global business

2009 Update
To Agnes, Grace, and James
When I received my personal copy of *Global Business* on February 29, 2008 (a very unusual leap day), I leapt into the air because, having labored on this new book for so long, I felt greatly relieved when the beautiful product finally arrived. I thought I wouldn’t need to update it for at least two years. Unfortunately, due to dramatic changes in the global economy, I was wrong. Now 11 months later (on January 31, 2009), the global economic crisis has worsened, recession has been declared, and the United States has inaugurated a new president who promises to deviate from the previous “free market” economic policy. All of these necessitate a series of updates.

The good news is that not a single word in *Global Business* needs to be rewritten. Rest assured that nothing in the book has become obsolete. Obviously, a lot of examples could be updated. For instance, on page 25, I wrote that “In India, Tata Motors is striving to unleash a ‘one lakh’ car (one lakh equals 100,000 rupees, roughly $2,500).” In early 2008, Tata Motors did successfully showcase the world’s lowest-cost car, which was aptly named the Tata Nano. On page 50, Chapter 2’s Closing Case, “The Russia Puzzle,” mentioned that Russia’s then-president Vladimir Putin was taking a more autocratic, hard line both at home and abroad. In May 2008, Dmitry Medvedev became the new president of Russia, and Putin, intriguingly, stayed in power by naming himself the new prime minister, thus continuing the relevance of the discussion in “The Russia Puzzle.” On page 413, Chapter 15’s Closing Case featured Li Ning, China’s top sporting goods company. Written before the Olympics, the case suggested: “All eyes are now on the Beijing Olympics,” which Li Ning hoped would mark its coming of age as one of the top global sporting brands. On August 8, 2008, I almost dropped my glasses when I watched the opening ceremonies. Li Ning (the Olympian who founded his company using his name) was chosen to light the stadium’s flame for the Olympic Games. Exactly as predicted by the case, Li Ning literally attracted all the eyeballs of the global TV viewership.

Of course, a book like *Global Business* could never compete for up-to-the-minute timeliness with NBC (Olympic broadcaster), Google, *Business Week*, or *The Economist*. What this update can do, however, is to offer context and perspective that will help business school students, who have been bombarded by news media during the tumultuous 2008, make better sense of what has happened. Toward this end, I have organized the discussion in four areas: (1) the global financial crisis, (2) the enduring power of our unified framework, (3) the awards won by two leading scholars, Krugman and Dunning, and (4) debates old and new.

### The Impact of the 2008 Global Financial Crisis

The year 2008 shows how interconnected the world economy has become. In the United States, deteriorating housing markets, fueled by unsustainable subprime lending practices, led to massive government bailouts of leading financial services firms starting in September. The rest of the world initially held its breath, and most people outside the United States probably shared the sentiment expressed by Brazil’s president, Luiz Inacio Lula da Silva, that the crisis would be “Bush’s crisis” that had nothing to do with “us.”

Unfortunately, mortgage defaults in Boston triggered bank losses in Beijing and Berlin. The crisis quickly spread to Europe, forcing British, French, German, and other EU governments to nationalize a large chunk of their banks that were...
overstretched. Moreover, banks and capital markets throughout emerging economies were also pulled down, although not as badly as in developed economies. The glow of bright spots such as Brazil, Russia, India, and China (known as BRIC—see Chapter 1 Closing Case on page 24) dimmed as their growth slowed. Weaker economies, such as Hungary, Iceland (see In Focus 2009.1), and Pakistan, had to be rescued by the International Monetary Fund (IMF) to stay afloat.

Clearly, such an unprecedented global financial crisis requires a global response. On November 14–15, 2008, for the first time, the G-20 Leaders Summit took place in Washington, DC. G-20 refers to 19 of the world’s largest national economies and the EU, which collectively comprise 90% of global GDP and 80% of world trade. As a significant expansion of the old, rich-country-only G-7 summits, this G-20 summit was the first time this group of leaders from 19 developed and emerging economies plus the EU met. The very fact that the G-20 leaders met and agreed to enhance the voice of emerging economies (and to essentially phase out the G-7) was widely regarded as significant progress toward combating the global crisis and constructing a new Bretton Woods system (see Chapter 7 for the original Bretton Woods system). The question is: How?

In 2008, Iceland was engulfed in a banking crisis of extraordinary proportions. In October, the government nationalized the country’s three major banks, Glitnir, Landsbanki, and Kaupthing. The first takeover was in response to Glitnir’s plea for help from the Central Bank. Uncertainty regarding the ability to guarantee deposits in Glitnir’s overseas subsidiaries, especially those in the UK, sparked a dramatic response from the British government, which froze assets of all Icelandic banks in the UK. In the days to follow, the remaining internationally active banks were taken over by the Icelandic government. A month later, Iceland became the first developed nation in more than 30 years to accept an emergency loan from the IMF, along with loan support from neighboring Scandinavian countries. At the same time, Iceland became known as an extreme warning sign to overleveraged economies. The external private debts were more than five times the PPP adjusted GDP of just under $12 billion, and the Central Bank did not have adequate reserves to back the failed banks. Essentially, the Republic of Iceland was bankrupt.

Although the history of the Icelandic nation and the Icelandic language goes back to Viking explorations more than 1,000 years ago, the history of the Republic of Iceland is relatively short. Iceland declared independence from Denmark in 1944 and soon emerged as a prosperous Scandinavian-style welfare state. In 2007, Iceland ranked number one on the United Nations Human Development Index and, with a per capita GDP of $54,100, was listed as the fifth richest nation in the world on a PPP basis. The traditional source of economic growth was the export-driven fishing and related industries and the geothermal-based hydro fuel sector, which attracted energy-intensive foreign investments in areas such as aluminum smelting.

In the late 1990s, Iceland, with a population of just over 300,000, became an active participant in globalization, following deregulation, tax reforms, and the privatization of the financial sector. Easy access to funding through the Icelandic banks, which borrowed aggressively in global markets, coupled with a strong currency, enabled Icelandic firms to expand to neighboring countries mostly via acquisitions.

The banking crisis had a severe impact on the value of the free floating Icelandic Krona (ISK). The currency, which showed signs of being overvalued by placing Iceland on top of the Big Mac Index in 2007, lost more than half of its value during 2008. As a result, the government implemented strict currency controls and suspended all currency trading while looking for a long-term solution.

Source: This case was written by Professor Eydis Olsen (Drexel University). I thank Professor Olsen, who has been an enthusiastic supporter of Global Business since its inception, for proactively contacting me to contribute this timely case. It is based on (1) Economist, 2007, The Big Mac Index, February 1; (2) Economist, 2008, Kreppanomics, October 9; (3) G. Magnússon, Professor of Economics at the University of Iceland interviewed by the author, November 20, 2008; (4) Statistics Iceland, 2008, www.statice.is.
The Enduring Power of Our Unified Framework

Events such as the global crisis and the G-20 summit can be challenging to understand, but *Global Business* provides a unified framework, consisting of one big question and two core perspectives (see Figure 1.3 on page 9), that allows students to analyze such events more effectively.¹ In fact, in the middle of the economic crisis, this framework shines. Our fundamental question—What determines the success and failure of firms around the globe?—becomes even more relevant and timely.

Our first core perspective, the institution-based view (Chapters 2 and 3), can help us understand the fundamental shift behind the changing rules of the game on how market economies are governed (see In Focus 2009.2). On page 41 (Chapter 2), you will see:

> Overall, the economic system of most countries is a mixed economy. In practice, when we say a country has a market economy, it is really a shorthand version for a country that organizes its economy mostly (but not completely) by market forces and that still has certain elements of a command economy. China, Russia, Sweden, and the United States all claim to have a market economy now, but the meaning is different in each country. In short, free markets are not totally free. It boils down to a matter of degree.

Note these words were written before the massive government bailouts of failed private firms in the United States and other developed economies. The best example I could find at that time was the 1997–98 bailouts made by the Hong Kong government, which has always been ranked as the most *laissez faire* government (page 40). Although details differ, the 2008 bailouts throughout the developed world were similar in nature to the 1997–98 bailouts in Hong Kong—turning private firms into state-owned enterprises (SOEs). Having said that, I believe that we can still comfortably call the post-bailout US economy a “market economy,” but it will be prudent to drop the “F word” (namely, “free”) in front of “market economy.” Overall, while many governments took decisive actions in signing bailout packages into formal law within a few weeks or months, informal norms, such as the taken-for-granted use of terms such as “free market economy,” will change more slowly (see Chapters 2 and 3).

Our second core perspective, the resource-based view (Chapter 4), also sheds considerable light on what we have been seeing lately. While the US automobile industry is in deep trouble and GM and Chrysler have been begging for federal help, Ford has decided not to ask for a government bailout. Clearly, “there must be certain resources and capabilities specific to firms” such as Ford that are not shared by competitors (page 88). Ford has not only sought to differentiate itself as a stronger, greener, and more technologically advanced automaker, but also reminded buyers that it has money to lend—in contrast to GM’s and Chrysler’s empty pockets. This recent development updates Chapter 13’s Opening Case: “The Ups and Downs at Ford” (page 335). It reveals that in the midst of the worst financial crisis in recent times, Ford has indeed experienced a period of “ups.”

Ford is not alone. While most industries are suffering, not every firm in these industries is equally hard hit. Some exceptionally managed ones have done better

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and grabbed larger market shares, thanks to many rivals that have either dropped out or dropped dead. In December 2008, for example, Wal-Mart’s US operations increased their sales compared with December 2007 by 4.3%, and Wal-Mart’s sales worldwide in the entire year of 2008 increased by 6.5%.2 From a VRIO standpoint (Chapter 4), Wal-Mart’s abilities to increase sales in the downturn are admirable. Adding another source of complication is the value of the Chinese yuan. Since a majority of

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Wal-Mart’s merchandise is made in China and the yuan appreciated from 7.6 yuan per dollar in July 2007 (see Chapter 7 Opening Case, page 171) to 6.8 yuan per dollar now, Wal-Mart’s abilities to deliver value when going against such a “double whammy” (economic downturn and yuan appreciation) become more remarkable.

Since the so-called “Wal-Mart effect” is controversial, every time I teach the Wal-Mart case, I ask my students to raise their hands by identifying themselves as (1) Wal-Mart lovers who shop at Wal-Mart, (2) Wal-Mart haters who nevertheless shop at Wal-Mart, and (3) true Wal-Mart haters who don’t shop there. Guess what? The number of my students belonging to the first and second groups has been growing and the third group has been shrinking to a very small number. Keep in mind that not all of my students are starving undergraduates who often have no choice but to shop at Wal-Mart. Some of my students are mid- and high-level executives at leading firms in the Dallas-Fort Worth area who are in our highly respected UT Dallas Executive MBA (EMBA) program. Their average salary is $150,000. The fact that more of these experienced executives told me in class (and in front of their image-conscious EMBA peers) that they increasingly shop at Wal-Mart speaks volumes about Wal-Mart’s valuable capabilities.

Krugman and Dunning Won Major Awards

Not all news is gloomy. On the more positive side, I am pleased to report that two leading scholars whose work has been featured prominently in Global Business won major awards in 2008. First, Paul Krugman of Princeton University won the Nobel prize in economics for his analysis of trade patterns and locations—in particular, a new trade theory that has become known as strategic trade theory (see Chapter 5, pages 122–125). Krugman’s work is not only cited when we discuss strategic trade theory, but also directly quoted at length on page 133, with a six-line passage starting with “International trade is not about competition.” Since the Integrative Case 1 The Chinese Menu (for Development) (page 468) was written by Douglass North, the 1993 Nobel laureate in economics, you’ll now find the words (not merely ideas and citations) of a second Nobel laureate (Krugman) gracing the pages of Global Business (page 133).

A second major award in the IB community in 2008 was the Journal of International Business Studies (JIBS) Decade Award, which went to an article by John Dunning of Rutgers University and the University of Reading published in 1998, “Location and the Multinational Enterprise: A Neglected Factor?” Dunning’s research has underpinned much of Chapter 6 (Investing Abroad Directly). Figure 6.5 on page 148 has popularized Dunning’s ownership, location, and internationalization (OLI) framework by visually summarizing his idea in one teachable slide. Dunning is a leading guru in IB with whom I have met and worked directly. In December 2008, he graciously contributed his latest work, “Institutions and the OLI Paradigm of the Multinational Enterprise” (coauthored with Sarianna Lundan), to the Asia Pacific Journal of Management, a leading academic journal where I serve as Editor-in-Chief. Unfortunately, Dunning passed away on January 29, 2009.

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Debates Old and New: Political Risk, Competitiveness, and Sovereign Wealth Funds

One unique feature found in every chapter of Global Business is the Debates and Extensions section, and several of these have evolved since our initial publication.

First, the November 2008 terrorist attacks on Mumbai, India, have added new fuel to the debate on political risk in Chapter 2 (pages 35 and 44–46). Although Mumbai recently rebranded itself from the old image of Bombay (now read again in a scary way, “bomb” “bay”), terrorists reminded all managers and businesses in Mumbai—both Indian-owned and foreign-owned—that political risk cannot be ignored. In a sobering article published on December 15, 2008, Business Week concluded:

Overall, which India will prevail—the India that nurtures global industries and rising affluence or the India of stalled hopes and endemic violence? A year ago the answer was clear: The new India would win. That is probably still true, but India now faces a struggle.\(^5\)

Second, the debate on competitiveness, globalization, and job losses continues to rage. In Focus 14.2 on page 377, “The Unemployment Act,” is a reprint of a full article in Business Week authored by Jack Welch (former chairman and CEO of GE) and Suzy Welch (former editor of Harvard Business Review) first published in 2007. It labeled the Employee Free Choice Act (EFCA), a piece of impending legislation that aims to facilitate more union membership in the United States, an “insidious” blow to American competitiveness. In their Congressional hearings for bailouts, GM and Chrysler executives blamed unionization and legacy costs for their financial difficulties.\(^6\)

While President Obama supported EFCA when he was a candidate, he seemed to have modified his position on the eve of his inauguration. When questioned about a timetable for pushing EFCA, President Obama was quoted in a media interview on January 16, 2009 (four days before his inauguration):

If we are losing half a million jobs a month then there are no jobs to unionize. So my focus first is on those economic priority items.\(^7\)

A new debate that has not yet been covered in Global Business centers on sovereign wealth funds (SWFs). An SWF is “a state-owned investment fund composed of financial assets such as stocks, bonds, real estate, or other financial instruments funded by foreign exchange assets.”\(^8\) Investment funds that we now call SWFs (see Table 2009.1) were first created in 1953 by Kuwait. Both the United States and

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\(^6\) GM executives pointed out that in China, where GM enjoys a “level playing field” with little legacy costs, GM has surged ahead of Toyota, Volkswagen, and other global rivals to become the number one foreign automaker in less than a decade (see Integrative Case 11: Competing in the Chinese Automobile Industry, on page 501).


Canada have had their own SWFs (at least at the state and provincial level—both the Alaska Permanent Fund and the Alberta Heritage Fund were founded in 1976).

In the recent crisis, SWFs have come into the public’s spotlight by coming to the rescue. In November 2007, the Abu Dhabi Investment Authority injected $7.5 billion (4.9% of equity) into Citigroup, followed by the December 2007 injection of $9.75 billion (9% of equity) into UBS (formerly Union Bank of Switzerland) from the Government of Singapore Investment Corporation. China Investment Corporation joined the fray in early 2008 by investing $5 billion for a 10% equity stake in Morgan Stanley.

It is such large-scale investments that have brought SWFs to the center stage of global business debates. On the one hand, SWFs (most of which are from the oil-rich Middle East and foreign-exchange-surplus East Asia) have brought much needed cash to desperate Western firms. On the other hand, a series of concerns are raised by parties in host countries (which are typically developed economies). One such concern is national security in that SWFs may be politically (as opposed to commercially) motivated. Another concern is SWFs’ inadequate transparency. Currently, Australia, France, and Germany, in fear of the “threats” from SWFs, are erecting measures to defend their companies from SWF takeovers, and the United States is considering tightening its regulations.

As discussed in Chapter 6 (see page 156), foreign investment certainly has both benefits and costs to host countries. However, in the absence of any evidence that the costs outweigh the benefits, the rush to erect anti-SWF barriers is indicative of protectionist (or, some may argue, even racist) sentiments. For executives at hard-pressed Western firms, it would not seem sensible to ask for government bailouts on the one hand and to reject cash from SWFs on the other hand. Most SWF investment is essentially free cash with few strings attached. For example, China Investment Corporation, which now holds 10% of Morgan Stanley equity, did not demand a board seat or a management role. For policymakers, it makes

<table>
<thead>
<tr>
<th>Country</th>
<th>Sovereign wealth fund</th>
<th>Assets ($ billion)</th>
<th>Inception</th>
<th>Approximate wealth per citizen ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Arab Emirates</td>
<td>Abu Dhabi Investment Authority</td>
<td>$875 billion</td>
<td>1976</td>
<td>$100,000</td>
</tr>
<tr>
<td>Norway</td>
<td>Government Pension Fund of Norway</td>
<td>$391 billion</td>
<td>1990</td>
<td>$81,500</td>
</tr>
<tr>
<td>Singapore</td>
<td>Government of Singapore Investment Corporation</td>
<td>$330 billion</td>
<td>1981</td>
<td>$100,000</td>
</tr>
<tr>
<td>Kuwait</td>
<td>Kuwait Investment Authority</td>
<td>$264 billion</td>
<td>1953</td>
<td>$80,000</td>
</tr>
<tr>
<td>China</td>
<td>China Investment Corporation</td>
<td>$200 billion</td>
<td>2007</td>
<td>$151</td>
</tr>
<tr>
<td>Russia</td>
<td>Stabilization Fund of the Russian Federation</td>
<td>$158 billion</td>
<td>2008</td>
<td>$1,130</td>
</tr>
</tbody>
</table>

little sense to spend taxpayers’ dollars to bail out failed firms, run huge budget
deficits, and then turn away SWFs. Commenting on inbound Chinese investment in
the United States (including SWF investment), two experts noted in a March 2009 publication:

It seems feckless on the part of US policymakers to stigmatize Chinese investment in the United States based upon imprecise and likely exaggerated estimates of the relevant costs and risks of that investment.9

At least some US policymakers agree. In the September/October 2008 issue of Foreign Affairs, then-Secretary of the Treasury Henry Paulson commented:

These concerns [on Chinese investment] are misplaced . . . the United States would do well to encourage such investment from anywhere in the world—including China—because it represents a vote of confidence in the US economy and it promotes growth, jobs, and productivity in the United States.10

Lastly, it is important to note that before the more recent rise of SWFs, acquisition attempts by SOEs from the United Arab Emirates (see Integrative Case 3 “DP World” on page 472) and from China (CNOOC’s bid for Unocal) were torpedoed by a hugely politicized process in the United States. Recent SWF investment into US financial services firms ended up causing major losses for SWFs, thanks to the deteriorating financial crisis in 2008. Such a “double whammy”—both the political backlash and the economic losses—has severely discouraged government officials and SWF managers in the host countries of these funds from making further investment in developed economies. As a result, the expected FDI recession in 2009 (on the magnitude of 20–30% reduction relative to the 2008 level) “puts a premium on maintaining a welcoming investment climate.”11 As part of the efforts to foster such a welcoming investment climate in times of great political and economic anxiety, both US and Chinese governments confirmed the following in the US-China Strategic Economic Dialogue on June 18, 2008:

The United States welcomes sovereign wealth fund investment, including that from China. China stresses that investment decisions by its state-owned investment firms will be based solely on commercial grounds, and the United States confirms that the CFIUS [Committee on Foreign Investment in the United States—Editor] process ensures the consistent and fair treatment of all foreign investment without prejudice to the country of origin.12

Note this agreement was reached in the last year of the Bush Administration. Now with a new president who threatens to be tough on a number of China trade issues (see page 135), stay tuned.

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# BRIEF CONTENTS

## Part 1  Laying Foundations
1. Globalizing Business  
2. Understanding Politics, Laws, and Economics  
3. Emphasizing Cultures, Ethics, and Norms  
4. Leveraging Capabilities Globally

## Part 2  Acquiring Tools
5. Trading Across Borders  
6. Investing Abroad Directly  
7. Dealing with Foreign Exchange  
8. Global and Regional Integration

## Part 3  Strategizing around the Globe
9. Entering Foreign Markets  
10. Entrepreneurial Firm  
11. Alliances and Acquisitions  
12. Managing Competitive Dynamics  
13. Strategy and Structure

## Part 4  Building Functional Excellence
15. Marketing and Supply Chain Management  
16. Governing the Corporation  
17. Corporate Social Responsibility

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**Integrative Cases**
CONTENTS

Part 1  Laying Foundations  

Chapter 1  
Globalizing Business  
International Business and Global Business  4  
Why Study Global Business?  7  
A Unified Framework  8  
One Fundamental Question 9 / First Core Perspective: An Institution-Based View 10 / Second Core Perspective: A Resource-Based View 10 / A Consistent Theme 11  
What Is Globalization?  11  
Global Business and Globalization at a Crossroads  14  
A Glance of the World Economy 14 / The Globalization Debate and You 16  
Organization of the Book 21  

Chapter 2  
Understanding Politics, Laws, and Economics  28  
Formal and Informal Institutions 31  
What Do Institutions Do?  32  
An Institution-Based View of Global Business  33  
Two Political Systems 34  
Democracy 34 / Totalitarianism 34 / Political Risk 35  
Three Legal Systems 36  
Civil Law, Common Law, and Theocratic Law 36 / Property Rights 37 / Intellectual Property Rights 38  
Three Economic Systems 39  
Debates and Extensions  41  
Drivers of Economic Development: Culture, Geography, or Institutions? 41 / Speed and Effectiveness of Institutional Transitions: China versus Russia 43 / Measures of Political Risk: Perception versus Objective Measures 44  
Management Savvy  46  

Chapter 3  
Emphasizing Cultures, Ethics, and Norms  54  
Where Do Informal Institutions Come From?  56  
Culture  57  
Definition of Culture 57 / Language 58 / Religion 59  

Part 2  Acquiring Tools  

Chapter 4  
Leveraging Capabilities Globally  86  
Understanding Resources and Capabilities  89  
Analyzing the Value Chain: In-house versus Outsource  91  
Analyzing Resources and Capabilities with a VRIO Framework  95  
The Question of Value 95 / The Question of Rarity 96 / The Question of Imitability 97 / The Question of Organization 98  
Debates and Extensions  99  
Domestic Resources versus International (Cross-Border) Capabilities 99 / Offshoring versus Not Offshoring 100  
Management Savvy  102  

Chapter 5  
Trading Across Borders  112  
Why Do Nations Trade?  114  
Theories of International Trade  117  
Mercantilism 117 / Absolute Advantage 117 / Comparative Advantage 119 / Product Life Cycle 122 / Strategic Trade 122 / National Competitive Advantage of Industries 125 / Evaluating Theories of International Trade 126  
Realities of International Trade  128  
Tariff Barriers 128 / Nontariff Barriers (NTBs) 129 / Economic Arguments against Free Trade 130 / Political Arguments against Free Trade 132  

Classifying Cultural Differences  61  
Ethics  68  
Definition and Impact of Ethics 68 / Managing Ethics Overseas 69 / Ethics and Corruption 70  
Norms and Ethical Challenges  72  
Debates and Extensions  73  
Economic Development: Western Values versus Eastern Values 73 / Cultural Change: Convergence versus Divergence 74 / Opportunism versus Individualism/Collectivism 75  
Management Savvy  77  

Chapter 6
Investing Abroad Directly

Understanding the FDI Vocabulary
The Key Word Is D 145 / Horizontal and Vertical FDI 145 / FDI Flow and Stock 146 / MNE versus non-MNE 146

Why Do Firms Become MNEs by Engaging in FDI? 148

Ownership Advantages
The Benefits of Direct Ownership 149 / FDI versus Licensing 149

Location Advantages
Location, Location, Location 151 / Acquiring and Neutralizing Location Advantages 152

Internalization Advantages
Market Failure 153 / Overcoming Market Failure through FDI 153

Realities of FDI
Political Views on FDI 155 / Benefits and Costs of FDI to Host Countries 156 / Benefits and Costs of FDI to Home Countries 158

How MNEs and Host Governments Bargain 158

Debates and Extensions
FDI versus Outsourcing 160 / Facilitating versus Confronting Inbound FDI 161

Management Savvy 162

Chapter 7
Dealing with Foreign Exchange

Factors behind Foreign Exchange Rates

Evolution of the International Monetary System 180

Strategic Responses to Foreign Exchange Movements
Strategies for Financial Companies 183 / Strategies for Nonfinancial Companies 185

Debates and Extensions
Fixed versus Floating Exchange Rates 186 / A Strong Dollar versus a Weak Dollar 187 / Currency Hedging versus Not Hedging 188

Management Savvy 190

Chapter 8
Global and Regional Integration

Global Economic Integration
Political Benefits for Global Economic Integration 199 / Economic Benefits for Global Economic Integration 200

General Agreement on Tariffs and Trade: 1948–1994 201
World Trade Organization: 1995–present 201
Trade Dispute Settlement 202 / The Doha Round: The “Doha Development Agenda” 203

Five Types of Regional Economic Integration
The Pros and Cons for Regional Economic Integration 205 / Types of Regional Economic Integration 207

Regional Economic Integration in Europe 208
Origin and Evolution 208 / The EU Today 208 / The EU’s Challenges 212

Regional Economic Integration in the Americas 213
North America: North American Free Trade Agreement (NAFTA) 213 / South America: Andean Community, Mercosur, FTAA, and CAFTA 214

Regional Economic Integration in Asia Pacific 216
Australia-New Zealand Closer Economic Relations Trade Agreement (ANZCERTA or CER) 216 / Association of Southeast Asian Nations (ASEAN) 216 / Asia-Pacific Economic Cooperation (APEC) 217

Regional Economic Integration in Africa 218
Debates and Extensions 218
Building Blocks versus Stumbling Blocks 218 / Does the WTO Really Matter? 220

Management Savvy 220

Part 3 Strategizing around the Globe

Chapter 9
Entering Foreign Markets

Overcoming Liability of Foreignness
Where to Enter? 230
Location-Specific Advantages and Strategic Goals 231 / Cultural/Institutional Distances and Foreign Entry Locations 235
When to Enter? 236
How to Enter? 237
Scale of Entry: Commitment and Experience 238 / Modes of Entry: The First Step on Equity versus Nonequity Modes 238 / Modes of Entry: The Second Step on Making Actual Selections 238
Debates and Extensions 243
Liability versus Asset of Foreignness 243 / Global versus Regional Geographic Diversification 243 / Cyberspace versus Conventional Entries 245
Management Savvy 245

Chapter 10
Entrepreneurial Firm 254
Entrepreneurship and Entrepreneurial Firms 256
How Institutions and Resources Affect Entrepreneurship 257 / Institutions and Entrepreneurship 257 / Resources and Entrepreneurship 258
Growing the Entrepreneurial Firm 260
Growth 260 / Innovation 260 / Financing 261
Internationalizing the Entrepreneurial Firm 263
Debates and Extensions 268
Traits versus Institutions 268 / Slow Internationalizers versus Born Global Start-Ups 269 / Antifailure Bias versus Entrepreneur-Friendly Bankruptcy Laws 270
Management Savvy 271

Chapter 11
Alliances and Acquisitions 278
Defining Alliances and Acquisitions 280
How Institutions and Resources Affect Alliances and Acquisitions 282
Institutions, Alliances, and Acquisitions 282 / Resources and Alliances 283 / Resources and Acquisitions 285
Alliances and Acquisitions 287
Formation of Alliances 288
Stage One: To Cooperate or Not to Cooperate? 288 / Stage Two: Contract or Equity? 289 / Stage Three: Specifying the Relationship 290
Evolution of Alliances 291
Combating Opportunism 291 / From Corporate Marriage to Divorce 291
Performance of Alliances 293
Motives for Acquisitions 294
Performance of Acquisitions 295
Debates and Extensions 297
M&As + Alliances 297 / Majority JVs as Control Mechanisms versus Minority JVs as Real Options 297
Management Savvy 299

Chapter 12
Managing Competitive Dynamics 308
Competition, Cooperation, and Collusion 311
War and Peace 311 / Cooperation and Collusion 311
Institutions Governing Domestic and International Competition 315
Formal Institutions Governing Domestic Competition: A Focus on Antitrust 315 / Formal Institutions Governing International Competition: A Focus on Antidumping 316
Resources Influencing Competitive Dynamics 317
Value 317 / Rarity 318 / Imitability 318 / Organization 318 / Resource Similarity 319
Attack, Counterattack, and Signaling 320
Three Main Types of Attack 320 / Attack and Counterattack 321 / Cooperation and Signaling 322
Local Firms versus Multinational Enterprises 323
Debates and Extensions 325
Competition versus Antidumping 325 / Managers versus Antitrust Policymakers 325
Management Savvy 326

Chapter 13
Strategy and Structure 334
Multinational Strategies and Structures 336
Pressures for Cost Reductions and Local Responsiveness 336 / Four Strategic Choices 337 / Four Organizational Structures 339 / The Reciprocal Relationship between Multinational Strategy and Structure 342
How Institutions and Resources Affect Multinational Strategy, Structure, and Learning 343
Institution-Based Considerations 343 / Resource-Based Considerations 346
The Challenge of Managing Learning, Innovation, and Knowledge Worldwide 346
Knowledge Management 346 / Knowledge Management in Four Types of MNEs 347 / Globalizing Research and Development 348 / Problems and Solutions in Knowledge Management 350
Management Savvy 350
Debates and Extensions 351
Corporate Controls versus Subsidiary Initiatives 351
/ Customer-Focused Dimensions versus Integration,
Responsiveness, and Learning 352
Management Savvy 353

Part 4 Building Functional Excellence 363
Chapter 14 Human Resource Management 364
Staffing 366
Ethnocentric, Polycentric, and Geocentric
Approaches to Staffing 367 / The Role of
Expatriates 368 / Expatriate Failure and
Selection 369
Training and Development Needs 370
Training for Expatriates 370 / Development for
Returning Expatriates (Repatriates) 371 / Training
and Development for Host Country Nationals 372
Compensation and Performance Appraisal 372
Compensation for Expatriates 373 / Compensation
for Host Country Nationals 374 / Performance
Appraisal 376
Labor Relations 376
Managing Labor Relations at Home 376 / Managing
Labor Relations Abroad 377
How Institutions and Resources Affect Human
Resource Management 378
Institutions and Human Resource Management 378 / Resources and Human Resource Management 381
Debates and Extensions 381
Best Fit versus Best Practice 381 / Expatriation
versus Inpatriation 382 / Across-the-Board Pay
Cut versus Reduction in Force 382
Management Savvy 383

Chapter 15 Marketing and Supply Chain Management 390
Three of the Four Ps in Marketing 392
Product 393 / Price 395 / Promotion 396
From Distribution Channel to Supply Chain
Management 398
The Triple As in Supply Chain Management 399
Agility 399 / Adaptability 399 / Alignment 400
How Institutions and Resources Affect
Marketing and Supply Chain Management 403
Institutions, Marketing, and Supply Chain
Management 403 / Resources, Marketing, and
Supply Chain Management 403
Debates and Extensions 406
Manufacturing versus Services 406 / Market
Orientation versus Relationship Orientation 407
Management Savvy 408

Chapter 16 Governing the Corporation 416
Owners 419
Concentrated versus Diffused Ownership 419 / Family Ownership 419 / State Ownership 420
Managers 420
Principal-Agent Conflicts 420 / Principal-Principal
Conflicts 421
The Board of Directors 423
Key Features of the Board 423 / The Role of Boards
of Directors 424
Governance Mechanisms as a Package 425
Internal (Voice-Based) Governance Mechanisms 425 / External (Exit-Based) Governance
Mechanisms 426 / Internal Mechanisms + External
Mechanisms = Governance Package 427
A Global Perspective on Governance
Mechanisms 427
How Institutions and Resources Affect
Corporate Governance 429
Institutions and Corporate Governance 429 / Resources and Corporate Governance 431
Debates and Extensions 432
Opportunistic Agents versus Managerial
Stewards 432 / Global Convergence versus
Divergence 432
Management Savvy 434

Chapter 17 Corporate Social Responsibility 442
A Stakeholder View of the Firm 445
A Big Picture Perspective 445 / Primary and
Secondary Stakeholder Groups 448 / A Funda-
mental Debate 448
Institutions and Corporate Social Responsibility 450
Reactive Strategy 451 / Defensive Strategy 452 / Accommodative Strategy 452 / Proactive Strategy 453
Resources and Corporate Social Responsibility 454
Value 454 / Rarity 455 / Imitability 455 / Organi-
zation 455 / The CSR-Economic Performance Puzzle 456
Debates and Extensions 456

Domestic versus Overseas Social Responsibility 456 / Race to the Bottom (“Pollution Haven”) versus Race to the Top 457 / Active versus Inactive CSR Engagement Overseas 458

Management Savvy 459

Integrative Cases 466

1 The Chinese Menu (For Development) 466 / 2 Tips about Corruption around the Pacific 467 / 3 DP World 470 / 4 Private Military Companies: Dogs of War or Pussycats of Peace? 474 / 5 Soybeans in China 476 / 6 AGRANA: From a Local Supplier to a Global Player 479 / 7 DHL Bangladesh 483 / 8 The LG-Nortel Joint Venture 489 / 9 Ocean Park Confronts Hong Kong Disneyland 492 / 10 Global Knowledge Management at Accenture 498 / 11 Competing in the Chinese Automobile Industry 501 / 12 Kalashnikov: Swords into Vodka 507 / 13 Shakira: The Dilemma of Going Global 509 / 14 Shakti: Unilever Collaborates with Women Entrepreneurs in Rural India 511 / 15 Computime 519

Glossary 528

Name Index 541

Organization Index 553

Subject Index 559

Credits 575
Global Business intends to set a new standard for international business (IB) textbooks. Written for undergraduate and MBA students around the world, this book will make IB teaching and learning (1) more engaging, (2) more comprehensive, (3) more fun, and (4) more relevant.

More Engaging

For the first time in the history of IB textbooks, a unified framework integrates all chapters. Given the wide range of topics in IB, most textbooks present the discipline in a fashion that “Today is Tuesday, it must be Luxembourg.” Very rarely do authors address: “Why Luxembourg today?” More important, what is it that we do in IB? What is the big question that the field is trying to address? Our unified framework suggests that the discipline can be united by one big question and two core perspectives. The big question is: What determines the success and failure of firms around the globe? This focus on firm performance around the globe defines our field. To address this question, we introduce two core perspectives: (1) an institution-based view and (2) a resource-based view, in all chapters. It is this relentless focus on our big question and core perspectives that enables this book to engage a variety of IB topics in an integrated fashion. This provides great continuity in the learning process.

Global Business further engages readers through an evidence-based approach. I have endeavored to draw on the latest research, as opposed to the latest fads. As an active researcher myself, I have developed the unified framework not because it just popped up in my head when I wrote the book. Rather, this is an extension of my own research that consistently takes on the big question and leverages the two core perspectives. This work has been published in the Journal of International Business Studies and other leading academic journals.¹

Another vehicle used to engage students is debates. Virtually all textbooks uncritically present knowledge “as is” and ignore debates. However, it is debates that drive the field of practice and research forward. Obviously, our field has no shortage of debates, ranging from outsourcing to social responsibility. It is the responsibility of textbook authors to engage students by introducing cutting-edge debates. Thus, I have written a beefy “Debates and Extensions” section for every chapter (except Chapter 1, which is a big debate in itself).

Finally, this book engages students by packing rigor with accessibility. There is no “dumbing down.” No other competing IB textbook exposes students to an article authored by a Nobel laureate (Douglass North—Integrative Case 1), commentary pieces by Jack Welch (former GE chairman—In Focus 14.2) and Laura Tyson (former economic advisor to President Clinton—In Focus 5.3), and a Harvard Business Review article (authored by me—In Focus 11.2). These are not excerpts but full-blown, original articles—the first in an IB (and in fact in any management) textbook. These highly readable short pieces directly give students a flavor of the original insights. In general, the material is presented in an accessible manner to facilitate learning.

More Comprehensive

*Global Business* offers the most comprehensive and innovative coverage of IB topics available on the market. Unique chapters not found elsewhere are:

- Chapter 10 on entrepreneurship and small firms’ internationalization
- Chapter 12 on competitive dynamics
- Chapter 16 on corporate governance
- Chapter 17 on corporate social responsibility (in addition to one full-blown chapter on ethics, cultures, and norms, Chapter 3)
- Half of Chapter 11 (alliances and acquisitions) deals with the under-covered topic of acquisitions. Approximately 70% of market entries based on foreign direct investment (FDI) around the world use acquisitions. Yet, no other IB textbook has a chapter on acquisitions—a missing gap that Chapter 11 fills.

The most comprehensive topical coverage is made possible by drawing on the most comprehensive range of the literature. Specifically, every article in each issue in the past ten years in the *Journal of International Business Studies* and other leading IB journals has been read and coded. In addition, I have endeavored to consult numerous specialty journals. For example:

- The trade and finance chapters (Chapters 5–7) draw on the *American Economic Review* and *Quarterly Journal of Economics*
- The entrepreneurship chapter (Chapter 10) consults with the *Journal of Business Venturing* and *Entrepreneurship Theory and Practice*
- The marketing and supply chain chapter (Chapter 15) draws heavily from the *Journal of Marketing, Journal of International Marketing*, and *Journal of Operations Management*
- The corporate governance chapter (Chapter 16) is visibly guided by research published in the *Journal of Finance* and *Journal of Financial Economics*
- The corporate social responsibility chapter (Chapter 17) borrows from work that appeared in the *Journal of Business Ethics* and *Business Ethics Quarterly*

As research for the book progressed, my respect and admiration for the diversity of insights of our field grew tremendously. The end result is the unparalleled, most comprehensive set of evidence-based insights on the IB market. While citing every article is not possible, I am confident that I have left no major streams of research untouched. Feel free to check the authors found in the Name Index to verify this claim.

Finally, *Global Business* also has the most comprehensive set of cases contributed by scholars from around the world—an innovation on the IB market. Virtually all other IB textbooks have cases written by book authors. In comparison, this book has been blessed by a global community of case contributors who are based in Canada, China, Hong Kong, Singapore, and the United States. Many of them are
experts who are located in or are from the countries in which the cases take place—for example, among all IB textbooks, *Global Business* has the very first China case written by China-based case authors (see Integrative Case 5, Soybeans in China). Additionally, the Video Cases bring you the insights and expertise of noted business leaders from England, Scotland, India, France, and the United States.

**More Fun**

In case you think that this book must be very boring because it draws so heavily on current research, you are wrong. I have used a clear, engaging, conversational style to tell the “story.” Relative to rival books, my chapters are generally more lively and shorter. For example, most books use two chapters to go over topics such as trade, FDI, and foreign exchange. I cut out a lot of “fat” and use one chapter to cover each of these topics, thus enhancing the “weight-to-contribution” ratio. Some reviewers (other professors) commented that reading my chapters is like reading a good magazine. Just check out any chapter to see for yourself.

Throughout the text, I have woven a large number of interesting, non-traditional anecdotes, ranging from ancient Chinese military writings (Sun Tzu) to the Roman Empire’s import quotas, and from quotes in *Anna Karenina* to mutually assured destruction (MAD) strategy in the Cold War. Popular movies, such as *High School Musical*, *Lord of the Rings*, *The Full Monty*, and *The Hunt for Red October* are also discussed.

In addition, numerous Opening Cases, Closing Cases, and In Focus boxes spice up the book. Check out the following fun-filled features:

- The Dell theory of world peace (Chapter 2, In Focus 2.1)
- Comparative advantage and you (Chapter 5, In Focus 5.1)
- Who wants to be a trillionaire? (Chapter 7, In Focus 7.3)
- Sew What? (Chapter 9, Opening Case)
- A fox in the hen house (Chapter 12, In Focus 12.2)
- Blunders in international HRM (Chapter 14, Table 14.6) and in international marketing (Chapter 15, Table 15.2)
- List in New York? No, thanks! (Chapter 16, Opening Case)
- Have you offset your carbon emission? (Chapter 17, Closing Case)

Finally, there is one video case to support every chapter. While virtually all competing books have some videos, none has a video package that is so integrated with the learning objectives of every chapter.

**More Relevant**

So what? Chapters in most textbooks leave students (and professors) to figure out the crucial “so what?” question for themselves. In contrast, I conclude every chapter with an action-packed section titled Management Savvy. Each section has at least one table (sometimes two or three tables) that clearly summarizes the
key learning points from a practical standpoint. No other competing IB book is so savvy and so relevant.

Further, ethics is a theme that cuts through the book, with each chapter having at least one Ethical Dilemma feature and a series of Critical Discussion Questions on ethics to engage students.

Finally, many chapters offer career advice for students. For example:

• Chapter 4 develops a resource-based view of the individual—that is, about you, the student. The upshot? You want to make yourself into an “untouchable,” who adds valuable, rare, and hard-to-imitate capabilities indispensable to an organization. In other words, you want to make sure your job cannot be outsourced.

• Chapter 14 offers tips on how to strategically and proactively invest in your career now—as a student—for future international career opportunities.

Support Materials

A full set of supplements is available for students and adopting instructors, all designed to facilitate ease of learning, teaching, and testing.

• Instructor’s Manual—Written by John Bowen (Ohio State University, Newark and Columbus State Community College), this valuable, time-saving Instructor’s Manual includes comprehensive resources to streamline course preparation, including teaching suggestions, lecture notes, and answers to all chapter questions. Also included are discussion guidelines and answers for the Integrative Cases found at the end of each part. The Instructor’s Manual files can be found at www.cengage.com/international.

• Testbank—Prepared by Ann Langlois (Palm Beach Atlantic University), the Global Business Testbank in ExamView® software allows instructors to create customized texts by choosing from 25 True/False, 25 Multiple Choice, and at least 5 short answer/essay questions for each of the 17 chapters. Ranging in difficulty, all questions have been tagged to the text’s Learning Objectives and AASCB standards to ensure students are meeting the course criteria. The Test Bank files can be found at www.cengage.com/international.

• PowerPoint® Slides—Mike Giambattista (University of Washington) has created a comprehensive set of more than 250 PowerPoint® slides that will assist instructors in the presentation of the chapter material, enabling students to synthesize key global concepts. The PowerPoint files can be found at www.cengage.com/international.

• Video Cases—Perhaps one of the most exciting and compelling bonus features of this program, these 17 short and powerful video clips, produced by 50 Lessons, provide additional guidance on international business strategies. The video clips offer real-world business acumen and valuable learning experiences from an array of internationally known business leaders. The Video Cases can be found at www.cengage.com/international.

Product Support Website. We offer a Global Business product support website at www.cengage.com/international, where instructors can download files for
the Instructor’s Manual, Testbank, ExamView® software, and PowerPoint® slides. Also through this website, students will have access to their own set of PowerPoint® slides, as well as the Glossary. Found only on the Product Support Website, a set of auto-gradable, interactive quizzes—written by Yi Jiang (California State University, East Bay)—will allow students to instantly gauge their comprehension of the material. The quizzes are all tagged to the book’s Learning Objectives and AACSB standards.

**WebTutor on BlackBoard® and WebTutor on WebCT™.** Available on two different platforms, *Global Business* WebTutor enhances students’ understanding of the material by featuring the Opening Cases and Video Cases, as well as e-lectures, the Glossary, study flashcards, and a set of four engaging, interactive maps that delve more deeply into key concepts presented in the book.

**CengageNOW™ Course Management System.** Designed by instructors for instructors, CengageNOW™ mirrors the natural teaching workflow with an easy-to-use online suite of services and resources, all in one program. With this system, instructors can easily plan their courses, manage student assignments, automatically grade, teach with dynamic technology, and assess student progress with pre- and post-tests tagged to AACSB standards. For students, study tools including e-lectures, flashcards, PowerPoint® slides, and a set of four interactive maps enhance comprehension of the material, while diagnostic tools create a personalized study plan for each student that focuses their study efforts. CengageNOW™ operates seamlessly with WebCT™, Blackboard®, and other course management tools.

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MWP
Mike W. Peng is the Provost’s Distinguished Professor of Global Business Strategy at the University of Texas at Dallas. At UT Dallas, he founded the Center for Global Business, where he serves as the Executive Director. He holds a bachelor’s degree from Winona State University, Minnesota and a PhD degree from the University of Washington, Seattle, where he was advised by Professor Charles Hill. Prior to joining UTD, Professor Peng had been on the faculty at the Ohio State University, Chinese University of Hong Kong, and University of Hawaii. In addition, he has held visiting or courtesy appointments in Australia (University of Sydney and Queensland University of Technology), Britain (University of Nottingham), China (Xi’an Jiaotong University, Sun Yat-sen University, and Cheung Kong Graduate School of Business), Denmark (Copenhagen Business School), Hong Kong (Chinese University of Hong Kong and Hong Kong Polytechnic University), Vietnam (Foreign Trade University), and the United States (University of Memphis, University of Michigan, and Seattle Pacific University).

Professor Peng is widely regarded as one of the most prolific and most influential scholars in global business—both the United Nations and the World Bank have cited his work in major publications. Truly global in scope, his research focuses on firm strategies in regions such as Asia, Central and Eastern Europe, and North America, covering countries such as China, Hong Kong, Japan, Russia, South Korea, Thailand, and the United States. He has published approximately 50 articles in leading academic journals and previously authored three books. The first two are Behind the Success and Failure of US Export Intermediaries (Quorum, 1998) and Business Strategies in Transition Economies (Sage, 2000). His third book is Global Strategy (Thomson South-Western, 2006), which has become the world’s bestselling global strategy book and has been translated into Chinese (Posts and Telecom Press, 2007). Global Business builds on and leverages the success of Global Strategy.

Professor Peng is active in leadership positions in his field. At the Academy of International Business, he was a Co-Program Chair for the Research Frontiers Conference in San Diego (2006) and is currently guest editing a Journal of International Business Studies special issue on “Asia and global business.” At the Strategic Management Society, he was the first elected Program Chair of the Global Strategy Interest Group (2005-07). At the Academy of Management, he was in charge of the Junior Faculty Consortium for the International Management Division at the Atlanta meetings (2006). Professor Peng has served on the editorial boards of the Academy of Management Journal, Academy of Management Review, Journal of International Business Studies, Journal of World Business, and Strategic Management Journal. He has also guest edited the Journal of Management Studies. At present, he is Editor-in-Chief of the Asia Pacific Journal of Management.

On a worldwide basis, Professor Peng has taught students at all levels—undergraduate, MBA, PhD, EMBA, executive, and faculty training programs. Some of his former PhD students are now professors at California State University, Chinese University of Hong Kong, Georgia State University, Hong Kong University of Science and Technology, Lehigh University, Northeastern University, Southern
Methodist University, St. John’s University, University of Colorado at Boulder, and University of Texas at Dallas.

Professor Peng is also an active faculty trainer and consultant. He has provided on-the-job training to over 200 professors around the world. Every year since 1999, he has conducted faculty training workshops on how to teach international business at the University of Memphis with faculty participants from around the country. He has consulted for organizations such as BankOne, Berlitz International, Chinese Chamber of Commerce, Greater Dallas Asian American Chamber of Commerce, Hong Kong Research Grants Council, Manufacturers Alliance/MAPI, National Science Foundation, Nationwide Insurance, Ohio Polymer Association, SAFRAN, US-China Business Council, and The World Bank. His practitioner oriented research has been published in the Harvard Business Review, Academy of Management Executive, and China Business Review.

Professor Peng has received numerous awards and recognitions. He has been recognized as a Foreign Expert by the Chinese government. One of his Academy of Management Review papers has been found to be a “new hot paper” (based on citations) representing the entire field of Economics and Business by the Institute for Scientific Information (ISI), which publishes the Social Sciences Citation Index (SSCI). One of his Babson conference papers won a Small Business Administration (SBA) Award for the best paper exploring the importance of small businesses to the US economy. Professor Peng is a recipient of the Scholarly Contribution Award from the International Association for Chinese Management Research (IACMR). He has also been quoted in Newsweek, The Exporter Magazine, Business Times (Singapore), and Voice of America.

In addition, Professor Peng’s high-impact, high-visibility research has also attracted significant external funding, totaling more than half a million dollars from sources such as the (US) National Science Foundation, Hong Kong Research Grants Council, and Chinese National Natural Science Foundation. At present, his research is funded by a five-year, prestigious National Science Foundation CAREER Grant. At $423,000, this is reportedly the largest grant the NSF has awarded to a business school faculty member.