

Unilever bangladesh essay sample

[Business](#), [Company](#)



Most of the South Asian economies (e. g. India, Pakistan and Bangladesh) have made significant economic progress in the last two decades and are well on track to becoming major regional or even world economic powerhouses. In the recent years, many MNCs are increasingly putting more attention to the emerging. Asian countries for competitive advantage. One classic example is China. With a population of more than 1. 3 billion China is predicted to be the largest economy in the world by next 20 years surpassing United States (UN Report 2007). China has become the manufacturing and investment hub for many MNCs. Despite huge success for most of the MNCs, many already failed in doing business in China due to their management's inability to manage their human resources appropriately. Taking the Chinese lead like the tiger economies in Asia, Bangladesh is also emerging as a dynamic and significant economic player in South Asia. Bangladesh is one of the pioneers in the region for economic liberalization. It has adopted the best policies of South Asia to attract Foreign Direct Investment (FDI). Doing business in Bangladesh is much easier than most of the developing countries. A recent report entitled “ Doing Business in 2007: Creating Jobs” published jointly by World Bank and IFC placed Bangladesh in 68th position in terms of easy of doing business among 175 countries (World Bank, 2007).

This places Bangladesh ahead of other countries in the region such as India (88th) and China (128th). In 2005 total FDI inflow into Bangladesh increased by 84% amounting to US\$845 million. This growth is the second highest in the entire South Asia region. According to the World Investment Report 2006, Bangladesh is now ahead of India in terms of the FDI Performance

Index being ranked 116 among 200 economies (BOI Handbook, 2007).

Unilever is an Anglo-Dutch company, with a history of grand operation, on which it has gradually built its capital. Today it owns most of the world's consumer product brands in food, beverages, cleaning agents and personal care products. Unilever Bangladesh Ltd is one of the world's most successful fast moving consumer goods manufacturing companies with local manufacturing facilities, reporting to regional business groups for innovation and business results. Unilever brands are trusted everywhere and, by listening to the people who buy them, they've grown into one of the world's most successful consumer goods companies. In fact, 150 million times a day, someone somewhere chooses a Unilever product. Unilever Bangladesh Limited has five departments to carry out all the organizational functions. Multinational corporations are large companies which operate in more than one country.

Developing countries are the host countries and have become the object of study as there are many questions regarding the benefits of hosting a MNC. Are MNCs contributing to the sustainable development of a developing country? Or, do they simply exploit developing countries creating a country dependent on that MNC for their own economic, social and ecological growth? Apparently they are transferring new technologies to a developing country, the introduction of sophisticated managing techniques, and foreign direct investments. Depending on this point of view, either the MNC brings valuable tools to a developing country which in turn infuses their economy with new jobs and raises the skills of the workers or the MNC fully exploits the developing country exporting the technology, capital and resources back

to the parent country or other developed countries for profit. MNCs help increase the investment level and thereby the income and employment in the host country. MNCs build up factories, office buildings, warehouses, etc. in the developing countries as a form of subsidiary investment. This results in a large scale flow of funds into the developing country, which is good for the developing nation as it is bringing in a gross amount of foreign currency into the country.

From the perspective of a developing country, establishing a MNC is beneficial in the sense that it creates a huge chance of employment for the labor force of the nation. It increases the employment rate as more people get employed in the newly setup company. As a result, the unemployment rate of the country is also reduced as an after-effect of the increased employment. The large MNCs that crop up in the developing country is all together a benefit for the country. The provision of employment created due to MNCs reduces the unemployment rate. The tax earned by the government from these MNCs produce a large sum of money that can be invested by the government in the economic development of the country. MNCs do many types social activities in Bangladesh which helps our society. For example: UniLever introduced many talent hunt programs to find the actual stars of our nation. Close-up¹ Tomakei Kujchea, Lux Photogenic are the key programs introduced by them. British American Tobacco Bangladesh (BATB) is also doing some activities in Bangladesh. This report is designed in three major chapters. Initially the opening words about the report were described in the first segment titled “ Introduction”. The next segment “ Overview of Unilever” contains the history of Unilever, Unilever Bangladesh Ltd, and

Organizational structure. Next two chapters are different factors faced by MNCs and explain how to avoid or to minimize risk and future direction. At the end I have find out some interpretation of the findings and gave recommendation.

Chapter ONE

Company information

UNILEVER GLOBAL

Unilever is an Anglo-Dutch company, with a history of colonial exploitation, on which it has gradually built its capital. Today it owns most of the world's consumer product brands in food, beverages, cleaning agents and personal care products. Unilever employs more than 247, 000 people and had worldwide revenue of €48 760 million in 2002. Unilever has two parent companies: Unilever NV in Rotterdam, Netherlands, and Unilever PLC in London, United Kingdom. This arrangement is similar to that of Reed Elsevier, and that of Royal Dutch Shell prior to their unified structure. Both Unilever companies have the same directors and effectively operate as a single business. The current non-executive Chairman of Unilever N. V. and PLC is Antony Burgmans while Patrick Cescau is Group Chief Executive. Unilever's major competitors include Nestlé and Procter & Gamble. Key facts

In 2008 Unilever's worldwide turnover was €40. 5 billion

They employ 174 000 people in around 100 countries worldwide Every day, 160 million people choose their brands to feed their families and to clean themselves and their homes. Their strong portfolio of foods, home and personal care brands is trusted by consumers the world over. Among them,

the top 25 brands account for over 70% of sales. In 2008 they invested €927 million in research and development. They are the global market leader in all the Food categories in which they operate: Savory and Dressings, Spreads, Weight Management, Tea, and Ice Cream. They are also global market leader in Skin and Deodorants, and have very strong positions in other Home and Personal Care categories. In 2008 they invested €91 million on community projects worldwide

HISTORY OF UNILEVER

Lever Brothers was founded in 1885 by William Hesketh Lever. Lever established soap factories around the world. In 1917, he began to diversify into foods, acquiring fish, ice cream and canned foods businesses. In the Thirties, Unilever introduced improved technology to the business. The business grew and new ventures were launched in Latin America. The entrepreneurial spirit of the founders and their caring approach to their employees and their communities remain at the heart of Unilever's business today. Unilever was formed in 1930 when the Dutch margarine company Margarine Unie merged with British soap maker Lever Brothers. Companies were competing for the same raw materials, both were involved in large-scale marketing of household products and both used similar distribution channels. Between them, they had operations in over 40 countries. Margarine Unie grew through mergers with other margarine companies in the 1920s.

In a history that now crosses three centuries, Unilever's success has been influenced by the major events of the day – economic boom, depression,

world wars, changing consumer lifestyles and advances in technology. And throughout they've created products that help people get more out of life – cutting the time spent on household chores, improving nutrition, enabling people to enjoy food and take care of their homes, their clothes and themselves. Through this timeline you'll see how UBL brand portfolio has evolved. At the beginning of the 21st century, path to Growth strategy focused us on global high-potential brands and vitality mission is taking us into a new phase of development. More than ever, how brands are helping people ' feel good, look good and get more out of life' – a sentiment close to Lord Leverhulme's heart over a hundred years ago. Timeline 19th century Although Unilever wasn't formed until 1930, the companies that joined forces to create the business we know today were already well established before the start of the 20th century. 1900s

Unilever's founding companies produced products made of oils and fats, principally soap and margarine. At the beginning of the 20th century their expansion nearly outstrips the supply of raw materials. 1910s Tough economic conditions and the First World War make trading difficult for everyone, so many businesses form trade associations to protect their shared interests. 1920s With businesses expanding fast, companies set up negotiations intending to stop others producing the same types of products. But instead they agree to merge – and so Unilever is created. 1930s Unilever's first decade is no easy ride: it starts with the Great Depression and ends with the Second World War. But while the business rationalises operations, it also continues to diversify. 1940s

Unilever's operations around the world begin to fragment, but the business continues to expand further into the foods market and increase investment in research and development. 1950s Business booms as new technology and the European Economic Community lead to rising standards of living in the West, while new markets open up in emerging economies around the globe. 1960s As the world economy expands, so does Unilever and it sets about developing new products, entering new markets and running a highly ambitious acquisition programme. 1970s Hard economic conditions and high inflation make the 70s a tough time for everyone, but things are particularly difficult in the fast-moving consumer goods (FMCG) sector as the big retailers start to flex their muscles. 1980s

Unilever is now one of the world's biggest companies, but takes the decision to focus its portfolio, and rationalize its businesses to focus on core products and brands. 1990s The business expands into Central and Eastern Europe and further sharpens its focus on fewer product categories, leading to the sale or withdrawal of two-thirds of its brands. The 21st century The decade starts with the launch of Path to Growth, a five-year strategic plan, and in 2004 further sharpens its focus on the needs of 21st century consumers with its Vitality mission. In 2009, Unilever announces its new corporate vision – working to create a better future every day with brands that help people look good, feel good and get more out of life.

UNILEVER DESIGN AND HISTORY

In 2005, Unilever decided to change their logo to represent their new theme of vitality. The new logo was also planned to coincide with the 75th

anniversary of the company. The new logo tells the story of Unilever and vitality. It brings together 25 different icons representing Unilever and its brands, the idea of vitality and the benefits Unilever brings to consumers. The icons are represented below.

UNILEVER BANGLADESH LIMITED

The history

Unilever Bangladesh Ltd is one of the world's most successful fast moving consumer goods manufacturing companies with local manufacturing facilities, reporting to regional business groups for innovation and business results. Lever Brothers Bangladesh Ltd. as a subsidiary of Unilever is leading the home care, personal care and food product market of Bangladesh. On 25th February 1964 the eastern plant of Lever Brothers Pakistan Ltd. was inaugurated at Kalurghat, Chittagong with a soap production capacity of approximately 485 metric tons. It was a private limited company with 55% share held by Unilever and the rest by the Government of Pakistan. After independence the eastern plant was declared abandoned.

But on 5th July 1973 it was registered under the name of Lever Brothers Bangladesh Ltd. as a joint venture company of Unilever PLC and the Govt. of Bangladesh with a share arrangement of 60.75% to Unilever and 39.25% to the Bangladesh Govt. Unilever Bangladesh is market leader in 7 of the 8 categories it operates in, with 16 brands spanning across Home and Personal Care and Foods. Unilever Bangladesh's operation provides employment to over 10,000 people directly and indirectly through its dedicated suppliers, distributors and service providers. 99.8% of Unilever Bangladesh employees

are locals. We also have a large number of Company employees working abroad in other Unilever companies as expatriates. Doing Well by Doing Good

Project Laser Beam – Bangladesh selected for pilot of Unilever-WFP led Public Private Partnership targeted towards eradicating child hunger and malnutrition. Global Hand washing Day – UBL, along with its partners, applied for Guinness Record for highest number of people (52, 000) washing their hands together at a time Oral Health & Hygiene Awareness Programme – led by Pepsodent through school-based activations, covering 700, 000 contacts in '09 and targeting 2. 5mln in ' 10 Lifebuoy Friendship Hospital – Launched in March 2002 in association with the humanitarian organization “ Friendship”. Has a dedicated medical team on board and reaches to people who would not have access to proper medical facility. Approximately 200, 000 people benefited till date Empowerment of Women

Fair & Lovely Foundation gives empowerment training to women & scholarship to female students for IT education Worked with 23 NGOs and CARE Bangladesh to create sustainable business opportunities for rural women Over 2, 500 Aparajitas (woman entrepreneurs) earn by selling UBL products Unilever today

Unilever brands are trusted everywhere and, by listening to the people who buy them, they've grown into one of the world's most successful consumer goods companies. In fact, 150 million times a day, someone somewhere chooses a Unilever product.

UBL have a portfolio of brands that are popular across the globe – as well as regional products and local varieties of famous-name goods. This diversity comes from two of their Key strengths: Strong roots in local markets and first-hand knowledge of the local culture. World class business expertise applied internationally to serve consumers everywhere.

UNILEVER AT A GLANCE

MISSION

In the last five years, we have built our business by focusing on our brands, streamlining how we work, and improving our insight into the evolving needs and tastes of consumers. Now we are taking the next step in simplification – by aligning ourselves around a clear common mission. We recognize that the world in which we operate is changing. Consumers are increasingly bringing their views as citizens into their buying decisions, demanding more from the companies behind the brands. They want companies and brands they trust. Unilever embraces these new expectations. Our heritage of good governance, product quality and long experience of working with communities gives us a strong base. We aim to build on this by taking the next step in transparency and accountability. We will stand visibly as Unilever, behind our products and everything we do, everywhere. Every day 150 million people in over 150 countries choose our products. Already, most of our brands give the benefits of feeling good, looking good and getting more out of life. Bertolli, for example, conjures up the Italian zest for life and Becel/Flora keeps hearts healthy. Sunsilk helps you feel happier because

your hair looks great. Our laundry brand, Omo, encourages children to get dirty so they can experience more of life.

We see growing consumer need for: a healthy lifestyle more variety, quality, taste and enjoyment time, as an increasingly precious commodity Helping people to feel good, look good and get more out of life will enable us to meet these needs and expand our business. Unilever is in a unique position to understand the interrelationships between nutrition, hygiene and personal care. We can do this thanks to our strong science capability and our locally rooted consumer insight. It is by bringing all this together that we can strive to contribute to quality of life and wellbeing – adding vitality to life. The long-term success of our business is intimately interconnected with the vitality of the environment and the communities in which we operate. The environment provides us with our raw materials and the ingredients we need to make our products. Healthy, prosperous communities provide us with a healthy, growing consumer base. VISION

To make cleanliness a commonplace; to lessen work for women; to foster health and contribute to personal attractiveness, in order that life may be more enjoyable and rewarding for the people who use the products. GOALS

Unilever Making a positive contribution to society through their brands, the commercial Operations and relationships, their voluntary contributions to the community and through their Wider engagement with Bangladeshi society.

72% of the company's value addition is distributed to the Government of Bangladesh. UBL operations provide employment to over 10000 people.

UNILEVER BRANDS

Unilever has a portfolio of about 400 brands globally. However many of these are local that can only be found in certain countries, e. g. Fair & Lovely. In Bangladesh the number of UBL's existing brands is 18 which are categorized in different sections. The brands fall almost entirely in two categories-

Food and beverages

Home and personal care brands

STRATEGIES FOLLOWED BY THE COMPANY

Functional Level Strategies:

Unilever Bangladesh Ltd follows different functional level strategies to gain competitive advantages and sustain it in the long run in the matured industries. They increase their efficiency through exploiting economies of scale and learning effects. For example, 808, 720 bars of soaps, 1, 023, 810 packets of detergent powders, 154, 430 toothpaste tubes and sachets, 329, 530 bottles and sachets of shampoo, 156, 910 tubes, jars, bottles and sachets of creams and lotions, and 35, 000 packets of tea are produced in one day in Bangladesh by Unilever. They adopt flexible manufacturing technologies, upgrade the skills of employees through training and perform research and development function to design products that are easy to manufacture. They have higher customer responsiveness rate. They carry out extensive research to innovate new products and modify the existing products to better satisfy the consumers. They continuously innovate products, promotional activities, packaging and distribution. This way they can respond quickly to customer demands. Business-Level Strategies:

Unilever's strategic managers adopt different business level strategies to use the company's resources and distinctive competencies to gain competitive advantage over its rivals. These are:

I. They follow cost-leadership strategy as they have intermittent over capacity and the ability to gain economies of scale. This way they can produce cost effective products and yet be profitable. II. They also follow differentiation strategy for some products to meet the needs of the consumers in a unique way. III. They also target different market segments with different products to have broad product line. By product proliferation they reduce the threat of entry and expand the range of products they make to fill a wide variety of niches. Strategy in the Global Environment:

Unilever Bangladesh Ltd. is registered under Unilever. As a part of a global company it follows some generalized strategies and principals of Unilever. However, they also modify different strategies based on the national conditions. The different strategies that they follow in the global environment are stated below: I. As a worldwide famous company and comprising internationally renowned brands gives them unique strengths that allow a company to achieve superior efficiency, quality, innovation, or customer responsiveness. The different policies and strategies Unilever follows and their experience is transferred to Unilever Bangladesh Ltd. II. They import the raw materials from the places where it is less costly, thus achieve location economy. III. They are locally responsive. They are always ready to improve and modify their products to meet the needs of the local customers. IV. UBL follows a multi domestic strategy where the companies extensively

customize both their product offering and marketing strategy to different national conditions. Corporate strategy:

UBL carries out the following corporate level strategies:

I. They involve in short term contracts and competitive bidding for the supply of raw materials. II. They have a diversified business. UBL has both related and unrelated diversification. III. They compete in nine different industries with various products from home care, personal care and even food products. They have economies of scope as most of the products can share the same manufacturing facilities, inputs and specially the distribution channels. UNILEVER'S GROWTH

Although Unilever has been around since pre-liberation days, the real impetus for growth started from 1999. Since then the sales growth has consistently been in double digits and at more than double the GDP rate of growth. In 2003 UBL was the fastest growing business for Unilever Asia delivering profitable growth of 17%. They have also strengthened the fundamentals of the business and have been able to double the rate of gross margins, which has provided us the necessary fuel for growth. During the last few years the profit after tax has increased more than 8 times and this has resulted in exponential growth in shareholder's fund now being one of the highest in corporate in Bangladesh. ORGANIZATIONAL STRUCTURE

In terms of Unilever, they have two chairmen leading the company worldwide. They have seven top directors leading seven different departments. They have divided their worldwide business into different region and have different business groups to manage them. Unilever

Bangladesh limited falls under the Southeast Asian region. On a more micro scale, Unilever Bangladesh Ltd is monitored by Hindustan lever Ltd. which oversees operation in Bangladesh, India, Pakistan and Srilanka. The chairman of Unilever Bangladesh Limited is known as the managing director. The management staff of the company consists of six layers, starting from junior manager (who are local managers) to manager grade 5 (who are Unilever managers). Apart from this the company also hires many non management staff as well as operatives to work in the factories. Unilever Bangladesh Limited structured in the following manner: Unilever Bangladesh Limited has five departments to carry out all the organizational Functions. Respective director's head are head of all departments. These departments are: 1. Customer Development Department Headed by Customer Development Director (CDD)

Brands and Development Department:

The Brands Team has been expanded to Brands and Development, thus providing opportunity of increased coordination between the marketing and Development Team. Insight into consumer needs and aspirations is critical if new market opportunities are to be identified. New market opportunities must be identified if they are looking for sustainable profitable growth, keeping them miles ahead of their competitors. However it is also crucial to exploit technology and developments to translate the found insight into tangible products catering to the needs and aspirations of the consumers with speed. A deep understanding of both consumers and technologies provides an essential foundation for successful innovation. To ensure a successful innovation process at Unilever, Brands and Development have

been bought together. This will help their development team to have closer contact with the consumer world, following the leads and cues of their aspirations and thus innovating products tailored accordingly at a faster pace. Brands and Development Department is further divided into six major areas. They include: Home care.

Supply Chain Department

The Supply Chain Director (SCD) who is in charge of planning, buying, manufacturing and distributing heads Supply Chain Department. The supply chain process constitutes a series of important activities ensuring smooth delivery to the consumers. Supply chain process led to joining planning and buying with manufacturing. This chain is further extended by joining distribution to the chain, thus integrating both backward and forward linkages. An integrated supply chain will give them the advantage of acting with speed, enabling them to keep up with pace of the ever changing business scenario. At present, it is divided into the following functions:

Manufacturing

The Finance and IT departments are jointly headed by one Director. The main objectives of this department are to serve all the division and departments of the companies, to secure and safeguard company assets and interest, to ensure proper internal control within the company and above all, to be cost effective in order to get optimum benefit for the company while operating. At present the major sub departments are:

Human Resources Department

All these major personnel functions are integrated in the best possible way in

Unilever Bangladesh Limited which results in its higher productivity.

Industrial relations or the factory personnel functions are looked after by factory personnel manager, training and development Activities are supervised by Manager Human Resource Development, Employee Welfare, activities are monitored by Assistant Manager labor welfare, personnel services are looked after by the FPM along with the office services manager and finally security officer is responsible for all the security services At present, the total number of personnel in Unilever Bangladesh Limited are 720 which includes 159 in management & 543 unionized permanent workers. Customer Development Department

Managing customers i. e. retailers, wholesalers, and distributors, is becoming critical day by day. With the evolution of modern trade and aggressive local and international competition, role of Customer Management has also been gradually shifting from traditional “ Sales: to “ Trade Marketing”. Category Management, Space Management and In-store merchandising are ecoming more and more important. Exploring and developing new channels are becoming critical to drive their business forward. With more and more sophistication, the role of Customer Management will evolve further and the whole game will be turned into “ Relationship Marketing”. The Customer customer management director (CMD) heads the Management Department. Reporting to him are the Sales Operation Manager, Regional Sales Managers and Area Sales Managers. Company organized media is under the Sales Operation Manager. Assistant Area managers Report to the Regional Sales Managers. Territory Managers report to the Assistant Area sales managers, Area Sales Managers and Regional Sales Managers, which differ in different

sales areas. The Customer Management Department, early called ‘ Sales Department’, is responsible For all company goods and maintains the following customer management strategy:

Unilever’s Social Responsibility

Eco-efficiency – Unilever Bangladesh Limited always tries t o reduce the impacts of company operations by efficient manufacturing equipments and proper waste management system. Eco-innovation – Unilever Bangladesh Limited also aim to mitigate the impacts of Unilever Bangladesh Limited products by using recyclable packages and safe ingredients. Sustainability programs in fish, agriculture and water.

LANGUAGE MANAGEMENT IN MULTINATIONAL COMPANIES

The importance of language management in multinational companies has never been greater than today. Multinationals are becoming ever more conscious of the importance of global coordination as a source of competitive advantage, and language remains the ultimate barrier to aspirations of international harmonization. In this article, we will review the solutions open to multinational companies in terms of language management. Before doing so, however, we will discuss the aforementioned trend to globalization; outline the dimensions of the language barrier and illustrate its consequences.

THE DIMENSIONS OF THE LANGUAGE BARRIER

Before attempting to consider language management strategies, companies will have to evaluate the magnitude of the language barrier confronting them and in doing so they will need to examine it in three dimensions. The first dimension is the number of different languages the company has to manage (the Language Diversity). The second is the number of functions and the number of levels within those functions that are engaged in cross-lingual communication (the Language Penetration) and the third is the complexity and refinement of the language skills required (the Language Sophistication). These three dimensions are discussed below:

Language Diversity

subsidiaries, customers, suppliers and joint ventures, though even the most international of enterprises will embrace only a minute fraction of the world's 5, 000 plus languages. Global giants such as Microsoft have strategies to manage around 80 different languages. However, this is likely to be an unrealistic target for most companies. More typically global enterprises will be able to manage their global networks provided they establish capabilities in the leading European languages, including some from Eastern Europe, in Japanese, Chinese, Arabic and in selected Asian languages notably Malay, Urdu, Hindi and Bengali. An Elucidate study identified the top dozen or so language priorities for European companies (Hagen, 1999). This number is suggested also by the Engco model (Graddol, 1997) which uses population, demographic and economic data to position languages on a scale according to Global Influence. Beyond the leading 15 or so languages on this scale none can really be claimed to have any significant global influence.

Language Penetration

The level of language penetration will depend on the number of functional areas within a MNC that have to operate across linguistic boundaries. There may have been a time when cross-lingual communications could have been channeled through a small and exclusive band of language specialists. However, as we've discussed in the previous section the new integrated systems of global co-ordination now touch almost every function of the business and at multiple levels. Finance (Global Treasury), R&D (Co-design), Production Engineering (Concurrent engineering), Logistics (Supply Chain Management), Sales (Global Account Management), Purchasing (Global Sourcing), Human Resources (Global Management Development) and MIS (Global Systems Integration) are all directly tasked with coordinating activities that span national and linguistic boundaries. And corporate level functions such as Legal and Public Relations require the same linguistic versatility to be able to support them.

Language Sophistication

Clearly the complexity, refinement and type of the language skills required will vary from post holder to post holder, within an organization. A receptionist will require essentially speaking-listening proficiency and might suffice with the limited skills necessary to recognize requests and to exchange pleasantries. A logistics clerk will need to have a greater foreign language capability including reading and writing, but will at least have the benefit of being able to operate with a limited vocabulary. An engineer working as part of an international design team represents a further

progression in language sophistication. They will be required to evolve concepts and solve design problems in both spoken and written form without language being a barrier. And at the pinnacle of the scale comes the international manager. He or she will need excellent language proficiency embracing the full range of rhetorical skills such as negotiation, persuasion, motivation and humor. At this level the capability level might well exceed that of a typical Masters graduate in modern languages.

THE IMPACT OF THE LANGUAGE BARRIER

The impact of the language barrier cannot be evaluated using simple measures such as dollars spent on interpreters or days lost in translating documents. Instead the true cost has to be seen in terms of the way it distorts and damages relationships. These in turn then impose pressures and constraints on the strategies pursued by the company and the organizations and systems they consequentially adopt. Founded in sociolinguistic theory, Feely & Harzing (2002) offer a more extensive discussion of these processes. In summary however, it is worth noting that the language barrier triggers a whole range of negative consequences. It breeds uncertainty and suspicion, accentuates group divides, undermines trust, and leads to polarization of perspectives, perceptions and cognitions. And of course that is just the start. With the all-pervading nature of communication, it is hard to imagine any aspect of management that emerges undamaged by the corrosive effects of uncertainty, mistrust, conflict, and cognitive divides. Below we have advanced ideas illustrating just a few of the more the most probable consequences.

Buyer / Seller Relationships

Companies facing the prospect of globalising will sense a greater cultural distance and will be aware of greater uncertainty about markets that don't share their language and salespersons working in their second language will appear less able, less credible, less likeable and ultimately less persuasive. As a consequence, companies will in general have more success selling to countries that share their language. Buyers too when working in their second language will not be as confident and assertive and will lose some of their relationship power. As a result they will be less successful in gaining advantageous deals. Aware of this, buyers are likely to demand increasingly that negotiations are conducted in the language of the customer. Companies unable to work in the language of the customer will therefore, under-perform in export markets relative to their more linguistically able competitors. And this is not limited to the Sales Department. All areas that interact with the customer will be similarly affected.

Foreign Market Expansion

The process school of internationalization (Johanson & Vahlne, 1977) predicts that companies at the beginning of their global development will prefer to establish subsidiaries that are characterized by a low level of psychic distance to their home country. Language differences are a crucial element of psychic distance. In the absence of this possibility, parent companies will prefer to establish subsidiaries in countries where English, the dominant international language, is widely spoken. (Welch et al., 2001).

Joint Ventures

Whenever the host country and the parent country do not share the same language, the parent will inevitably feel an increased sense of uncertainty and will prefer an entry method where risk can be shared. Thus joint ventures will be likely where there is language difference. Joint ventures between partners where only one of the partners has an international language will end up working in that language. Subsequently, as a consequence of power through communication, the partner with that language might start to dominate the relationship, which will pose increasing pressure on the JV.

HQ-subsidary Relationship

Wherever language is a barrier to the development of close personal relationships the level of suspicion, mistrust and conflict between a parent company and its international subsidiaries will be heightened. Such mistrust will cause the parent company to be more formal and less subjective in its evaluation of subsidiary performance, and may also hinder collaborative processes such as knowledge and technology transfer.

We have not attempted to present an exhaustive list of the potential impact of the language barrier or to provide irrefutable evidence for our speculations. Future empirical work should be able to address this. Our aim was to illustrate that the impact of the language barrier can be wide-ranging and potentially serious to multinational enterprises, and that language should therefore be managed as a corporate asset. We will now turn to the

main topic of this article: the options available to MNCs to manage language and to alleviate the problems it creates.

A more rational and obvious response to the language barrier is to employ external resources such as translators and interpreters, and certainly there are many excellent companies specialized in these fields. However, such a response is by no means an end to the language barrier. For a start these services can be very expensive, with a top Simultaneous Interpreter commanding daily rates as high as a partner in an international consulting company. Secondly, any good translator or interpreter will insist that to be fully effective they must understand the context of the subject matter. This is not always possible. In some cases it is prohibited by the specialization of the topic, sometimes by lack of preparation time but most often the obstacle is the reluctance of the parties to explain the wider context to an “outsider”.

Another problem is that unless there has been considerable pre-planning between the interpreter and his clients it is likely that there will be ambiguity and cultural overtones in the source messages the interpreter has to work with. They will of course endeavor to provide a hi-fidelity translation but in this circumstance the interpreter has to use initiative and guess work. This clearly injects a potential source of misunderstanding into the proceedings. Finally while a good interpreter will attempt to convey not only the meaning but also the spirit of any communication, there can be no doubt that there is loss of rhetorical power when communications go through a third party. So in situations requiring negotiation, persuasion, humor etc. the use of an interpreter is a poor substitute for direct communication.

Training

The immediate and understandable reaction to any skills-shortage in a business is to consider personnel development and certainly the language training industry is well developed, offering programs at almost every level and in numerous languages. However, without doubting the value of language training no company should be deluded into believing this to be assured of success. Training in most companies is geared to the economic cycle. When times are good money is invested in training. When belts get tightened training is one of the first “luxuries” to be pared down. In a study conducted across four European countries (Hagen, 1999), nearly twice as many companies said they needed language training in coming years as had conducted training in past years. This disparity, between “good intentions” and “actual delivery”, underlines the problems of relying upon training for language skills. Unless the company is totally committed to sustaining the strategy even through bad times, it will fail.

One notable and committed leader in the field of language training has been the Volkswagen Group. They have developed a language strategy over many years and in many respects can be regarded as a model of how to manage language professionally. However, the Volkswagen approach underlines that language training has to be considered a strategic rather than a tactical solution. In their system to progress from “basics” to “communications competence” in a language requires the completion of 6 language stages each one demanding approximately 90 hours of classroom tuition, supported by many more hours of self-study, spread over a 6-9 month period. The

completion of each stage is marked by a post-stage achievement test, which is a pre-requisite for continued training. So even this professionally managed program expects a minimum of three years of fairly intensive study to produce an accountant, engineer, buyer or salesperson capable of working effectively in a foreign language. Clearly companies intending to pursue this route need to do so with realistic expectations and with the intention of sustaining the program over many years. Except in terms of “brush-up” courses for people who were previously fluent in a foreign language, training cannot be considered a quick fix and hence other methods will have to be considered.

Corporate Languages

An alternative to a customized training program (in which different individuals are trained in different languages) is to adopt a single corporate language. All recruitment and personnel development could then be focused upon achievement of required standards in that one chosen language. A number of major multinational companies have adopted this strategy including Siemens, Electrolux, Daimler-Chrysler and Olivetti. A Corporate Language can be considered to have a number of important benefits:

Facilitation of formal reporting

Ease of access to, and maintenance of, technical literature, policy and procedure documents and information systems. Facilitation of informal communications between operating units and within cross national teams.

Fostering a sense of belonging as an element in diffusing a corporate culture. And of course it does focus the management of language problems.

However, in no sense is a Corporate Language solution without problems:

It is a long-term strategy. One study of a major Finnish company reported that decades years after the designation of English as the Corporate Language, the minutes of board meetings were still taken in Finnish (Marschan-Piekkari et al., 1999).

It is sometimes effectively impossible to adopt a single language for all circumstances. Nestle for example faced by a polarized split of personnel designated both English and French as the company's official language. (Lester, 1994)

A corporate language will often incur resistance if there is a large body of corporate personnel lacking competence in the chosen language. In Kone, the Finnish, elevator, company for example English was adopted as the corporate language despite the fact that almost two thirds of its employees were non- native speakers of the language. (MarschanPiekkari et al., 1999)

And although a corporate language may well enhance intra-company communications it does nothing to ease the language barrier with external bodies such as customers, suppliers, international agencies and governments. So for these other solutions must be examined.

Language Nodes

In the absence of sufficient language capability and without the time or finances to adopt a training or corporate language approach, companies become heavily dependent upon their scarce linguistically skilled personnel. These key personnel become informal “ language nodes” establishing themselves as the default communications channel between the company and the external world. Whilst it is understandable that companies leverage their scarce skills in this way, research has indicated that the approach has numerous drawbacks. It places an onerous burden on those acting as language nodes impairing their ability to perform their formal organizational duties. It introduces an increased risk of miscommunication, as the language node personnel might be inexperienced in the field of work that is the subject of the communication. It invests in those individuals the power to act as communication gatekeepers. This inevitably brings with it the risk that this power will be used in counter-productive ways filtering, distorting or even blocking transmission, thereby impeding rather than facilitating the flow of information from the parent company. Finally within a parent subsidiary or Joint Venture relationship the Parallel Information Networks based on these nodes undermine the formal chain of reporting, weakening the positions of the senior managers who are being by-passed and hence creating potential for conflict.

Selective Recruitment

As noted in the case of Nestle, “ the easiest and cheapest way to approach the language problem is to hire people already possessing the required skills” (Lester, 1994). However, this is clearly not a painless solution

implying, as it does, the redeployment and perhaps redundancy of existing post-holders lacking those skills. Moreover, there is considerable evidence to show that the right level and mix of language skills is not always available in the marketplace (Hagen, 1999). So the recruitment approach to bridging the language barrier must be used very selectively, and is probably advantageous only in three distinct situations:

To fill critical areas of language exposure.

To create a language node.

To develop expatriate managers.

Language interfaces in these businesses will trigger problems of miscommunication, uncertainty, mistrust and conflict and unless these problems are professionally managed, they will bring detrimental consequences for the business and its relationships. Linguistic fragmentation results in depressed economic performance for whole countries. It would be naïve to think that the same impact would not be felt by linguistically fragmented companies. So the challenge facing these businesses is how to manage their language problems effectively.

Political risk for multinational companies

Political risk for multinational companies is a salient phenomenon. Consider, for example, the recent nationalizations and forced contract renegotiations faced by foreign investors in Bolivia and Venezuela; or the kidnappings that are routinely suffered by foreign employees in places like Nigeria, Yemen, Colombia, and the Gulf of Aden; or the lackluster judicial protection that

multinational companies (MNCs) enjoy in many parts of the world. Consider also events in the realm of global politics, like international terrorism, or the sanctions against resilient Iran that have recently hurt a large number of energy multinationals.

So the risks to international business are clearly still there, as this paper will argue. But the paper also argues that the contents of the phenomenon of political risk have changed from the first half of the 1970s (the natural point of reference for a political risk analyst). Whereas foreign investors used to worry about expropriations and nationalizations first and foremost, their worries have increased over the years in the sense that political risk has evolved to become much a more complex characteristic of the (arguably much more complex) international business environment. The events causing harm to investors – the political risk effects – vary greatly, as do the actors responsible for realizing the risk, and as do the root sources of the risks. Political risk, I hold, is a multidimensional phenomenon.

That is the argument and point of departure of the present paper. Yet establishing some reasonably firm testimony to the effect that socio-political risk is multifaceted surely requires us to go beyond the mere presentation of scattered anecdotal examples. Systematic empirical evidence is key. The paper offers just that. It seeks to increase our knowledge of political risk by means of presenting a new, explorative dataset. The data, which are based on prominent news reports, contain information on 332 cases of realized political risk in developing countries, from 1998 to 2005. In addition to exhibiting information about the risk effects, I also coded the probable

source or sources of each event, along with actors and affected companies or industries. After the next main section's presentation of the theoretical model, this dataset is carefully examined (as is the methodology employed), and descriptive statistics are presented.

The causal chain in political risk analysis

Each possible country example of political risk usually exhibits its own unique combination of sources, effects, and actors. In Bolivia, the combination was particularly complex. In other nations, we find different mixes: In Nigeria, kidnappings and acts of sabotage directed against the oil industry by rebel groups or grievance-ridden local communities constitute the main risk; in Iran, it is currently mostly about economic sanctions being implemented by foreign states because of Tehran's purported nuclear ambitions; in Burma, a military dictatorship, the actions of (often foreign-based) activists have caused severe problems for Western multinationals.

Apart from emphasizing the distinction between sources of risk and risk effects, the main point I am trying to make is that political or country risk is a multidimensional phenomenon. The events causing harm to investors – the risk effects – vary greatly, as do the actors responsible for realizing the risk, and as do the root sources of the events. Political risk by country

This section presents descriptive statistics of the data. Table 1 ranks the countries according to the total number of events (only countries with six or more incidents are shown). Of course, most reported cases occurred in countries with a comparatively large stock of FDI and, hence, a bigger pool of

potential victims of political risk. Table 1 should therefore be interpreted with caution as it does not weigh the number of incidents in a country by that country's total stock of FDI.

Nigeria tops the chart with 35 reported incidents of realized political risk in the period, nearly all of which involved oil firms and were directly associated with war, rebel activity, or social unrest (that is, the category labelled “ War” in the table). Foreign companies in Iraq faced similar problems: a total of 20 war-related incidents are recorded for the period, most of them occurring in 2003 and 2004, the first two years of U. S. occupation . My sample also suggests that kidnappings and acts of sabotage directed toward foreign investors were relatively common in Colombia (12 reported cases) and Indonesia (10).

Concerning the distribution of incidents of government intervention, which my data show to be the most common form of risk effect, China tops the table. Notable is the wide variety of interventions that characterizes this prime FDI destination: in the period under investigation, investors have suffered price controls, caps on profits, corporate tax increases, bans on investment, ex-post ownership restrictions, and contract breaches. These are all events that are relatively low-key and perhaps reflective of a complex, unfamiliar, and highly bureaucratic investment environment in which the Chinese government and the Communist Party are by far the most important stakeholders (Fan, Morck, & Xu, 2009). Likewise, interventions by the host government in the affairs of multinationals have been quite common in

Venezuela (12 registered cases), India (11), Indonesia (10), Russia (10), Argentina (9), Iraq (9), Iran (7), Bolivia (6), and South Africa (6).

Political risk effects, by industry

The distribution of political risk effects among different industries. It is noteworthy that nearly two-thirds of all cases involve firms in either the extractive sector or in infrastructure/utilities. Since these industries do not account for an equally large share of total FDI flows to the developing world, the evidence implicitly indicates that political risk is essentially industry-, firm-, or even project-specific. The risk profile of an oil company, for example, is significantly different from that of a trading firm. Whereas the former deploys large sunk assets that may become a tempting target for host-government appropriation, the latter does not; and while the oil firm is highly visible in the host country and can easily stir nationalist emotions simply by extracting a natural resource, the trading company operates in a non-strategic sector and is therefore less likely to receive negative attention. These notions are supported by the data: only four cases of realized political risk involving wholesale or retail trade are recorded, whereas 113 of the interventions targeted the petroleum industry.

By way of presenting and analyzing a new, explorative dataset on political risk effects in developing countries, I have sought to illustrate many of the theoretical and conceptual ideas that were outlined in the theoretical section. Results from the analysis were largely as expected, suggesting that profit-curbing events in the socio-political sphere can take on many forms and involve a wide range of actors. My data also indicate that the sources or

causes of these effects are plentiful. A holistic approach to political risk analysis therefore seems warranted.

The first general finding is that the profit-curbing events themselves – the risk effects or outcomes – differ markedly from one another. Some 48 percent of the recorded incidents are associated with government intervention; 39 percent are acts of intervention related to war, terrorism, or social unrest; while 13 percent of risks were realized courtesy of actions taken by activists or MNC partners or competitors. But even within each of these broad categories, the actual incidents that ultimately cause corporate losses vary greatly. For example, the data suggest that host governments and politicians have at their disposal a wide array of policy tools that can be used in order to increase their nation's share of the proceeds from FDI. Acts of forced divestments of ownership, for their part, are relatively rare occurrences nowadays, as others have pointed out (Cass, 2007; Minor, 1994). It seems that contemporary governments prefer to intervene in subtler and less extreme ways. This is possibly because the costs – including reputational losses – associated with throwing the foreigners out altogether are greater than the benefits, thereby encouraging smaller-scale regulatory moves instead.

Cultural factors in International Marketing

The activity of human being and the ways that gives the activities significance is called culture . Culture mainly is the main base of human , basically it is what people wear , eat , what he believes and what activities he does to support . In this age of competitive international marketing the

different culture of different countries has turned into a very vital factor to the multinational companies to be successful in the field of international marketing. Though some multinational companies in the world has created their own culture in the global market but this own culture is nothing just to facilitate the culture of the local marketed countries.

All the multinational companies are facing the most important fear is the international marketing is the culture. All the better national companies in the world always thinking of expanding their business throughout the world. In this information age the world has become small thus it becomes easy to communicate with the local investors to expand the business globally.

The assignment will be focusing on the result whether culture as defined by maximum author is the essential part in effective international marketing or not. Besides the description will examine how culture is an important factor and also the role of culture in international marketing. In conclusion of the discussion, there will be comments about the author's stand about the proposition of culture in successful international marketing.

INVESTIGAION

Different peoples of different countries and region have different culture. That is why the marketers should consider the cultures of different countries to develop their product for different countries. The design of the marketed products should focus the norms, values of local peoples and should be positive according to the culture of that country where they are eager to market their products . Also the promotional resources such as advertising should also be similar with the local culture. In product designing and

advertising the cloths in Arab countries , and in the sub-continent the marketers should take into one system and in case of western countries the design and advertising should be another system because of the culture in that two different region.

Now-a-days focusing the customer has become an important factors for all the national and multinational companies that is why all the companies should take into consideration of the cultures of the customers to be a successful marketers. For example in India the cultural program is a part of life . They always organize different cultural program throughout the years. All the multinational companies (Coke, Pepsi) always try to celebrate their culture to promote their products and make their products famous to India. They sometimes organizes different programs in different occasions , sometimes sponsors the cultural programs. That is why the people becomes aware of that multinational companies and take their products positively. Not only the general definition of culture we should also consider different components of culture in discussing the question. The components which we need to consider of culture as: 1. Communication (language), which may be classified as verbal and nonverbal; 2. Religion;

3. Aesthetics;

4. Education;

5. Symbols/ colors;

6. Country of origin.

Language

It is very important to consider language in case of international business as

the meaning of language differ country to country area to area.

The marketer should understand the language before preparing their slogan or motto. If the meaning is good in one country but bad in other country then the importance of motto and company may be decreased. The product may not be so popular for the motto. Example: Pepsi's familiar "Come Alive with Pepsi" when translated into German conveyed the idea of "coming alive from Grave" Religion

Religion is a very important factor in International Marketing especially in the recent marketing world. Religion reflects the culture of individual nation. Religion is a cause of culture differences as each religion contains its own culture and beliefs. The eating, clothing are different in different religion. All international marketers if do not know a little of religion then there are big chance to make mistake. That may result crash in the international marketing. Example: Doing food business in Muslim countries all multinational companies usually think of introducing "Halal" food to make their brand favourite one. McDonald's usually doing good by adopting this strategy. Education System

Segmenting the market depending on age may be an important factor in targeting different countries. As the age at education begins and ends differs in various countries. The marketers should consider this factor to segment the market and target the market. Levels of literacy of different countries should also take into consideration enter and target the market. Example: In doing business in the UK the literacy % must take into

consideration but doing business in the less literacy country like India , Bangladesh the strategy may be different. Symbols and colors

Symbols and colors is a very important factor in International Marketing as it is a very important element of culture. Color , smells and even numbers can have different meaning in different culture . Before marketing internationally we need to consider this very important element of culture. Example: White symbolizes purity in the UK but means Death in Japan and others parts in Asia . McDonald's use of Ronald McDonald a white faced clown, would not work as a promotion to children in Japan. Country of origin Effect

Peoples of different countries have their own believes about the quality of products. They usually believes that quality may differ from product to product if manufactured in different countries. Example: Germans are known as good Engineers that is why a customer may prefers German Car instead of that origin from other countries. Thus all the multinational companies should evaluate each cultural elements and should examine how it will affect the proposed marketing program . Some may have indirect program some may have direct impact on it . But still all must consider the elements to be a successful international marketer .

The Role of Culture in International Marketing

It is believed that globalization of culture is a source of international marketing . All the multinational companies are searching for new valuable and potential markets . All the companies are training their work force who deals with the international marketing about the culture of marketed country . All the companies which thinks of starting business globally should develop

a product unique to the worlds. Cultural differences actually roles a vital play in identifying the proper way of business between companies with cross culture. Companies who are cross cultural should involve in business and should act in a way that they must understand the local culture and that their business do not harm to the local culture. “ Successful foreign marketing begins with cultural sensitivity” Culture influences a very lot in international as well as national business. Understanding different culture has become very vital factor in international business. Peoples in different culture has different language , believes as well as same language but different believes . With the different or same language the choice of products sometimes differs and sometimes the language and believes does not influences in choice.

But still business firms should have clear understanding of different language as well as other elements of culture to be a successful marketer in the national and international business. The importance of understanding different language of a country is very important in international business and it can not be overestimated. The successful business organization should have skilled communication in doing business internationally. This includes not only understanding the local language but also all advertisement promotion should also have perfect meaning to make the brand a famous one. Unilever describes itself as ‘ a truly multi-local multinational’, and is dedicated to meeting the every needs of people everywhere. With 300 local operating units in some 90 countries and with sales in over 60 more, it caters for consumers around world, in both new and established markets. Unilever has a portfolio of global , regional and local brands. Some such as magnum

ice cream and Dove personal wash , have become leaders; others are the top choice for consumers in specific countries.

Unilever’s strength lies in its deep understanding of local culture and markets. Building on a presence that in places stretches back nearly a century , it is closely in tune with local consumers and invests in understanding and meeting their needs. Since consumers vary from country to country in their preferences and habits, unilever adjusts many of its brands to suits local tastes . For instance among its many teas, unilever produces 18 separate brands of black tea specifically tailored for c