

## WHY COMPANIES SHOULD INVEST IN INTERNATIONAL BUSINESS GRADUATES - THE NEW SUPPLY CHAIN OF KNOWLEDGE

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### **Abstract:**

Globalization is apparent, everywhere: in enterprises, universities, and eventually in people's lives. Because of that, companies and employees, as well as future employees have to adapt, which demands and stimulates lifelong-learning. This article takes a closer look on the relationship between International Business graduates and multinational or globally acting companies by highlighting the characteristics of International Business graduates and the needs of globalized companies. The purpose of this article is to develop a new supply chain of knowledge between universities, students/graduates and companies and to emphasize the benefits for all parties in this supply chain to spotlight the importance of companies investing in International Business graduates.

*Keywords: knowledge management, globalization, European Union, education*

## 1. CHARACTERISTICS OF INTERNATIONAL BUSINESS GRADUATES

Each study program has a specific curriculum which does not only include the knowledge about the study topics that are being taught; it is also guideline for the skills that need to be developed by the student in order to be successful on the labor market. Furthermore, International Business graduates must have some particular attitudes which lead them to their choice of studies and which make them unique. International Business studies are a kind of further development of Business Studies but with a broader view and a focus on internationality. Figure 1 shows the three major International Business studies at hand (“Bachelor BWL”, n.d., para. 6), which have different focuses but the core competencies remain similar in each program.

**Figure 1:** International Business study programs



Source: own work

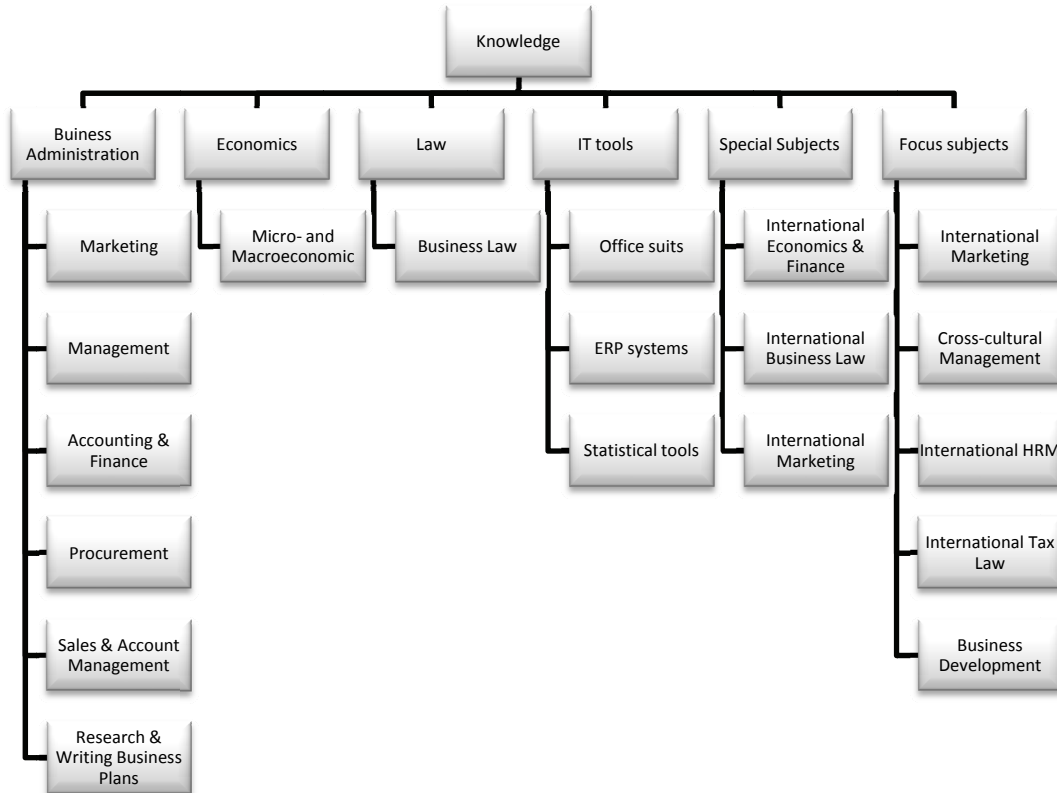
While the studies of International Business are the main form of these kind of studies, there are at least two more, which have the same focus and the same basis but with additional features. International Business and Languages studies usually contain the same subjects but additionally give the students the opportunity to learn new modern foreign languages. In contrast, International Business and Management Studies contain more management subjects, such as information management, category management or strategic management to name a few examples. The study program International Business may have a shorter duration as further languages and additional management courses do not form part of this study program.

Each of these studies has a different specialization, but the main focus is the same. It enables students and graduates to start a career in multinational companies which seek suitable candidates with international experiences and intercultural competencies. The major competencies such as knowledge, skills and attitudes, that are characteristic for International Business graduates, are being described in the following.

### 1.1. Knowledge

International Business graduates possess a broad knowledge of business administration, economics, law, subjects that enable students to work in multinational organizations as well as a range of focus subjects that can be chosen by the student. Excluding the focus subjects that vary from student to student and from study to study, all other subjects usually form part of all International Business studies. Figure 2 gives an overview of the knowledge that an International Business graduate should possess.

**Figure 2:** Knowledge of International Business graduates

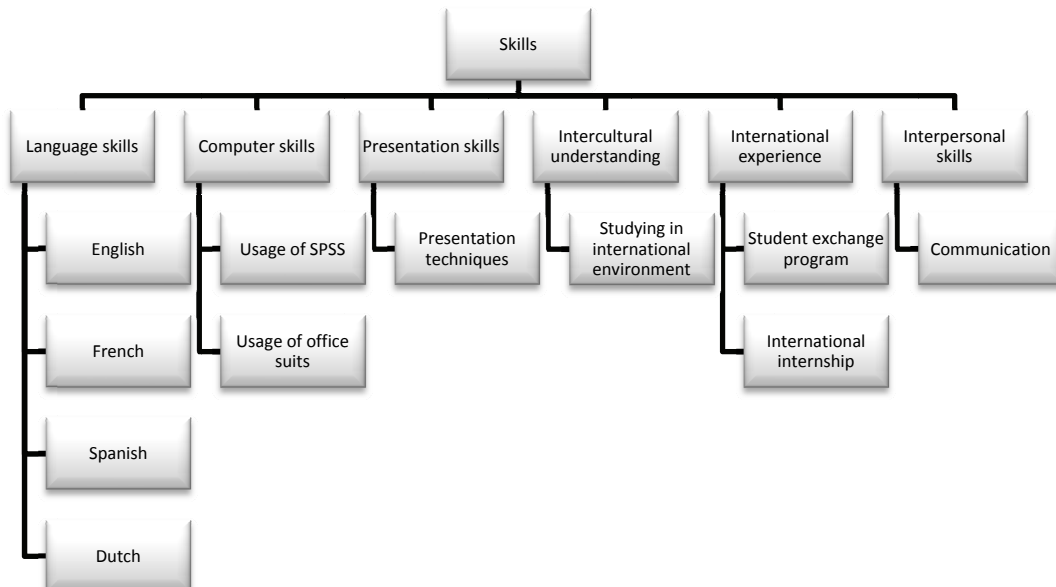


Source: own work

## 1.2. Skills

Each student and graduate develops different kind of skills throughout his life but also at university. At university, the student gets the chance to develop or strengthen professional business skills to get prepared and to be successful on the labor market. In figure 3 there is an overview of skills that International Business graduates should have developed during their studies.

Figure 3: Skills of International Business graduates



Source: own work  
 Language Skills

International Business graduates have a sound knowledge of the English language as the study program is being held completely in English. Depending on the study program, International Business and Languages graduates usually possess the knowledge of at least two more modern foreign languages as these form part of this study program. With this knowledge, graduates are much more flexible in their choice of their workplace and companies can install the graduate in different departments dealing with different languages.

*Presentation Skills*

International Business graduates possess the ability to make and hold presentations, also and especially in English language. Presentation skills are being developed during the studies as presentations must be held by each student on a regular basis.

*Computer Skills*

Computer Skills are very important. Graduates have a good knowledge in Office suits, especially in programs such as Microsoft® Word, Excel and PowerPoint due to the fact that report writing and preparing PowerPoint presentations is being done regularly.

*Communication Skills*

Knowing how to communicate properly in different situations, especially in business situations, is very important. Graduates, through work experience gained in the internship and the contact with different types of cultures during their studies, learned how to deal with different situations and how to communicate with various types of people.

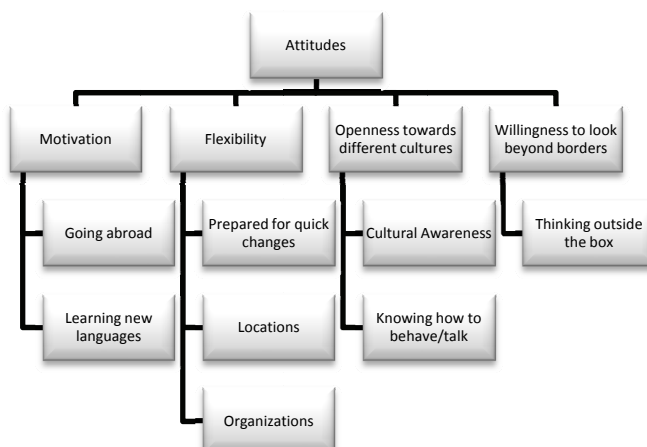
*Intercultural understanding & International experience*

Studying in an international environment with a high level of cultural diversity is what International Business students do. Furthermore, an exchange program, for example Erasmus, to another country and an internship at an internationally operating company usually form part of these studies (Stenden, n.d.).

**1.3. Attitudes**

Students who decide to study International Business have already taken a great step towards an international career. To take this step, International Business students have specific attitudes that lead them to make this choice. The following figure gives an overview of important attitudes that International Business graduates have.

**Figure 4:** Attitudes of International Business graduates



Source: own work

International Business students are usually highly motivated to learn new languages, get to know foreign cultures, and are willing to look beyond borders. These people are aware of different cultures and their characteristics and encounter them with openness. Studying International Business also

means a high level of flexibility; with an integrated exchange program, students need to go abroad and must adapt to a new environment quickly.

## 2. NEEDS OF ORGANIZATIONS

Globalization is an ongoing process and more and more organizations in the European Union (EU) decide to go international or even global by, for example, establishing subsidiaries or branches in other countries.

An overview of foreign controlled EU-enterprises [Inward Foreign Affiliate Trade Statistics (FATS)] and subsidiaries of EU-enterprises in other countries [Outward Foreign Affiliate Trade Statistics (FATS)] is displayed in table 1 and 2. These tables show the number of enterprises expressed in units according to EUROSTAT.

**Table 1:** Inward FATS 2009 – 2011

GEO/TIME	2009	2010	2011
European Union (EU-27)	236.174	243.627	no complete data
Germany	23.131	26.934	27.717
Poland	6.058	6.157	6.528

Source: EUROSTAT, © European Union, 2014

**Table 2:** Outward FATS 2009 – 2011

GEO/TIME	2009	2010	2011
European Union (EU-27)	77.824	80.017	no complete data
Germany	11.686	12.074	12.841
Poland	641	643	678

Source: EUROSTAT, © European Union, 2014

Tables 1 and 2 show clearly the development of globalization in enterprises using the examples of Germany and Poland and also the European Union (EU-27) as a whole. The number of enterprises that are being controlled by foreign companies outside the country as well as nationally controlled enterprises or subsidiaries outside the country constantly rises. Due to this globalization process, companies are more and more in need of well-educated and knowledgeable employees that are able to handle all upcoming issues that the company may encounter. These employees should, especially in the case of multinational or global acting companies, have international experiences and also English language skills. Although English is the main spoken language in those kinds of companies, it is still wise to learn and to know more local languages, for example when making business with other countries. And in this case, international experiences and the ability to know how to deal with different cultures is a key factor to business success (Johnson et al, 2006, p. 533).

One example of a multinational company is the Vodafone Group PLC based in the United Kingdom with operations in more than 30 countries and partnerships in over 50 countries (Vodafone, 2014). Due to operations and partnerships existing around the world, this enterprise needs qualified employees with English language skills and international experience particularly when working in a higher position, which is usually the goal that graduates have because this is one of the key reasons for studying International Business.

## 3. THE NEW SUPPLY CHAIN OF KNOWLEDGE

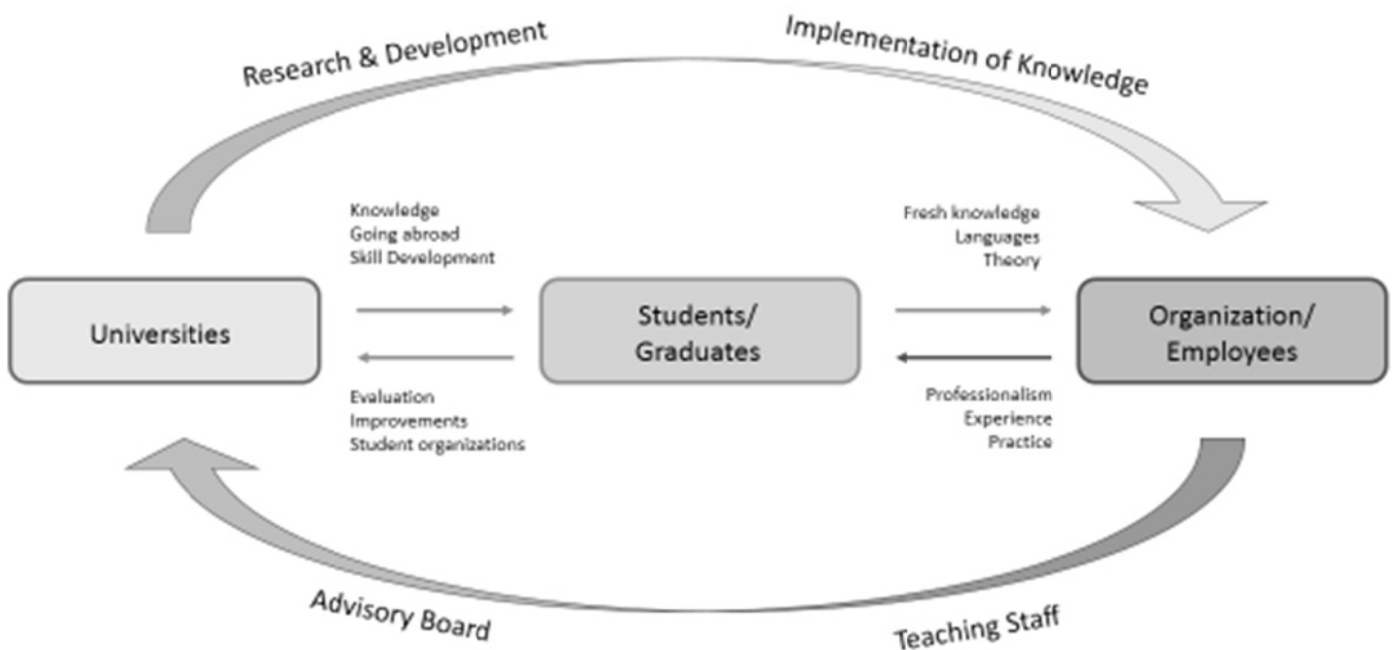
A Supply Chain is commonly known in connection with logistics, mostly as the Supply Chain Management (SCM). "The object of SCM obviously is the supply chain which represents a ". . . network of organizations that are involved, through upstream and downstream linkages, in the different processes and activities that produce value in the form of products and services in the hands of the ultimate consumer" (Christopher, 1998, p. 15). " (Stadtler, H. (2008))

Wouldn't there also be a Supply Chain for Knowledge? A network between different parties, transmitting knowledge and skills?

Knowledge is everywhere, and knowledge is huge. It can be information, an understanding or a skill, and it is obtained by experience and education. It is a term that cannot be erased from a human beings understanding, as everybody is still learning and gaining knowledge through experience. A human’s knowledge is acquired in the early days of life through experience, but the main acquisition comes through education, starting in primary school and going up to higher educational studies in universities. But what happens with the knowledge when people graduate? Surely, the knowledge can be very helpful in a graduate’s future job, but in practice the learned theories are mostly very soon covered by new experiences and a new working environment.

To retain this knowledge and make it more useful, it might be good to share - and sharing is possible if we put knowledge as the main asset between three most important parties: Students, Organizations and Universities. This system works on mutuality, which means that every party is getting “something” for giving “something”, so that both benefit from the synergy effect.

**Figure 4:** The New Supply Chain of Knowledge



Source: own work

Figure 4 shows the transmission of knowledge, what we now call the New Supply Chain of Knowledge. It shows what each party has to offer and what it gets in return. The student, in the middle as an intermediary, is a protagonist in this scheme as he is the one who gains knowledge in universities and passes it on to the organization.

An International Business student has much to offer after graduating, and it is not only the knowledge the students get in the huge variety of subjects, as depicted before. Many universities pay a lot of attention to skill- and self-development, where students have to assess themselves and see which skills they have and which ones might be desired in their future career.

Moreover, International Business students are offered the opportunity to go abroad – is it for one semester in another university (or even two) or an internship in an international company.<sup>1</sup> Many students go to partner universities of the Erasmus program to study abroad, where they get to know themselves better, start acting more independent.

At the end of their studies, they are able to provide the university with proper feedback and evaluate their time as a student, as well as the program and the university as a whole. Sometimes students create organizations for students, where they work on improvements for the universities, which is also

<sup>1</sup> At the study course “International Business and Languages”, at least one semester abroad and one semester of internship is obligatory and also stated in the study program. See the full curriculum: <http://www.stenden.com/en/studies/bachelor/international-business-languages/Pages/curriculum.aspx>

very helpful and cost-saving. The university gains a lot from the students by doing so and might improve their program or the didactical approaches.

According to the Lifelong Learning Programme, figure 5 shows that the number of students going abroad is continuously increasing, both for studies and placements. Due to that fact, the Total Mobility Funding to support these students has also increased between 2009 and 2011.

**Figure 5:** Statistics of Erasmus students abroad. Summary by call

Call	Total number of Mobilities	Study	Placement	Total Mobility Funding
2009	14 021	11 613	2 408	29 560 506 €
2010	14 234	11 572	2 662	30 676 935 €
2011	15 309	12 100	3 209	32 845 087 €

Source: Lifelong Learning Programme, statisticforall.eu, 2014

What graduates have gained during their studies should not be lost by covering it with the daily working life. It would be much better if graduates implemented it somehow in their future organizations. This can happen if graduates are seen as fully integrated employees, working together with well experienced ones and sharing their experiences and knowledge. But why not integrate them in internal vocational trainings or even languages courses? It would not only lower the costs of the company, but involve the graduates, who then have a chance to interact closely with other employees.

The employees also play an important role, as they can not only share their experience in the company but also teach the graduates professional behavior and make them grow.

Although the interaction between graduates with universities and organizations (or better employees) is the main part of this Supply Chain, there is also a connection between the universities and organizations. The more companies and organizations cooperate with universities, the more profit both parties could gain. Universities, for example, might need an advisory board from global operating companies, which could also provide the university with feedback and tell how a student needs to be and what he needs to know when starting its working career. In return, the university can offer Research & Development to companies and implement programs for the cooperating company's employees.

#### 4. BENEFITS

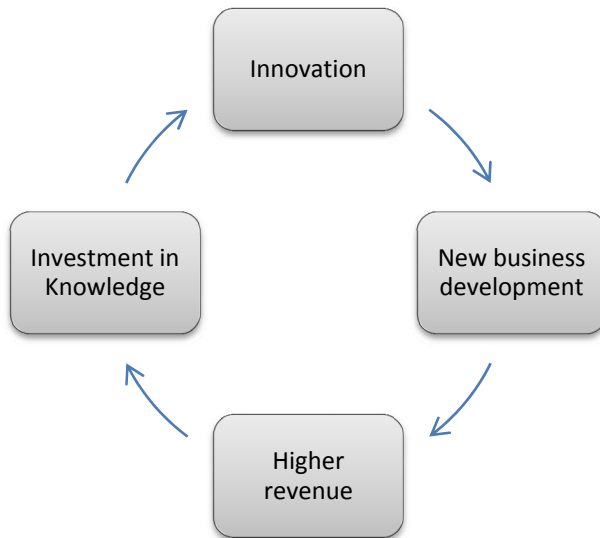
The implementation of this new transmission of knowledge should bring many benefits to all units in the given scheme. We already know that a student gains knowledge through careers in university and that the student will provide the university with feedback and evaluations. Of course, this is a huge advantage in the case of give and take, but another important part is the graduate in connection with the company. In the scheme of the new Supply Chain of Knowledge (figure 4), this is the most innovative part.

As already stated before, the graduates who start their career are loaded with work and need to adapt oneself to the company's working culture. This can lead the student to forget about the learned theories and base only on the experience he is gaining in the new company. With the new Supply Chain of Knowledge, the fresh knowledge from university can be protected by the organization while integrating the student as a "teacher" for the employees. They could freshen up their knowledge in some subjects or even learn a new language and improve the ones they already know, whereas the student can be taught by the employees in return, for example, how to behave professionally. Furthermore, the employees can help the graduates to get into practice and share their own experiences.

Investing in knowledge of graduates means also investing in their own employees. This interaction between newcomers and the "old hands" is not only advantageous, but also innovative. Through this innovation, the company can develop even more and better up their image as well as set the company apart from others.

Figure 6 depicts that these innovative techniques will help the company in developing new business, which can then lead to higher revenue. The profits arising of the higher revenue can certainly be invested into new products, equipment or services but also again in the knowledge.

**Figure 6:** Effect on the implementation of the New Supply Chain of Knowledge



Source: own work

In the authors' opinion, the companies should not let the graduates be just the working staff, but should integrate them and invest in them. It will not only strengthen the workforce but also make the organizations innovative.

## 5. CONCLUSION

The purpose of this paper was to give an understanding of the greater need for cooperation between business and education, especially when looking at the international scope. Moreover, it had the aim to design a new method of knowledge transmission between universities, graduates and organizations, the so-called New Supply Chain of Knowledge.

Due to the running process of globalization and the European integration, the demand of the companies for well-educated graduates is rising. Graduates of International Business studies are a significant target for companies as their study programs are more and more similar to the requirements that companies are asking for. Graduates do not only need the theoretical knowledge of subjects like Marketing and Procurement, but also some sense for mobility, cultural awareness and ability, which is given thanks to the possibility of going abroad during many of the International Business studies. Finally, there is to say that the educational process of International Business students should cover at least the following three main areas of skills: languages, computer usage (IT tools) and business skills of international shape.

To support these developments of skills and knowledge, which graduates of International Business maintain, the New Supply Chain of Knowledge comes into action. It is a plan that shows how the knowledge of graduates can be protected and not only be shifted through the new working experience, and that every party of this plan may profit from it.

Companies who will stick to this plan in the future might recognize changes in their business, especially when it comes to innovativeness. Further research could investigate the real impact of implementing the New Supply Chain of Knowledge and evaluate opinions of the involved.

Will it bring the desired effect? How will the employees of a company deal with this change?

In the author's opinion, the New Supply Chain of Knowledge is a good concept and would be a great opportunity not only for the organizations, but also for the graduates, as many of them look for companies that are open for young professionals and of course for changes.

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