect your sales from the risk presented by unstable currency.

Learn more about six key factors that can influence currency exchange rates:

- Choosing the right global shipment methods

The potential of online sales presents a **huge international business opportunity for retailers** in the 21st century, but finding reliable, fast, and cost-effective [shipment and distribution methods](#) can be a difficult balance in some markets. Depending on the volume and destination of your shipments, will you send by land, sea, air, or a combination? **Your choice of shipping method can be a major influence on your revenue and may be a limiting factor to the products you can viably sell overseas.**

Other considerations to address according to your company's products and your target markets include customs fees, the need and cost of storage, and local methods of distribution. There are also country-specific regulations and shipping requirements to take into account. For a quick check of costs and compliance, UPS International has created an online tool called [TradeAbility](#) to help businesses and individuals manage the movement of good overseas.....

