# Subject Index

This index includes terms and topics. For names of companies, see the Companies Index. For authors cited, see the Authors Index. Page numbers with "e" refer to exhibits.

Absolute advantage principle, theory of international trade, 97-98, 100, 615 Accounting and reporting laws, as country risk. Accounting, international, management of: about, 599-606 financial statements of subsidiaries, 603 international taxation, 604-606 (See also Taxation) as task in financial management, 581 transparency in financial reporting, 600 trends toward harmonization, 600, 602, 603 Accounting practices and standards, 179 Accounting reforms, 600 Acculturation, 130, 615 Acquired advantages, 99, 109 Acquisition, as type of foreign direct investment, 429, 615. See also Mergers and acquisitions (M&A) Active hedging, 597 Active involvement stage, of internationalization process model, 110, 385, 386e Adaptability, in cross-cultural success, 149

Adaptation, in international marketing program, 519, 521–522, 522–523, 615 Adhesive bandages, market demand for, 346 Administrative procedures, 199e, 203-204,

Ad valorem tariffs, 200

Advanced economies. See also Developed economies

about, 256, 257

compared to emerging and developing economies, 256–257, 260e, 261e, 262e defined, 256, 615

payment methods and credit from exporters, 396

world map of, 258e, 259e

Advertising, 145, 535–536

Affiliates, 13,468

developing economies, and poverty, 257, 260 economic development with cell phone market, 275

global sourcing countries and firms, 494e regional economic integration blocs, African Development Bank, 402

African Union for Regional Cooperation,

Agencies for international trade, 206 Agents. See also Manufacturer's representative defined, 75,615

as distribution channel intermediaries, 75-76 professional service firms as, 468 Aggregate activities, 36

Aging populations, macroeconomic trends for, 355

Agreement on Subsidies and Countervailing Measures (ASCM), 215-216

Agreement on Trade in Large Civil Aircraft,

Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), 187, 472 Agricultural commodities, 77

Agricultural industries, resource-seeking motives and, 422

Agricultural subsidies, 205, 206, 233-234 Agricultural trade barriers, 211, 242

AĪDS, 53, 187, 257 Air freight/transport, 500-501

Airline industry, 435, 467. See also Boeing in Companies index

Airbus versus Boeing, 215–216

supply-chain management in Boeing, 497–498

Alabama, U.S., sock manufacturing in, 246 Algeria, as Maghreb Union member, 238 All-China Federation of Trade Unions, 563 Alliance of Business Women International (U.S.), 569

Allowance, in compensation of personnel, 560 Amae, Japanese indulgent dependence, 132 Ambiguity attitudes, as cross-cultural difference, 131, 149

American Jobs Creation Act (2005), 606

American option, 598

American quote, 595

Analogy method, estimating company sales potential with, 370-371

Andean Pact, 237

Antiboycott regulations, as country risk, 179 Antidumping duty, as government intervention, 200e, 206, 615

APEC (Asia Pacific Economic Cooperation), 36, 212, 237

Apocalypse Now movie, 151

Apparel industry, 246-248

Appliance industry, 277-279, 384, 505

Arab League, 239

Arab Maghreb Union, 238-239

Arab merchants, ancient, 623

Arbitrage opportunities, 596

Arbitragers, 596, 615 Arbitration, 184

Arbitrator, in labor strikes, 562

Area studies, 556, 615

Argentina:

capital flight from, 292

Compania Argentina de Seguros de Credito, 401

corruption in, 180, 271

hyperinflation in, 291

intellectual property rights in, 271

as MERSOSUR member, 236

risk as investment destination, 586 software development center, 486

Artefacts, 450

ASEAN (Association of Southeast Asian Nations), 172, 237

Asian countries, as high-context cultures, 136-137

Asian Development Bank, 402

Asian financial crisis of 1990s:

earnings reduced at Tektronix, 608

effect of global integration, 36

effect of international financial systems on, 296, 297–298

equity and bond markets, and debt ratios, 582, 586

IMF and South Korea, 302

risk in internationalization, 13

Asia Pacific Economic Cooperation (APEC), 36, 212, 237

Asociación Interamericana de Contabilidad,

Asoka, Cynthia, 82

Asset-based services, 146

Asset-seeking motives, 421e, 422–423

Association of Southeast Asian Nations (ASEAN), 172, 237

Asymmetric shock, 306

A. T. Kearney Foreign Direct Investment Confidence Index, 360-361, 361e

A. T. Kearney Offshore Location Attractiveness Index, 361, 362e

Attitudes, in culture, 139

Australia:

as advanced economy, 256

as APEC member, 237 Austrade, 402, 409

as CER member, 238

countertrade, mandatory, 407

Austria, as European Union member, 233e Automatic teller machines (ATMs), internationalization of, 16

Automobile industry:

adaptation of marketing program, 523 Autolatina partnership in Brazil, 443–444 competing firms' role in host country, 173 consolidation of firms, 430

foreign exchange management by parts supplier, 578–580

government intervention in, 196

Hyundai's struggle for success, 117–119 management of government intervention, 214 visionary leadership at Renault-Nissan, 336-338

Back-office activities, 486 Back-to-back transaction, as countertrade, 407 Backward vertical integration, 432 Bahamas, as tax haven, 604 Bahrain, as GCC member, 238 Balance of payments, 293, 615 Balance of trade, 292–293 Bangalore, India: high country risk for KFC in, 163 industrial cluster of knowledge-intensive firms, 105 national comparative advantage of, 109

as new Silicon Valley, 28-30

Bangladesh:	as participants in international business,	as advanced economy, 256
as developing economy, 257	60–62, 68–69	as APEC member, 237
microloans for entrepreneurs in, 276 shoe exports and ethical concerns of, 207	use of e-business, 43 Boston Consulting Group, 254, 256	corporate income taxes, 604, 605e Department of Foreign Affairs and Interna
Bank for International Settlements, 290, 302,	Bottin International, business directory, 402	tional Trade, 206
597	Boycotts, 174, 179	dollar, 287, 295
Banking. See Banks and Banking	Brand, 144, 520	Export Credits Insurance Corporation
Banking centers in world, 300, 583–584, 595	Branded drug compounds, 186–187 Brand equity, 524	401 Export Development Canada, 402
Banking crisis, 303. <i>See also</i> Financial crises Bank of England, 302	Branding, in franchising, 475, 476	gray market activity to United States, 534
Bank of Japan, 302	Brazil:	535
Bankruptcy, 565, 582	Autolatina international partnership,	as NAFTA member, 234–235, 241, 242
Banks and banking. See also International	443–444 as emerging market, 257, 344	national identity of, 242 Cancer insurance, 379
Monetary Fund; World Bank ancient international system, 623	hyperinflation in, 291	CAN (Comunidad Andina de Naciones), 237
branch location selection, 311	industrialization of, 37	CAP (Common Agricultural Policy), 205
central banks, 302	as investment destination, 586	233–234
commercial, 83, 300, 302, 400 (See also indi-	location-specific advantages of, 115 as MERSOSUR member, 236	Capital, 583 Capital budgeting, 581, 591–592
vidual banks in Companies Index) currency trading services, 594–595	percent of income held by middle class,	Capital flight, 288
as facilitators in international business,	628	Capitalism, in market economy, 168
83–84	pharmaceutical industry and, 187	Capital market, global, 10–11, 582–583, 584
international banking, 10–11	Bretton Woods Conference, 32, 293, 295, 296 Bribery, 158, 177, 180, 271. <i>See also</i> Corrup-	618 Capital structure, 582
joint ventures in banking, 73 Multilateral Development Banks (MDBs),	tion	Capital structure decision, 581, 582
402, 620	British Wellcome Trust, 16	Captive sourcing, 487, 503, 615
as service multinationals, 426–427	Brokers (agents), 75	CARE, 16, 63
Banque de France, 302	Brussals Bolgium 228 229	Careers, international, 22, 82, 558 Caribbean Community (CARICOM), 236–237
Barclays Bank, 587	Brussels, Belgium, 228, 229 Buddhism, 141	Caribbean Single Market, 237
Barter, 288, 405, 407, 615 Basel Capital Accord, 302	Buffett, Warren, 54	Cartels, role in political and legal systems, 172
Basel, Switzerland, 302	Build-operate-transfer arrangements (BOT),	Case law (common law), 169–170
Base remuneration, 559–560	466, 615 Ruild own transfer vanture 72	Cash flow management: about, 588–591
Basket of currencies, 295, 296, 303	Build-own-transfer venture, 73 Bulgaria, as European Union member, 229,	net present value analysis and, 638
Beer industry, 71, 418–419, 459, 606	233e	offsetting by Tektronix, 608
Behavioral flexibility, as dimension of cul-	Bullfighting in Spain, 124–125	as task in financial management, 581
tural intelligence, 558	Bureaucracy, 192–194, 260, 271. See also Gov-	Cash in advance, 397 Cavusgil, S. Tamer, 27
Belgium:	ernment intervention in international business	CORE (COmpany Readiness to Export
diamond cutting industry, 497 as European Union member, 233e	Bureaucratic procedures, as government	developer, 350
merchandise trade and GDP, 6	intervention, 199e, 203–204	Emerging Market Potential (EMP) devel
Belize, currency pegged to U.S. dollar, 296	Burma. See Myanmar	oper, 357 Cayman Islands Stock Exchange, 586
Benefits, in compensation of personnel, 560	Burton Convention for Protection of Literary and Artistic Works, 184	Ceiling price, 529e, 530
Berlin Wall, 37	Business directories, 368, 402	CE mark, 373
Bermuda, as tax haven, 605 Berne Convention for Protection of Literary	Business executives, as market segment,	Cement industry, 196, 254, 276
and Artistic Works, 472	518	Center for Corporate Citizenship, Bostor College, 332
Besse, Chip, 301	Business format franchising, 461 Business houses, Indian family conglomer-	Central America. See also Latin America
Best Market Report, 365	ates, 272	DR-CAFTA, 20, 246
Bhutan, as investment destination, 586 Bid (buy) rate, 595	Business jargon, 146	Central banks, 291, 302, 615
Big Mac Index, 268, 613	Business plans, from prospective partners,	Centralized depository, 590, 608 Centralized organizational structure:
Bill and Melinda Gates Foundation, 16, 54,	368, 402 Business process outsourcing (BPO), 486–487,	compared to decentralized, 322–323
187, 276	492, 615	functional division, 326–327
Bill of lading, 395	Business process redesign, global sourcing	of IKEA stores, 314
Biotechnology industry, 422–423 Birth rates, in developing economies, 257	benefit, 496	product division, 326 Centrally planned economy (command econ
Blogs, 527	Business Week magazine: list of global brands, 524	omy), 167–168
Bolivia:	pharmaceutical investigation, 79	CER (Australia and New Zealand Closer Eco
as Andean Pact member, 237	Buy-back agreements, as countertrade, 407,	nomic Relations), 238
as MERSOSUR member, 236e nationalization of industry, 174	615 B (2, 401	Certificate of origin, 395
Bollywood music, 540	Buyers, 63, 401	CGT (Confédération Générale du Travail labor union, 562
Bond markets, 299–300, 588, 618	C	Chaebols, South Korean family conglomer
Bonds, 588, 615	C	ates, 117, 272
Books, piracy of intellectual property, 185 Born global firms:	Call centers, 28–30	Channel intermediaries. See Distribution
about, 68–69	Call centers, in India, 502 Call option, 598	channel intermediaries Channel length, 538
compared to internationalization process	CALPERS pension fund, 585	Channel Tunnel between France and Eng
model, 110	Cambodia, as ASEAN member, 238e	land, 72, 274, 465
defined, 14, 68, 615	Canada:	Chapter 11 bankruptcy, 565

Charitable groups, 16
Chavez, Hugo, 173
Charnely nuclear plant 165
Chernobyl nuclear plant, 465
Child labor 46, 506
Child labor, 46, 506
Child-rearing, in Japan, 132
Chile:
as APEC member, 237
as MERSOSUR member, 236e
China:
adaptation of marketing program, 522
as APEC member, 212, 237
clothing exports from, 246
collective bargaining and labor unions
563
country risk in, 175–176, 185
Intel's proprietary technology and, 435
Internet regulations, 161, 163, 177
culture in, 140
currency pegged, 296
as destination for foreign direct investment
427, 436, 586
economic development effect on environ
ment, 47
as emerging market, 257, 261, 264, 344, 361
expatriates in, 571
exports of IT equipment, 387
factor conditions of knowledge workers
105
fixed exchange-rate policy, 284–285
franchising restaurants, 470, 475–477
government intervention
on employment, 198
history of, 212
subsidized firms in, 205
tariffs on imports, 201
tarins on imports, 201
voluntary import quotas with EII 202
voluntary import quotas with EU, 202
government-owned focal firms, 67
government-owned focal firms, 67 intellectual property violations, 185, 271
government-owned focal firms, 67 intellectual property violations, 185, 271 435, 452, 471
government-owned focal firms, 67 intellectual property violations, 185, 271
government-owned focal firms, 67 intellectual property violations, 185, 271 435, 452, 471 Internet retailers and international services
government-owned focal firms, 67 intellectual property violations, 185, 271 435, 452, 471 Internet retailers and international services 9 lobbying in, as management of governmen
government-owned focal firms, 67 intellectual property violations, 185, 271 435, 452, 471 Internet retailers and international services 9 lobbying in, as management of governmen intervention, 214
government-owned focal firms, 67 intellectual property violations, 185, 271 435, 452, 471 Internet retailers and international services 9 lobbying in, as management of governmen intervention, 214 market accessibility of, 37
government-owned focal firms, 67 intellectual property violations, 185, 271 435, 452, 471  Internet retailers and international services 9 lobbying in, as management of governmen intervention, 214 market accessibility of, 37 monetary and financial relationship with
government-owned focal firms, 67 intellectual property violations, 185, 271 435, 452, 471 Internet retailers and international services 9 lobbying in, as management of governmen intervention, 214 market accessibility of, 37 monetary and financial relationship with U.S., 284–286
government-owned focal firms, 67 intellectual property violations, 185, 271 435, 452, 471 Internet retailers and international services 9 lobbying in, as management of governmen intervention, 214 market accessibility of, 37 monetary and financial relationship with U.S., 284–286 as offshoring destination, 493, 508
government-owned focal firms, 67 intellectual property violations, 185, 271 435, 452, 471 Internet retailers and international services 9 lobbying in, as management of governmen intervention, 214 market accessibility of, 37 monetary and financial relationship with U.S., 284–286
government-owned focal firms, 67 intellectual property violations, 185, 271 435, 452, 471 Internet retailers and international services 9 lobbying in, as management of governmen intervention, 214 market accessibility of, 37 monetary and financial relationship with U.S., 284–286 as offshoring destination, 493, 508
government-owned focal firms, 67 intellectual property violations, 185, 271 435, 452, 471 Internet retailers and international services 9 lobbying in, as management of governmen intervention, 214 market accessibility of, 37 monetary and financial relationship with U.S., 284–286 as offshoring destination, 493, 508 potential country market, 359
government-owned focal firms, 67 intellectual property violations, 185, 271 435, 452, 471 Internet retailers and international services 9 lobbying in, as management of governmen intervention, 214 market accessibility of, 37 monetary and financial relationship with U.S., 284–286 as offshoring destination, 493, 508 potential country market, 359 risk as investment destination, 586 technological advances in, 41
government-owned focal firms, 67 intellectual property violations, 185, 271 435, 452, 471  Internet retailers and international services 9 lobbying in, as management of governmen intervention, 214 market accessibility of, 37 monetary and financial relationship with U.S., 284–286 as offshoring destination, 493, 508 potential country market, 359 risk as investment destination, 586 technological advances in, 41 Three Gorges Dam, 47,72, 274, 465
government-owned focal firms, 67 intellectual property violations, 185, 271 435, 452, 471  Internet retailers and international services 9 lobbying in, as management of governmen intervention, 214 market accessibility of, 37 monetary and financial relationship with U.S., 284–286 as offshoring destination, 493, 508 potential country market, 359 risk as investment destination, 586 technological advances in, 41 Three Gorges Dam, 47, 72, 274, 465 as totalitarian state, 164–165
government-owned focal firms, 67 intellectual property violations, 185, 271 435, 452, 471  Internet retailers and international services 9 lobbying in, as management of governmen intervention, 214 market accessibility of, 37 monetary and financial relationship with U.S., 284–286 as offshoring destination, 493, 508 potential country market, 359 risk as investment destination, 586 technological advances in, 41 Three Gorges Dam, 47, 72, 274, 465 as totalitarian state, 164–165 as WTO member, and trade barriers, 37
government-owned focal firms, 67 intellectual property violations, 185, 271 435, 452, 471  Internet retailers and international services 9 lobbying in, as management of governmen intervention, 214 market accessibility of, 37 monetary and financial relationship with U.S., 284–286 as offshoring destination, 493, 508 potential country market, 359 risk as investment destination, 586 technological advances in, 41 Three Gorges Dam, 47,72, 274, 465 as totalitarian state, 164–165 as WTO member, and trade barriers, 37 201, 211
government-owned focal firms, 67 intellectual property violations, 185, 271 435, 452, 471  Internet retailers and international services 9 lobbying in, as management of governmen intervention, 214 market accessibility of, 37 monetary and financial relationship with U.S., 284–286 as offshoring destination, 493, 508 potential country market, 359 risk as investment destination, 586 technological advances in, 41 Three Gorges Dam, 47,72, 274, 465 as totalitarian state, 164–165 as WTO member, and trade barriers, 37 201, 211 Christianity, 141
government-owned focal firms, 67 intellectual property violations, 185, 271 435, 452, 471  Internet retailers and international services 9 lobbying in, as management of governmen intervention, 214 market accessibility of, 37 monetary and financial relationship with U.S., 284–286 as offshoring destination, 493, 508 potential country market, 359 risk as investment destination, 586 technological advances in, 41 Three Gorges Dam, 47,72,274,465 as totalitarian state, 164–165 as WTO member, and trade barriers, 37 201, 211 Christianity, 141 Chung Ju Yung, 117
government-owned focal firms, 67 intellectual property violations, 185, 271 435, 452, 471  Internet retailers and international services 9 lobbying in, as management of governmen intervention, 214 market accessibility of, 37 monetary and financial relationship with U.S., 284–286 as offshoring destination, 493, 508 potential country market, 359 risk as investment destination, 586 technological advances in, 41 Three Gorges Dam, 47, 72, 274, 465 as totalitarian state, 164–165 as WTO member, and trade barriers, 37 201, 211  Christianity, 141  Chung Ju Yung, 117  Chunnel between England and France, 72
government-owned focal firms, 67 intellectual property violations, 185, 271 435, 452, 471  Internet retailers and international services 9 lobbying in, as management of governmen intervention, 214 market accessibility of, 37 monetary and financial relationship with U.S., 284–286 as offshoring destination, 493, 508 potential country market, 359 risk as investment destination, 586 technological advances in, 41 Three Gorges Dam, 47, 72, 274, 465 as totalitarian state, 164–165 as WTO member, and trade barriers, 37 201, 211  Christianity, 141  Chung Ju Yung, 117  Chunnel between England and France, 72 274, 465
government-owned focal firms, 67 intellectual property violations, 185, 271 435, 452, 471  Internet retailers and international services 9 lobbying in, as management of governmen intervention, 214 market accessibility of, 37 monetary and financial relationship with U.S., 284–286 as offshoring destination, 493, 508 potential country market, 359 risk as investment destination, 586 technological advances in, 41 Three Gorges Dam, 47, 72, 274, 465 as totalitarian state, 164–165 as WTO member, and trade barriers, 37 201, 211  Christianity, 141  Chung Ju Yung, 117  Chunnel between England and France, 72 274, 465  CIF (cost, insurance and freight) Incoterm
government-owned focal firms, 67 intellectual property violations, 185, 271 435, 452, 471  Internet retailers and international services 9 lobbying in, as management of governmen intervention, 214 market accessibility of, 37 monetary and financial relationship with U.S., 284–286 as offshoring destination, 493, 508 potential country market, 359 risk as investment destination, 586 technological advances in, 41 Three Gorges Dam, 47, 72, 274, 465 as totalitarian state, 164–165 as WTO member, and trade barriers, 37 201, 211 Christianity, 141 Chung Ju Yung, 117 Chunnel between England and France, 72 274, 465 CIF (cost, insurance and freight) Incoterm 397e
government-owned focal firms, 67 intellectual property violations, 185, 271 435, 452, 471 Internet retailers and international services 9 lobbying in, as management of governmen intervention, 214 market accessibility of, 37 monetary and financial relationship with U.S., 284–286 as offshoring destination, 493, 508 potential country market, 359 risk as investment destination, 586 technological advances in, 41 Three Gorges Dam, 47, 72, 274, 465 as totalitarian state, 164–165 as WTO member, and trade barriers, 37 201, 211 Christianity, 141 Chung Ju Yung, 117 Chunnel between England and France, 72 274, 465 CIF (cost, insurance and freight) Incoterm 397e Cigarette breaks, 602
government-owned focal firms, 67 intellectual property violations, 185, 271 435, 452, 471 Internet retailers and international services 9 lobbying in, as management of governmen intervention, 214 market accessibility of, 37 monetary and financial relationship with U.S., 284–286 as offshoring destination, 493, 508 potential country market, 359 risk as investment destination, 586 technological advances in, 41 Three Gorges Dam, 47, 72, 274, 465 as totalitarian state, 164–165 as WTO member, and trade barriers, 37 201, 211 Christianity, 141 Chung Ju Yung, 117 Chunnel between England and France, 72 274, 465 CIF (cost, insurance and freight) Incoterm 397e Cigarette breaks, 602 CIMA Certification, 601
government-owned focal firms, 67 intellectual property violations, 185, 271 435, 452, 471  Internet retailers and international services 9 lobbying in, as management of governmen intervention, 214 market accessibility of, 37 monetary and financial relationship with U.S., 284–286 as offshoring destination, 493, 508 potential country market, 359 risk as investment destination, 586 technological advances in, 41 Three Gorges Dam, 47, 72, 274, 465 as totalitarian state, 164–165 as WTO member, and trade barriers, 37 201, 211  Christianity, 141  Chung Ju Yung, 117  Chunnel between England and France, 72 274, 465  CIF (cost, insurance and freight) Incoterm 397e  Cigarette breaks, 602  CIMA Certification, 601  Civil law, 169e, 170
government-owned focal firms, 67 intellectual property violations, 185, 271 435, 452, 471 Internet retailers and international services 9 lobbying in, as management of governmen intervention, 214 market accessibility of, 37 monetary and financial relationship with U.S., 284–286 as offshoring destination, 493, 508 potential country market, 359 risk as investment destination, 586 technological advances in, 41 Three Gorges Dam, 47, 72, 274, 465 as totalitarian state, 164–165 as WTO member, and trade barriers, 37 201, 211 Christianity, 141 Chung Ju Yung, 117 Chunnel between England and France, 72 274, 465 CIF (cost, insurance and freight) Incoterm 397e Cigarette breaks, 602 CIMA Certification, 601
government-owned focal firms, 67 intellectual property violations, 185, 271 435, 452, 471  Internet retailers and international services 9 lobbying in, as management of governmen intervention, 214 market accessibility of, 37 monetary and financial relationship with U.S., 284–286 as offshoring destination, 493, 508 potential country market, 359 risk as investment destination, 586 technological advances in, 41 Three Gorges Dam, 47, 72, 274, 465 as totalitarian state, 164–165 as WTO member, and trade barriers, 37 201, 211  Christianity, 141  Chung Ju Yung, 117  Chunnel between England and France, 72 274, 465  CIF (cost, insurance and freight) Incoterm 397e  Cigarette breaks, 602  CIMA Certification, 601  Civil law, 169e, 170
government-owned focal firms, 67 intellectual property violations, 185, 271 435, 452, 471  Internet retailers and international services 9 lobbying in, as management of governmen intervention, 214 market accessibility of, 37 monetary and financial relationship with U.S., 284–286 as offshoring destination, 493, 508 potential country market, 359 risk as investment destination, 586 technological advances in, 41 Three Gorges Dam, 47, 72, 274, 465 as totalitarian state, 164–165 as WTO member, and trade barriers, 37 201, 211  Christianity, 141  Chung Ju Yung, 117  Chunnel between England and France, 72 274, 465  CIF (cost, insurance and freight) Incoterm 397e  Cigarette breaks, 602  CIMA Certification, 601  Civil law, 169e, 170  C/K/R Management Skill Builder:
government-owned focal firms, 67 intellectual property violations, 185, 271 435, 452, 471 Internet retailers and international services 9 lobbying in, as management of governmen intervention, 214 market accessibility of, 37 monetary and financial relationship with U.S., 284–286 as offshoring destination, 493, 508 potential country market, 359 risk as investment destination, 586 technological advances in, 41 Three Gorges Dam, 47, 72, 274, 465 as totalitarian state, 164–165 as WTO member, and trade barriers, 37 201, 211 Christianity, 141 Chung Ju Yung, 117 Chunnel between England and France, 72 274, 465 CIF (cost, insurance and freight) Incoterm 397e Cigarette breaks, 602 CIMA Certification, 601 Civil law, 169e, 170 C/K/R Management Skill Builder: about, 58 bank branches abroad, locations of, 311 corporate social responsibility, 59
government-owned focal firms, 67 intellectual property violations, 185, 271 435, 452, 471 Internet retailers and international services 9 lobbying in, as management of governmen intervention, 214 market accessibility of, 37 monetary and financial relationship with U.S., 284–286 as offshoring destination, 493, 508 potential country market, 359 risk as investment destination, 586 technological advances in, 41 Three Gorges Dam, 47, 72, 274, 465 as totalitarian state, 164–165 as WTO member, and trade barriers, 37 201, 211 Christianity, 141 Chung Ju Yung, 117 Chunnel between England and France, 72 274, 465 CIF (cost, insurance and freight) Incoterm 397e Cigarette breaks, 602 CIMA Certification, 601 Civil law, 169e, 170 C/K/R Management Skill Builder: about, 58 bank branches abroad, locations of, 311 corporate social responsibility, 59
government-owned focal firms, 67 intellectual property violations, 185, 271 435, 452, 471 Internet retailers and international services 9 lobbying in, as management of governmen intervention, 214 market accessibility of, 37 monetary and financial relationship with U.S., 284–286 as offshoring destination, 493, 508 potential country market, 359 risk as investment destination, 586 technological advances in, 41 Three Gorges Dam, 47, 72, 274, 465 as totalitarian state, 164–165 as WTO member, and trade barriers, 37 201, 211 Christianity, 141 Chung Ju Yung, 117 Chunnel between England and France, 72 274, 465 CIF (cost, insurance and freight) Incoterm 397e Cigarette breaks, 602 CIMA Certification, 601 Civil law, 169e, 170 C/K/R Management Skill Builder: about, 58 bank branches abroad, locations of, 311
government-owned focal firms, 67 intellectual property violations, 185, 271 435, 452, 471 Internet retailers and international services 9 lobbying in, as management of governmen intervention, 214 market accessibility of, 37 monetary and financial relationship with U.S., 284–286 as offshoring destination, 493, 508 potential country market, 359 risk as investment destination, 586 technological advances in, 41 Three Gorges Dam, 47, 72, 274, 465 as totalitarian state, 164–165 as WTO member, and trade barriers, 37 201, 211 Christianity, 141 Chung Ju Yung, 117 Chunnel between England and France, 72 274, 465 CIF (cost, insurance and freight) Incoterm 397e Cigarette breaks, 602 CIMA Certification, 601 Civil law, 169e, 170 C/K/R Management Skill Builder: about, 58 bank branches abroad, locations of, 311 corporate social responsibility, 59 country risk analysis, 191 distribution channel in Japan, 545
government-owned focal firms, 67 intellectual property violations, 185, 271 435, 452, 471 Internet retailers and international services 9 lobbying in, as management of governmen intervention, 214 market accessibility of, 37 monetary and financial relationship with U.S., 284–286 as offshoring destination, 493, 508 potential country market, 359 risk as investment destination, 586 technological advances in, 41 Three Gorges Dam, 47, 72, 274, 465 as totalitarian state, 164–165 as WTO member, and trade barriers, 37 201, 211 Christianity, 141 Chung Ju Yung, 117 Chunnel between England and France, 72 274, 465 CIF (cost, insurance and freight) Incoterm 397e Cigarette breaks, 602 CIMA Certification, 601 Civil law, 169e, 170 C/K/R Management Skill Builder: about, 58 bank branches abroad, locations of, 311 corporate social responsibility, 59 country risk analysis, 191 distribution channel in Japan, 545 emerging markets, 283
government-owned focal firms, 67 intellectual property violations, 185, 271 435, 452, 471 Internet retailers and international services 9 lobbying in, as management of governmen intervention, 214 market accessibility of, 37 monetary and financial relationship with U.S., 284–286 as offshoring destination, 493, 508 potential country market, 359 risk as investment destination, 586 technological advances in, 41 Three Gorges Dam, 47, 72, 274, 465 as totalitarian state, 164–165 as WTO member, and trade barriers, 37 201, 211 Christianity, 141 Chung Ju Yung, 117 Chunnel between England and France, 72 274, 465 CIF (cost, insurance and freight) Incoterm 397e Cigarette breaks, 602 CIMA Certification, 601 Civil law, 169e, 170 C/K/R Management Skill Builder: about, 58 bank branches abroad, locations of, 311 corporate social responsibility, 59 country risk analysis, 191 distribution channel in Japan, 545 emerging markets, 283

```
foreign currency management, 613
 freight forwarders, 91
 global market opportunity assessment,
  global sourcing, smarter approach to, 513
 harmonized codes and tariffs as trade barri-
    ers. 221
 incentive plan for sales personnel, 157
 international location selection for quality
     of life, 577
 manufacturing location selection, 123, 449
 negotiating in international business, 343
 retailers in new EU member states, 253
Closer Economic Relations (CER), 238
Closing cases:
  Advanced Biomedical Devices readiness to
     export, 372-374
  Airbus, Boeing, and government interven-
     tion, 215-216
  Arcelik as emerging market firm, 277–279
  Autolatina
              international partnership,
     443-444
 Barrett Farm Foods and export business,
     409-410
 DHL global logistics services, 85-87
 European Union and euro, 305–307
 Good Hope Hospitals global sourcing,
     508-509
 Hollywood and cultural protectionism,
     151 - 152
 Hyundai's struggle for success, 117–119
MTV international marketing, 540–541
 perspectives on globalization of markets,
    53-54
 pharmaceutical industry and patents,
    186-187
 Renault-Nissan visionary leader, 336-338
 Russell Corp. dilemma of regional free
     trade, 246-248
 Sony's human resource management,
     571-573
 Subway franchising in China, 475-477
 Tektronix financial operations, 607-609
 Whirlpool's internationalization and inno-
     vation, 23-24
Coalition to Preserve Integrity of American
    Trademarks (COPIAT), 534
Cobranding, 390
Coca-Colonization of world, 50
Code law (civil law), 170
Code of ethics, 442. See also Ethics
Codetermination, 563, 615
Coffee, 47, 59
Cold War, 37, 222
Collaborative
                ventures,
                             international,
    432-449. See also Joint ventures
 about, 116, 432
 consortiums, 434
 cross-licensing agreements, 434-435
 defined, 418, 619
 equity joint ventures, 432-434 (See also
     Equity joint ventures)
 ethical behavior in, 440-442
 failures and challenges of, 437, 439
 introduced, 73
 management of, 435-438
 as mode of foreign market entry, 382
 motives for, 421-423
 project-based, nonequity ventures,
                                        74.
     433–434, 620
 regional integration management, 245
 retailers' experiences in, 438-440
 risks in, 435
```

```
selecting foreign business partners, 367
 success factors in, 437-438, 439-440
 systematic process for partnering, 435–437
 trends in, 419
Collective bargaining, 561, 563, 615
Collective mark, as type of intellectual prop-
    ertv. 454
Collectivism versus individualism, 137, 619
Cologne trade fair, 409
Colombia:
 as Andean Pact member, 237
 as MERSOSUR member, 236e
Colon Free Zone, 213
Command economy, 167–168
Commercial banks, 83, 300, 302, 400. See also
    individual banks in Companies Index
Commercial invoice, 395
Commercial law, 175
Commercial risk, 12, 615
Commission, for distribution channel inter-
    mediaries, 75-76
Commission on International Trade Law
    (UNCITRAL), 178
Commitment of resources, 330
Committed involvement stage, of interna-
    tionalization process model, 110, 385,
    386e
Commodities, 77
Common Agricultural Policy (CAP),
                                      205,
    233 - 234
Common carriers, 81
Common law, 169-170
Common market, 36, 226e, 227, 615
Communications. See also Language
 about, impact of technological advances in,
     42-43
 cross-cultural miscommunications, 128
 in low- and high-context cultures, 136-137
Communications technology, facilitating
    global teams, 527
Company-owned subsidiary. See Subsidiary,
    company-owned
Company sales potential:
 compared to industry market potential, 363
 defined, 368, 615
 determinants of, 368-369
 estimating, 349e, 368-371
Comparative advantage principle:
 defined, 98,615
 protection of national economy and, 197
 theory of international trade, 98–99, 109
Comparative advantages:
 defined, 94,615
 Hollywood movies and, 151–152
 in international trade and investment, 92,
    94, 109, 115
Compensation deals, as countertrade, 407, 615
Compensation of personnel, 552e, 559–561
Compensation policy, domestic vs. interna-
    tional, 550
Competing firms. See also Firms
 about, in political and legal systems, 173
 assessing industry-market potential, 364
 challenging, in emerging markets, 274
 as market-seeking motive, 422
Competition, global:
 global sourcing and, 504-505
 as motive for internationalization, 18
 as pressure for global integration, 318-319
Competition, local:
 estimating company sales potential with,
    368, 370
 as pressure for local responsiveness, 318
```

about, 452-454

build-operate-transfer arrangements, 466 Competitive advantage of firms: Costa Rica: about, 20 defined, 95, 615 defined, 452, 616 franchising (See also Franchising) about, 460–462 international, gaining and sustaining, 110-116 advantages and disadvantages of, in pursuit of internationalization strategies, 463–464, 475–476 management of, 469-474 Costs: role in organizational readiness to internaselection of partners, 470 tionalize, 350 top franchisors, 462–463 of labor, 563-564 Competitive advantage of nations: global sourcing (See Global sourcing) about, 102–103 intellectual property (See also Intellectual in international trade and investment, 92 property) protection of, 470–474 types of, 453–454 knowledge workers as source of, 105-106 theories of international trade, 102-108 leasing, 466–467 The Competitive Advantage of Nations (Porter), licensing (See also Licensing) about, 454–455 102, 103, 123 Competitive intelligence, 373 Competitor creation, 460, 464, 501 advantages of, 457-459 Comprehensive index, on market potential of disadvantages of, 459-460 emerging markets, 269–270, 357–360 Computer-aided design (CAD), 44, 527 know-how, 456-457 management of, 469-474 Computer software. See also Intellectual proptrademark and copyright, 456 management contracts, 466 erty; Internet development centers, 486, 492 professional service firms, 467–469 foreign exchange trade, 594 turnkey contracting, 465 (See also Turnkey country risk, 162e piracy of intellectual property, 185, 271, contractors) 435, 471 Contractual relationships, cross-border, 71, 287e supply-chain applications, 499 382, 453, 616 economic blocs Comunidad Andina de Naciones (CAN), Control, in foreign market entry strategies: high-control, 419-421, 423 237 low-control, 419–421, 485, 494 moderate-control, 419–421, 459 Conciliation, 184 Conference on Trade and Development Control of value-adding activities, in stan-(UNCTAD), 172, 360 Configuration of value-adding activity, 487, dardization of marketing program, 520 Convention on Contracts for International 356e, 357e, 358e Confirming, 400–401 Sale of Goods (CISG), 177 FDI, inward, 111e Confiscation, as government takeover of cor-Convention on Rights of the Child, 332 Convertible currency, 287 porate assets, 173 Confucianism, 141 COPIAT (Coalition to Preserve Integrity of Index, 361e Confucian philosophy, 132, 139, 140 American Trademarks), 534 Confucius, 139 Copyrights, 184, 453, 456 Conservation Coffee Alliance, 47 CORE (COmpany Readiness to Export), 350, 391 Consignment sales, 399 Consolidation: Core competencies, 438, 486 of global industries, 430 (See also Mergers Corporate assets takeover, 173–174 562e and acquisitions (M&A)) Corporate culture, 134, 314 labor costs, 564e as type of currency exposure, 593, 616 Corporate income tax, 604 Consolidator, 81 Corporate restructuring, effect of regional Consortiums, 434, 616 Construction projects, 73, 74e, 274 integration, 243 Corporate social responsibility (CSR). See also Consultants, international business, 84, 469 Ethics catering to economic development needs, Consumer-privacy laws, 177 Consumer Reports, 118 275–276 coffee, Ethiopia, and Starbucks, 59 Consumers: boycotts of firms, 174 defined, 181, 616 convergence of lifestyles, 36-37, 318 FDI and collaborative ventures, as customers on demand side of business, 440-442 as feature of FDI, 425 feedback from, 516 global sourcing and, 504-507 global trend for MNEs, 332 macroeconomic trends for, 355 167e segmentation of customers, human resource management at Nike, 516-518 Contact-based services, 146 integrity approach at Sony, 572 world economies in international marketing, 538–539 in organizational culture, 331 Contagion, 297, 616 differences, 260e Contract logistics management, 85-86 Contract manufacturing, 488-489, 616 proactive development by firms, 21 Contractors, construction, 73, 74e, 465–466 Corporation tax, 604 Contracts: Correspondent banks, 300 contract laws, 176-177, 184 Corruption. See also Bribery letter of credit, 398 corruption perceptions index, 180, 182e, licensing, 454 in emerging markets, 271 management, 466 Contractual entry strategies, 450-481 in Russia, 159-160, 161, 185, 271

Cosmopolitan values, 329

as emerging market, 261 as member of DR-CAFTA, 246 Cost-cutting, in global sourcing, 502 Cost efficiency, in global sourcing, 495 Cost reduction, in standardization of marketing program, 520 of transportation, 500 Council of the European Union, 228 Counterfeit drugs, 186-187 Counterfeiting, of intellectual property, 184–185, 271 Counterfeit products or services, result of infringement of intellectual property, Counterpurchase, as countertrade, 407, 616 Countertrade, 382, 396–397, 405–408, 616 Countervailing duties, as government intervention, 200e, 205, 616 Country Commercial Guides, 365 Country comparisons. See also Maps corporate income tax rates, 605e currency exchange rates against U.S. dollar, ASEAN members, 238e European Union members, 233e MERCOSUR members, 236e NAFTA members, 234e economic freedom of, 167e, 208e, 209e emerging market potential index, 270e, FDI, outward, 112e Foreign Direct Investment Confidence global sourcing firms, 494e high- and low-context cultures, 137e human resource management cost of living, 560e days not worked due to labor disputes, women in management, 569e workers in labor unions, 561e import tariffs, 201e inflation in, 291e intellectual property piracy, 185e in international merchandise trade, 7e in international services trade, 9e languages spoken, 145e legal systems in, 169e media characteristics, 535e multinational enterprise locations, 14e Offshore Location Attractiveness Index, 362e political freedom and economic freedom, political systems, 165e productivity levels, 104e GDP growth in advanced economies and emerging markets, 263e GDP, per-capita, in emerging markets, middle class in emerging markets, 269e national characteristics, trade conditions, 261e Country managers, in centralized or decentralized structures, 323 Country risk:

about, 160–163 analysis, 191
analysis, 191 defined, 12, 160, 616 government intervention and, 195
management of, 181, 184–185
adherence to ethical standards, 181 environmental scanning, 181
with flexibility, 315–316
intellectural property rights safeguards, 184–185
legal contract protection, 184
qualified local partners, 184 political risk as human resources concern,
550 prevalence of, 161–163
produced by legal system in home country, 177–180
accounting and reporting laws, 179
antiboycott regulations, 179 ethical values and practices, 180
extraterritoriality, 177
Foreign Corrupt Practices Act, 179 transparency in financial reporting,
179–180 produced by legal system in host country,
175–180
controls on operating forms and practices, 175–176
e-commerce regulations, 177 environmental laws, 176
foreign investment laws, 175
income repatriation laws, 176 international contracts, 176–177
marketing and distribution laws, 176
produced by political system, 173–175 boycotts, 174
embargoes and sanctions, 174
government takeover of corporate assets, 173–174
terrorism, 175
war, insurrection, and revolution, 174 as variable in EMP index, 358e
Country screening. See Screening countries Country-specific advantage, 94. See also
Comparative advantages
Coupons, as promotion, 537 Creative destruction, 507
Creative expressions of culture, 144
Credit, 396, 589 Creditworthiness of exporter and importer,
400
Crime, organized, in Russia, 159–160 Crisis. <i>See</i> Financial crises
Critical incident analysis (CIA), 149, 150, 556, 616
Cross-border acquisitions, 419. See also Foreign direct investment
Cross-border business, 4. See also Interna-
tional business Cross-cultural awareness, 556, 616
Cross-cultural awareness, 556, 616 Cross-cultural integration of firms, 128
Cross-cultural risk, 11–12, 126, 616 Cross-distribution agreement, 435
Cross-licensing, 457 Cross-licensing agreements, 434–435, 616
Cross-neerising agreements, 434–433, 616 Cross rates, 639 Cruise ship industry, 326
Cruise ship industry, 326
Cultural bias, 149, 150 Cultural environment of international busi-
ness, 124–157 concepts of culture, 129–130
contemporary issues, 146–148
cross-cultural management guidelines,

cross-cultural proficiency, importance of, 131–132
crossing cultural boundaries, 126–128
dimensions of culture, 139–144
interpretations of culture, 135–139
language as key dimension of culture,
144–146
types of culture, 134
Cultural intelligence (CQ), 128, 149,
557–558, 616
Cultural metaphors, 135, 616
Cultural protectionism, and Hollywood,
151–152
Culture. See also Cultural environment of
international business; National culture; Organizational culture
acculturation, 130
adaptation of marketing program, 521
advertising attitudes, 536
concepts of, 129–130
convergence of, 147–148
convergence of consumer lifestyles, 36–37,
318
corporate, 134
creative expressions, 144
cross-cultural risk, 11–12, 126
customs, 140
deal <i>versus</i> relationship orientation,
139–140
defined, 126, 616
differences, as pressure for local respon-
siveness, 318 differences for women managers, 601–602
as factor in foreign direct investment, 425,
437, 439
iceberg metaphor, 130
idioms, 135–136
individualism <i>versus</i> collectivism, 137
language as dimension, 12, 144–146
low- and high-context, 136–137
manners, 140
masculinity versus feminity, 138
material productions, 144
national, 134, 137–139 (See also National
culture) online retailers and, 80
orientations of, 128
power distance, 138
professional, 134
religion, 141, 142e, 143e, 151
similarity in economic blocs, 240–241
socialization, 129
space perceptions, 141
stereotypes, 135
symbols, 144, 453
time perception, 140–141
uncertainty avoidance, 138
values and attitudes, 139
Culture shock, 555, 616
reverse, 557
Currencies. See also Exchange rates for currency
rency about, 286
basket of, 295, 296, 303
convertibility of, 287–288, 297
of countries, 287e
Canada, 287, 295
Chinese yuan, 246, 284–285
euro, 227, 228, 290, 305–307
French franc, 288, 289e
Honduras lempira, 247
Indian rupee, 289e
Indian rupee, 2000
Japanese yen, 288, 289e, 572, 596 Mexican peso, 289e, 586, 596

Taiwan dollar, 593 U.S. dollar, 267, 286, 287e, 289, 295, 296, in cross-border trade and investment, 594 in exchange rate table, 639 fluctuation of, 286-287, 288-290 (See also Fluctuation of currency) foreign currency translation, 603 functional, 592, 603 silver coins, 10th century, 594 supply and demand for, 290 valuation in Big Mac Index, 268, 613 Currency controls, as government intervention, 204–205, 616 Currency crisis, 303 Currency exposure. See Currency risk Currency options, 598, 608, 616 Currency risk: Asian financial crisis and, 13 defined, 12, 287, 616 exchange rates and, 287, 288-289 international pricing management, 531, 532e types of, 593-594 Currency risk management: about, 592–599 of exposure through hedging, 597-598 hedging by Tektronix, 607 minimizing, 599 small firm and, 578-580 as task in financial management, 581 Currency swaps, 598, 616 Currency traders, 595-596 Current rate method, 603, 616 Customers, 63, 516–518. See also Consumers Customization, of SME exporters, 390 Customs brokers, 83, 616 Customs, checkpoints, 195, 213–214, 616 Customs house brokers (customs brokers), Customs, in culture, 140 Customs union, as type of regional integration, 226, 616 Cyprus, as European Union member, 233e Czech Republic: as emerging market, 261 as European Union member, 229, 233e, 306 industrialization of, 37 as location for foreign direct investment, national comparative advantage of, 109 as offshoring destination, 508

## D

Data sources to estimate industry-market potential, 365 Date drafts, 399 Deal-oriented cultures, 139–140 Dean, James, 536 Death of distance, 33, 34e, 147 Debt financing, 582, 587–588, 616 Debt ratio, 582 Debt service payments, 582 Decentralized organizational structure: compared to centralized, 322-323 geographic area division, 325-326 Decision making, of SME exporters, quick response, 390 Default on payment, in exporting, 405 Defensive barriers: of economic blocs against political influences, 240 of government intervention, 196, 197–198

Deflation, in European Union, 306 Dell, Michael, 66 Demand conditions, in diamond model, 105 Democracy, 19, 165–166 Democratic socialism, government intervention in, 215 Denmark: e-readiness of, 80 as European Union member, 233e government intervention in, Depository, centralized, 590, 608 Design and development, with global teams, Destinations: for foreign direct investment (FDI), 427, offshore global sourcing, 266, 489, 493, 508 Devaluation, 293, 616 Developed economies. See also Advanced economies growth of FDI in, 7 in Offshore Location Attractiveness Index, 362, 362e role in reducing poverty, 47 Developing economies. See also Emerging markets about, 257 compared to emerging and advanced economies, 256–257, 260e, 261e, 262e defined, 256, 616 effects of government intervention, 207, emerging markets in, 18 estimating market demand, 344-346 growth of FDI in, 7 international banking and economic activmacroeconomic trends in international business, 355 neglect by pharmaceutical industry, 187 payment methods and credit from exporters, 396 role in reducing poverty, 47 world map of, 258e, 259e Development banks, 83 Diamond cutting industry, 497 Diamond model, theory of international trade, 103-106 Ε DIN, collective mark, 454 Direct exporting, 392, 393, 616 Direct investment. See Foreign direct investment Direct marketing, 538 Direct quote, 595, 616 Direct tax, 604 Dirty float, 296 Discount rate, 638 Disintermediation, 79 Distinctive drivers of demand, 363. See also Industry-specific potential indicators Distribution centers, 393 Distribution channel intermediaries: about, 75-79, 401 based in foreign market, 75-76 based in home country, 76-79 based online, 79,80 defined, 62-63, 616 foreign intermediaries, 402-405 in gray market activity, 534 in indirect exporting, 392 international value chain of, 64 Distribution channels: as determinant of company sales potential, Economic Cooperation Organization (ECO), 368

developing in Japan, 545 export price escalation strategy, 531 as influence on international pricing, as pressure for local responsiveness, Distribution, international, 538 Distribution laws, as country risk, 176 Distribution strategy, 394 Diversity, 548, 552e, 566-570 Dividend remittances, 589 Division structures: functional, 326-327 geographic area, 325-326 international, 324 product, 326 Documentary letter of credit, 398. See also Letters of credit Documentation, for exporting, 395, 616 Doha Development Agenda, 211 Doherty, Sharon, 380-382, 403 Domestic business, compared to international business, 11–13 Domestic focus phase, of internationalization process model, 110, 385, 386e Domestic human resource management, compared to international, 549–551 Dominican Republic, as member of DR-CAFTA, 246 Dominican Republic Central American Free Trade Agreement (DR-CAFTA), Donce, Gabrielle, 409 Downstream value-chain activities, 51, 65e, Drafts, as payment method for exports, 399 DR-CAFTA (Dominican Republic Central American Free Trade Agreement), Drugs. See Pharmaceutical industry knowledge-based economy, 92-94, 106 as offshoring destination, 493 as tax haven, 605 Dumping, 205–206, 530, 616 Dun and Bradstreet, 368, 402 Dunning's eclectic paradigm, 113e, 114-115 Duty, 195. See also Tariffs East Asia. See also Asian financial crisis of evolution of government intervention, 210

miracle, 139 Eastern Europe: global sourcing countries and firms, 494e integrating into European Union, 229, 232, 277, 306 as location for foreign direct investment, as offshoring destination, 489, 508 small and medium-sized firms in, 68 e-business, as global trend, 43 Eclectic paradigm, theory of international trade, 113e, 114-115 e-commerce, 177, 178 Economic bloc. See Regional economic integration blocs Economic Community of Central African States, 239 Economic Community of West African States, 239

Economic crises. See Financial crises Economic development, 37, 275–276 Economic exposure, 593-594, 616 Economic freedom: government intervention and, 207, 208e, 209e link to democracy, 166, 167e as variable in EMP index, 358e Economic growth, influence on supply and demand of currency, 290-291 Economic integration, 36. See also Regional economic integration Economic systems, 167–168, 240 Economic union, as type of regional integration, 226e, 227, 617 Economies of scale: as motive for internationalization, 17 in new trade theory, 108 as pressure for global integration, 318 reason for regional integration, 239-240 Economist: Big Mac Index, 268, 613 exchange rate information, 597 Economy. See National economies Ecuador: as Andean Pact member, 237 capital flight from, 288 as MERSOSUR member, 236e Educational systems, 257, 507 Efficiency, 315, 317, 424 Efficiency-seeking motives, 423 Electronic Data Interchange (EDI), 499 Electronic payment systems, 80 Electronic readiness (e-readiness), 80 Electronics industry, contract manufacturing in, 488-489 El Mercado Comun del Sur (MERCOSUR): about, as leading economic bloc, 236 auto industry in Brazil and Argentina, 443 culture and language as factor in success, 240-241 job losses from, 243 role in market globalization, 36 as type of customs union, 226 El Paso Foreign Trade Zone, 505 El Salvador, as member of DR-CAFTA, 246 Embargoes, as country risk, 174 Emerging Market Potential (EMP) Indicators, 356e, 357 Emerging Market Potential Index (EMPI), 269–270 Emerging markets, 254-283. See also Developing economies about, 260–264 automobile industry growth in, 337-338 compared to advanced and developing economies, 256-257, 260e, 261e, 262e defined, 257, 617 economic development needs of, 275-276 economic interconnectedness, 18 estimating market demand, 344-346 global sourcing key players, 494 global sourcing of drug trials, 482-484 importance to international business, 265-266 as international investment destinations, macroeconomic trends in international business, 355 market potential of, 266-270, 356e, 359, 361, 362 payment methods and credit from exporters, 396 risk and challenges of, 270-272

atrotogica daina busingga 272 274
strategies doing business, 272–274 world map of, 258e, 259e
EMP (Emerging Market Potential) Indicators,
356e, 357
EMPI (Emerging Market Potential Index),
269–270 Employees. <i>See also</i> Expatriates; Human
resource management; Labor relations,
international; Talent pools, global
categories of, 549
compensation of, 559–561
cross-training of, at Nike, 567
global careers for, 558
global mindset learning, 557–558 and global sourcing, 503
performance appraisals, 558–559
repatriation preparations, 557
temporary workers, 572
training, 556–558
worker productivity, 564
workforce reduction, 564–565
Employment, government intervention to
increase, 198 English language, differences in U.S. and
British, 146e
Entrepôt economies, 6, 237
Entrepreneurship, international:
in born global firms, 69
compared to internationalization process
model, 110
microfinance to facilitate, 276
as success factor in retailing, 440 Entry modes. <i>See</i> Foreign market entry
Environment (business):
as factor in collaborative venture success,
438
risk in global sourcing, 501
scanning, as management strategy, 181,
212
212 Environment (natural):
212 Environment (natural): about, market globalization effect on, 47,
212 Environment (natural): about, market globalization effect on, 47, 53
212 Environment (natural): about, market globalization effect on, 47,
Environment (natural): about, market globalization effect on, 47, 53 corporate social responsibility of MNEs, 332 degradation of, in China, 264
Environment (natural): about, market globalization effect on, 47, 53 corporate social responsibility of MNEs, 332 degradation of, in China, 264 laws as country risk, 176
Environment (natural): about, market globalization effect on, 47, 53 corporate social responsibility of MNEs, 332 degradation of, in China, 264 laws as country risk, 176 natural resources, 256, 355
Environment (natural): about, market globalization effect on, 47, 53 corporate social responsibility of MNEs, 332 degradation of, in China, 264 laws as country risk, 176 natural resources, 256, 355 special interest groups' roles in industry,
Environment (natural): about, market globalization effect on, 47, 53 corporate social responsibility of MNEs, 332 degradation of, in China, 264 laws as country risk, 176 natural resources, 256, 355 special interest groups' roles in industry, 173
Environment (natural): about, market globalization effect on, 47, 53 corporate social responsibility of MNEs, 332 degradation of, in China, 264 laws as country risk, 176 natural resources, 256, 355 special interest groups' roles in industry, 173 Equity financing, 582, 584–586, 617
Environment (natural): about, market globalization effect on, 47, 53 corporate social responsibility of MNEs, 332 degradation of, in China, 264 laws as country risk, 176 natural resources, 256, 355 special interest groups' roles in industry, 173
Environment (natural): about, market globalization effect on, 47, 53 corporate social responsibility of MNEs, 332 degradation of, in China, 264 laws as country risk, 176 natural resources, 256, 355 special interest groups' roles in industry, 173 Equity financing, 582, 584–586, 617 Equity joint ventures. See also Collaborative ventures, international; Joint ventures about, 432–433
Environment (natural): about, market globalization effect on, 47, 53 corporate social responsibility of MNEs, 332 degradation of, in China, 264 laws as country risk, 176 natural resources, 256, 355 special interest groups' roles in industry, 173 Equity financing, 582, 584–586, 617 Equity joint ventures. See also Collaborative ventures, international; Joint ventures about, 432–433 advantages and disadvantages, 434e
Environment (natural): about, market globalization effect on, 47, 53 corporate social responsibility of MNEs, 332 degradation of, in China, 264 laws as country risk, 176 natural resources, 256, 355 special interest groups' roles in industry, 173 Equity financing, 582, 584–586, 617 Equity joint ventures. See also Collaborative ventures, international; Joint ventures about, 432–433 advantages and disadvantages, 434e compared to project-based, nonequity ven-
Environment (natural): about, market globalization effect on, 47, 53 corporate social responsibility of MNEs, 332 degradation of, in China, 264 laws as country risk, 176 natural resources, 256, 355 special interest groups' roles in industry, 173 Equity financing, 582, 584–586, 617 Equity joint ventures. See also Collaborative ventures, international; Joint ventures about, 432–433 advantages and disadvantages, 434e compared to project-based, nonequity venture, 433–434
Environment (natural): about, market globalization effect on, 47, 53 corporate social responsibility of MNEs, 332 degradation of, in China, 264 laws as country risk, 176 natural resources, 256, 355 special interest groups' roles in industry, 173 Equity financing, 582, 584–586, 617 Equity joint ventures. See also Collaborative ventures, international; Joint ventures about, 432–433 advantages and disadvantages, 434e compared to project-based, nonequity venture, 433–434 defined, 430–431, 617
Environment (natural): about, market globalization effect on, 47, 53 corporate social responsibility of MNEs, 332 degradation of, in China, 264 laws as country risk, 176 natural resources, 256, 355 special interest groups' roles in industry, 173 Equity financing, 582, 584–586, 617 Equity joint ventures. See also Collaborative ventures, international; Joint ventures about, 432–433 advantages and disadvantages, 434e compared to project-based, nonequity venture, 433–434
Environment (natural): about, market globalization effect on, 47, 53 corporate social responsibility of MNEs, 332 degradation of, in China, 264 laws as country risk, 176 natural resources, 256, 355 special interest groups' roles in industry, 173 Equity financing, 582, 584–586, 617 Equity joint ventures. See also Collaborative ventures, international; Joint ventures about, 432–433 advantages and disadvantages, 434e compared to project-based, nonequity venture, 433–434 defined, 430–431, 617 as international collaborative venture, 116, 382 use of term, 632
Environment (natural): about, market globalization effect on, 47, 53 corporate social responsibility of MNEs, 332 degradation of, in China, 264 laws as country risk, 176 natural resources, 256, 355 special interest groups' roles in industry, 173 Equity financing, 582, 584–586, 617 Equity joint ventures. See also Collaborative ventures, international; Joint ventures about, 432–433 advantages and disadvantages, 434e compared to project-based, nonequity venture, 433–434 defined, 430–431, 617 as international collaborative venture, 116, 382 use of term, 632 Equity market, global, 584, 618
Environment (natural): about, market globalization effect on, 47, 53 corporate social responsibility of MNEs, 332 degradation of, in China, 264 laws as country risk, 176 natural resources, 256, 355 special interest groups' roles in industry, 173 Equity financing, 582, 584–586, 617 Equity joint ventures. See also Collaborative ventures, international; Joint ventures about, 432–433 advantages and disadvantages, 434e compared to project-based, nonequity venture, 433–434 defined, 430–431, 617 as international collaborative venture, 116, 382 use of term, 632 Equity market, global, 584, 618 Equity participation, 430, 617
Environment (natural): about, market globalization effect on, 47, 53 corporate social responsibility of MNEs, 332 degradation of, in China, 264 laws as country risk, 176 natural resources, 256, 355 special interest groups' roles in industry, 173 Equity financing, 582, 584–586, 617 Equity joint ventures. See also Collaborative ventures, international; Joint ventures about, 432–433 advantages and disadvantages, 434e compared to project-based, nonequity venture, 433–434 defined, 430–431, 617 as international collaborative venture, 116, 382 use of term, 632 Equity market, global, 584, 618 Equity participation, 430, 617 Equity venture, use of term, 632
Environment (natural): about, market globalization effect on, 47, 53 corporate social responsibility of MNEs, 332 degradation of, in China, 264 laws as country risk, 176 natural resources, 256, 355 special interest groups' roles in industry, 173 Equity financing, 582, 584–586, 617 Equity joint ventures. See also Collaborative ventures, international; Joint ventures about, 432–433 advantages and disadvantages, 434e compared to project-based, nonequity venture, 433–434 defined, 430–431, 617 as international collaborative venture, 116, 382 use of term, 632 Equity market, global, 584, 618 Equity participation, 430, 617 Equity venture, use of term, 632 Estonia:
Environment (natural): about, market globalization effect on, 47, 53 corporate social responsibility of MNEs, 332 degradation of, in China, 264 laws as country risk, 176 natural resources, 256, 355 special interest groups' roles in industry, 173 Equity financing, 582, 584–586, 617 Equity joint ventures. See also Collaborative ventures, international; Joint ventures about, 432–433 advantages and disadvantages, 434e compared to project-based, nonequity venture, 433–434 defined, 430–431, 617 as international collaborative venture, 116, 382 use of term, 632 Equity market, global, 584, 618 Equity participation, 430, 617 Equity venture, use of term, 632 Estonia: as emerging market, 261
Environment (natural): about, market globalization effect on, 47, 53 corporate social responsibility of MNEs, 332 degradation of, in China, 264 laws as country risk, 176 natural resources, 256, 355 special interest groups' roles in industry, 173 Equity financing, 582, 584–586, 617 Equity joint ventures. See also Collaborative ventures, international; Joint ventures about, 432–433 advantages and disadvantages, 434e compared to project-based, nonequity venture, 433–434 defined, 430–431, 617 as international collaborative venture, 116, 382 use of term, 632 Equity market, global, 584, 618 Equity participation, 430, 617 Equity venture, use of term, 632 Estonia: as emerging market, 261 as European Union member, 233e
Environment (natural): about, market globalization effect on, 47, 53 corporate social responsibility of MNEs, 332 degradation of, in China, 264 laws as country risk, 176 natural resources, 256, 355 special interest groups' roles in industry, 173 Equity financing, 582, 584–586, 617 Equity joint ventures. See also Collaborative ventures, international; Joint ventures about, 432–433 advantages and disadvantages, 434e compared to project-based, nonequity venture, 433–434 defined, 430–431, 617 as international collaborative venture, 116, 382 use of term, 632 Equity market, global, 584, 618 Equity participation, 430, 617 Equity venture, use of term, 632 Estonia: as emerging market, 261
Environment (natural): about, market globalization effect on, 47, 53 corporate social responsibility of MNEs, 332 degradation of, in China, 264 laws as country risk, 176 natural resources, 256, 355 special interest groups' roles in industry, 173 Equity financing, 582, 584–586, 617 Equity joint ventures. See also Collaborative ventures, international; Joint ventures about, 432–433 advantages and disadvantages, 434e compared to project-based, nonequity venture, 433–434 defined, 430–431, 617 as international collaborative venture, 116, 382 use of term, 632 Equity market, global, 584, 618 Equity participation, 430, 617 Equity venture, use of term, 632 Estonia: as emerging market, 261 as European Union member, 233e Estrada, Javier, 366 Ethics. See also Corporate social responsibility (CSR)
Environment (natural): about, market globalization effect on, 47, 53 corporate social responsibility of MNEs, 332 degradation of, in China, 264 laws as country risk, 176 natural resources, 256, 355 special interest groups' roles in industry, 173 Equity financing, 582, 584–586, 617 Equity financing, 582, 584–586, 617 Equity joint ventures. See also Collaborative ventures, international; Joint ventures about, 432–433 advantages and disadvantages, 434e compared to project-based, nonequity venture, 433–434 defined, 430–431, 617 as international collaborative venture, 116, 382 use of term, 632 Equity market, global, 584, 618 Equity participation, 430, 617 Equity venture, use of term, 632 Estonia: as emerging market, 261 as European Union member, 233e Estrada, Javier, 366 Ethics. See also Corporate social responsibility (CSR) about, and country risk, 180, 181
Environment (natural): about, market globalization effect on, 47, 53 corporate social responsibility of MNEs, 332 degradation of, in China, 264 laws as country risk, 176 natural resources, 256, 355 special interest groups' roles in industry, 173 Equity financing, 582, 584–586, 617 Equity financing, 582, 584–586, 617 Equity joint ventures. See also Collaborative ventures, international; Joint ventures about, 432–433 advantages and disadvantages, 434e compared to project-based, nonequity venture, 433–434 defined, 430–431, 617 as international collaborative venture, 116, 382 use of term, 632 Equity market, global, 584, 618 Equity participation, 430, 617 Equity venture, use of term, 632 Estonia: as emerging market, 261 as European Union member, 233e Estrada, Javier, 366 Ethics. See also Corporate social responsibility (CSR) about, and country risk, 180, 181 corporate social responsibility in FDI and
Environment (natural): about, market globalization effect on, 47, 53 corporate social responsibility of MNEs, 332 degradation of, in China, 264 laws as country risk, 176 natural resources, 256, 355 special interest groups' roles in industry, 173 Equity financing, 582, 584–586, 617 Equity financing, 582, 584–586, 617 Equity joint ventures. See also Collaborative ventures, international; Joint ventures about, 432–433 advantages and disadvantages, 434e compared to project-based, nonequity venture, 433–434 defined, 430–431, 617 as international collaborative venture, 116, 382 use of term, 632 Equity market, global, 584, 618 Equity participation, 430, 617 Equity venture, use of term, 632 Estonia: as emerging market, 261 as European Union member, 233e Estrada, Javier, 366 Ethics. See also Corporate social responsibility (CSR) about, and country risk, 180, 181

human resources Credo at Johnson & Johnson, 546 of international marketing, 538-539 pharmaceutical drug trials in emerging markets, 483-484 of regional integration, 241-243 Ethiopia, corporate social responsibility and coffee, 59 500 Ethnic Midwives, 16 Ethnocentric orientation, 128, 149, 557, 617 Euro, 227, 228, 287, 290, 305-307 Eurobonds, 588, 617 Eurocurrency, 587, 617 Eurocurrency market, 587 Eurodollars, 587, 617 Europe. See also Eastern Europe financial markets in, 583-584 offshored business, 493, 494e European Bank for Reconstruction and Development, 402 European Central Bank (ECB), 225, 228, 305, 306, 307, 597 European Commission, 228 European Constitution, 224 European/Continental terms, 595 European Court of Justice, 229 European Economic Area, 234 European Economic Community, 222, 240 European Free Trade Association (EFTA), European Monetary Union (EMU), 227, 242, 305 European option, 598 European Parliament, 229 European Union (EU): about, as leading economic bloc, 228-234 admitting Eastern European countries, 229, 232, 277, 306 in Airbus S.A.S. alliance, 215 Common Agricultural Policy (CAP), 205, 233-234 as common market, 227 cultural differences in Europe, 126 and euro, 227, 228, 287, 290, 305–307 on franchising, 464 history of, 241-224 labor unions and legislation, 563 legal action against Microsoft, 177 living standards in, 19-20 member countries, 233e role in market globalization, 36 role in political and legal systems, 172 standardization of marketing program in, 520 sugar exports, 206 supply-chain management in, 498 tariffs on imports, 201 voluntary import quotas with China, 202 Exchange rate forecasting, 596–597 Exchange rates for currency. See also Currencies about, 286-287 convertible and nonconvertible currencies, 287-288 defined, 286, 617 determination of, 290-296 dual official, as government intervention, fluctuations of, 286-287, 288-290 (See also Fluctuation of currency) foreign currency translation, 603 foreign exchange markets, 288 published tables of, 638-639 Exchange rate system:

current system, 295-296 development of modern system, 293, 295-296 fixed, 295-296 floating, 295 Exclusive agreements, 455 Ex-dec (export declaration), 395 Ex-Im Bank (Export Import Bank), 83, 401, Expatriate failure, 555, 617 Expatriates: characteristics of successful, 554 defined, 549, 617 560, 577 relocating abroad, repatriation of, 557 women as, 568-570 Experimental involvement stage, of internationalization process model, 110, 385, Export controls, for national security, 197, 617 Export declaration, 395 Export department, as alternative organizational structure, 324, 617 Exporters: foreign distributors and, 75 international distribution, 538 Export Import Bank (Ex-Im Bank), 83, 401, 587 Exporting, 380–415 advantages of, 389-390 compared to foreign direct investment, 387 CORE (COmpany Readiness to Export), 350, 391 countertrade (See Countertrade) defined, 5, 382, 617 disadvantages of, 390-391 documentation, 395 financing cost and sources, 400-402 foreign intermediaries, working with, 402-405 foreign market entry strategy, 382–383, 385-394 harmonized product codes and, 200, 213-214, 221 identifying attractive markets, 415 importing (See Importing) internationalization of firms, 383-385 managing export-import transactions, 394–396 mercantilism view of, 96 payment methods, 396-399 service industry exports, 388-389 shipping and incoterms, 396 systematic approach to, 391-394 Export-led development, in evolution of government intervention, 210 Export management companies (EMC), 78-79, 392, 617 Export stategy (home replication strategy), Export tariffs, 200 Export Trading Company Act (ETC, 1982), 78 Express services, 85–87 Expropriation, as government takeover of corporate assets, 173 Externalization, in outsourcing decision, 486 Extractive industries, 17, 422 Extraterritoriality, country risk from home country legal system, 177, 617 EXW (ex works), Incoterm, 397e

F	international competitive advantage (See	as mode of foreign market entry, 71, 382
Facilitation payments, 177	Theories of international trade and investment)	motives for, 421–423 nature of international investment, 6–7, 8e
Facilitators, 63, 64, 81–84, 394, 617	internationalization of, 108, 110, 383–385,	outward FDI, 112
Factor conditions, in diamond model, 104–105	386e	ownership, nature of, 430–431
Factor endowments theory (factor propor-	as key players in monetary and financial systems, 298	participants in, 425–426 reason for regional integration, 240, 245
tions theory), 100–101, 109	professional service, 467	restrictions, as government intervention,
Factories, 244, 246, 567–568 Factoring, 400	reasons to pursue internationalization	200e, 204 retailers' experiences in, 438–440
Factoring house, 400	strategies, 16–18 reorganizing, 334–335	screening countries to identify target mar-
Factor proportions theory, theory of interna-	role in political and legal systems, 173	kets, 353, 360–361
tional trade, 100–101, 109 Factors of production, 5	strategy, structure, and rivalry in diamond model, 103–104	service mutinationals in, 426–427 theories of internationalization trade,
in absolute advantage principle, 97	Firm-specific advantage, 95. See also Com-	111–115
in factor proportion theory, 101	petitive advantage of firms	trends, 419
as motive for Internationalization, 17 Fair Trade movement, 539	First-mover advantages, 524–525 Fixed exchange rate system, 295–296	types of, 429–432 vertical <i>versus</i> horizontal, 432
Family conglomerates, 117, 272, 273, 274,	Flexibility:	Foreign distributors, 75, 617
617	in cross-cultural success, 149	Foreign exchange, 288, 617
Farm equipment industry, 274 FDI. See Foreign direct investment (FDI)	as local responsiveness, 317 of SME exporters, 390	Foreign exchange markets, 288, 595, 617 Foreign exchange reserves, 284–285
FDI Indices (UNCTAD), 360	in sourcing products, 17	Foreign exchange trading, 594–595
FDI stock, 111–112	as strategic goal in international business,	Foreign intermediaries, 402–405. See also
the Fed, 302 Federal Reserve Bank (U.S.), 302	315–316 in transnational strategy, 321	Distribution channel intermediaries Foreign investment laws, as country risk, 175
Feminity <i>versus</i> masculinity, in culture, 138,	Flexible cost-plus pricing, 530	Foreign market entry:
620	Floar price 529a 530	about, strategies, 382–383, 418–419 control strategies, 419–421
Field research, on prospective partners, 368 Financial centers in world, 300, 583–584, 595	Floor price, 529e, 530 Fluctuation of currency:	countertrade ( <i>See</i> Countertrade)
Financial crises. <i>See also</i> Asian financial crisis	about, 286–287, 288–290	exporting as strategy, 385-394 (See also
of 1990s; Great Depression	adaptation of marketing program, 522	Exporting) service industry exports, 388–389
Tequila crisis, Mexico, 586 types of, 303	disadvantage of exporting, 391 SME management of, 578–580	systematic approach to exporting,
Financial flows, 36, 297	FOB (free on board), Incoterm, 397e	391–394
Financial management, international,	Focal firms, 13. <i>See also</i> Firms about participants in international business,	financing export-import, 400–402 focal firm strategies, 69–74
578–613 about tasks in, 580–581	66–69	foreign direct investment as mode of, 71,
capital budgeting, 591–592	contract manufacturing and, 488–489	382
capital structure decision, 582	in countertrade, 405–406 defined, 62, 617	intermediaries, working with, 402–405 management of government intervention,
currency risk management, 592–599 international accounting and tax manage-	foreign market entry strategies, 69–74,	212–213
ment, 599–606	382, 385	managing export-import transactions,
raising funds for firm, 582–588	global sourcing benefits and challenges, 494–497	394–396 payment methods, 396–399
working capital and cash flow manage- ment, 588–591	global sourcing from subsidiaries or inde-	selection of entry strategy, 481
Financial markets. See also Global markets	pendent suppliers, 487–488 Food industry, 409–410	Foreign Policy magazine, 57 Foreign trade zone (FTZ), 213, 531, 606, 617
global financial system, 296, 297–298, 618	Football, American, 124–126	Forest Stewardship Council (FSC), 332
global integration of, 40 national markets linked to global, 297	Forecasting of exchange rates, 596–597	Forfaiting, 400
Financial operations of international busi-	Foreign-based independent distributor, 402–403	Forfaiting house, 400 Fortune magazine, Global 500, 13, 66, 78
ness, 83, 607–609. See also International	Foreign bonds, 588, 617	Forward contracts, 580, 597–598, 608, 617
monetary and financial environment Financial risk, 12. See also Currency risk	Foreign business partners. See Partnering	Forward rates, 592, 595, 617
Financial statements, of subsidiaries, consoli-	Foreign Corrupt Practices Act (FCPA, 1977), 177, 179	Forward vertical integration, 432 France:
dating, 603	Foreign currency translation, 603. See also	in Airbus S.A.S. alliance, 215, 216
Financing, export-import sources, 400–402 Finland:	Currencies Foreign debt crisis, 303	country risk in, 177 as European Union member, 233e
as European Union member, 233e	Foreign Direct Investment Confidence Index,	franc currency replaced, 288, 289e
as gateway country, 354 Firms. <i>See also</i> Competing firms; Focal firms;	361	government intervention on culture, 198
Multinational enterprise (MNE); Small	Foreign direct investment (FDI), 416–449 about, 423–424	minimum wage, 564 mixed economy of, 168
and medium-sized enterprises (SMEs)	compared to exporting, 387	Franchisee:
consequences of globalization of markets,	defined, 5, 418, 617	perspectives on franchising, 463–464
35e, 51–52 effect of regional integration on, 242–243	destination location selection, 427–428 destinations for, 427, 586	role in franchising relationship, 460–461 selecting foreign business partners, 367
global dimensions of, 328–334	ethical behavior in, 440–442	Franchising:
organizational culture, 331 organizational processes, 333–334	failures in, 425	about, 460–462
visionary leadership, 329–331	greenfield investments, 429 international distribution and, 538	advantages and disadvantages, 463–464, 475–476
government intervention, response to,	inward FDI, 111, 175	compared to licensing, 461
212–214 in industrial clusters, 105	key features of, 424–425 mergers and acquisitions, 429	defined, 367, 452, 617 in foreign market entry, 71–72, 382
	0	

Global scale efficiency, 424

management of, 469-474 flight of jobs from, 45 labor unions roles, 563 retailers in foreign markets, 438 merchandise trade and GDP, 6 Franchisor: defined, in foreign market entry, 70, 71, Ministry of Foreign Affairs and Sodexho, 67 online retailers in, 80 72e, 617 perspectives on franchising, 463-464 tax and investment incentives in East Gerrole in franchising relationship, 460–461 man states, 206 Ghosn, Carlos, 330, 336-338 top franchising firms, 72e, 462–463 Frankfurt, Germany, as banking and financial Gift-giving, cultural differences, 140, 537 center, 300, 583, 595 Global account management (GAM), 150, Freedom, 19. See also Economic freedom Global advertising agencies, 536, 537e Free markets, as driver of market globaliza-Global bond market, 299–300, 588, 618 Global branding, 523–525 tion, 37 Free ports, 213. See also Foreign trade zone (FTZ) Global brand, in standardization of marketing program, 520, 618 Free trade: compared to mercantilism, 97 Global capital market, 10–11, 582–583, 584, 618 defined, 97,617 Global citizens, 20 Global economy, a day in, 2–3 globalEDGE<sup>TM</sup>, 27, 352, 356, 357, 368 effects of regional integration on, 241-242 government intervention and, 194 Global equity market, 584, 618 lobbying for, as response to government Global financial system, 296, 297–298, 618 intervention, 214 perspectives on globalization of markets, Global industries, strategy in, 316, 618 Global information systems, 334 Global integration, 317, 318-319, 519, 618 regional dilemma for Russell Corp., 246-248 Free trade agreement, 225, 617 Globalization, effect on culture, 147–148 Free trade area, 225-226, 617 Globalization Index, 57 Free Trade Area of the Americas (FTAA), Globalization of markets, 28-59. See also Internationalization of the firm 236, 246, 247 Free trade zones, 213. See also Foreign trade defined, 4, 30, 618 dimensions of, 35–37, 57 drivers of, 37–40 zone (FTZ) Freight forwarders, 63, 81, 91, 395, 617 firm-level consequences of, 51-52 Fronting loan, 590, 617 organizing framework for, 34-35 Front-office activities, 486 Functional currency, 592, 603 perspectives on, 53-54 phases of, 31-33, 34e Functional division, as centralized structure, 326-327, 617 societal consequences of, 44–51 technological advances as drivers of, 40-44 Fundamental analysis, in forecasting, 597 Fundraising for the firm, 581, 582–588 Globalizing mechanisms, 333 Furniture industry, 312–314 Global labor/trade unions, 565 Futures contracts, 598, 608, 617 Global marketing strategy, 516-518, 618 Global market opportunity, 346, 618 Global market opportunity assessment (GMOA), 344–379 G G8, 290 about, 346-347 Gap between rich and poor, globalization analyze organizational readiness, 350-351 effect on, 54 Gates, Bill, 54 assess industry market potential, 362-365 Bill and Melinda Gates Foundation, 16. assess product or service suitability, 187, 276 351-353 Gateway countries (regional hubs), 354 for cancer insurance, 379 GDP. See Gross domestic product (GDP) estimate company sales potential, 368–371 General Agreement on Tariffs and Trade screening countries, 353–362 (GATT), 18 select foreign business partners, 365, in evolution of government intervention, 210 367-368 in systematic approach to exporting, 391 tasks in, 347, 348e, 349e primary goal of, 201 on regional trade agreements, 225 rules on intellectual property, 212 Global markets. See also Financial markets in third phase of globalization, 32-33 bond, 299-300, 588, 618 Generic drug brands, 186 capital, 10-11, 582-583, 584, 618 Genetically modified (GM) food, 203 equity, 584, 618 Geocentric orientation, 128, 149, 557, 618 money, 582, 618 Geographic area division, as alternative orga-Global market segment, 517–518, 618 nizational structure, 325-326, 618 Global matrix structure, as alternative organi-Geographic proximity in economic blocs, zational structure, 327-328, 618 Global mindset, 329, 557-558, 618 German Institute for Standardization, 454 Global money market, 582, 618 Global positioning strategy, 518 Germany: in Airbus S.A.S. alliance, 215, 216 Global procurement, 382, 394, 484. See also Global sourcing; Importing bribery as country risk, 180 Global product development, 525-526 culture in, 124–125 environmental laws as country risk, Global project teams, 150

160-161, 176

as European Union member, 229, 233e

Global purchasing, 382, 394, 484. See also

Global sourcing; Importing

Global Services Location Index (A. T. Kearney), 494 Global sourcing, 482–513. See also Importing about importing, 394 benefits and challenges for firms, 494-497 contract manufacturing and independent suppliers, 488-489 corporate citizenship, 504-506 cost efficiency, 495 countries involved in, 492-494 defined, 5, 266, 382, 484, 618 emerging markets for, 266 ethical and social implications of, 506 evolution of, 491–494 implementation through supply-chain management, 497–501 limits to, 490 logistics and transportation, 500-501 national economy benefits, 506-507 offshoring, 52, 489-490 outsourcing decision, 486, 513 public policy toward, 507 risk management, 502-504 risks in, 501–502 screening countries to identify target markets, 361-362 strategic goals, 495-497 strategic implications of, 490-491 subsidiaries versus independent suppliers, 487–488 trends, 484-486 value-adding activities location decision, 487 Global strategic vision, 330 Global strategy, 320, 618 Global strategy and organization, 312–343 building global firms, 328-334 integration-responsiveness framework, 317–319 integration-responsiveness framework strategies, 319-322 organizational alternatives, 323-328 organizational structure, 322-323 strategy in international context, 315-316 Global supply chain, 497, 618. See also Supply chain Global talent pools. See Talent pools, global Global teams, 333–334, 526, 527, 558, 618 Global trends: China as emerging market, 264 consolidation in global industries, 430 corporate citizenship in human resource management, 567-568 corporate social responsibility, 332 cross-cultural bias and critical incident analysis, 150 designing global products with global teams, 527 Diesel jeans in international markets, 15 e-commerce and the legal environment, 178 emergence of SME exporters, 390 emerging markets as investment destinations, 586 European Union integrating Eastern Europe and Turkey, 229 globalization and e-business online, 43 global sourcing in China and India, 493 internationalization of management consulting firms, 469 macroeconomic trends in international business, 355 national comparative advantages, 109 online retailers, 80 U.S. trade deficit, 294 WTO and international services, 211

GMOA. See Global market opportunity Human talent, 548 assessment Hungary: Handshaking, cultural differences, 140 GNI (Gross national income), 37, 38e, 39e, as emerging market, 261 Hard currencies, 287 40,624 as European Union member, 233e Hardship allowances, for expatriates, 560 Gold, 96 leapfrogging of technology, 40 Hardware, for turnkey contractors, 72 Gold standard, 293, 295 potential country market, 359 Harmonization of standards, 228, 305, 306 Hydroelectric dam, Three Gorges Dam in Government assistance programs, as source Harmonization of world accounting systems, of export-import financing, 401 China, 47, 72, 274, 465 600, 602–603 Government intervention in international Hyperinflation, 291 Harmonized code system, 200, 213-214, 221 business, 192-221 Harmonized tariff schedules, 200, 221 about, 194-196 HCNs (host-country nationals), 549, 551, economic freedom and, 207-209 553e, 618 ethical concerns and, 207 Iceberg metaphor on culture, 130 Health care industry, 492, 508-509 evolution of, 210, 212 Iceland, as EFTA member, 234 Health insurance industry, 379 export restrictions, 395 Idioms, 135-136, 618 Hedgers, 595, 618 helping SMEs become exporters, 390 IKEA Foundation, 332 Hedging, 580, 597–598, 607, 618 incentives for foreign direct investment, Immigration, in international labor, 565 Hedging instruments, 597–598 423, 428 Importers, as intermediaries based in home Herding behavior, 292, 596 as influence on international pricing, 528 country, 76-77 Heritage Foundation, 207 instruments of, 199-207 Importing. See also Global sourcing investment barriers, 195, 204-205 High-context cultures, 136-137, 618 about, as foreign market entry strategy, nontariff trade barriers, 195, 202-204 High-control foreign market entry strategies, subsidies, 205-206 419-421, 423 about global sourcing, 484 tariffs, 195, 200-201 Hinduism, 141, 162 defined, 5,618 as pressure for local responsiveness, 318 Historical rates, 603 financing cost and sources, 400-402 rationales for, 196-198 History, in Hollywood movies, 151 mercantilism view of, 96 response of firms, 212-214 Holding companies, Turkish family conglomregional integration, tariffs and, 242 Government procurement policies, 207 erates, 272 Import license, 202, 618 Governments. See also Political systems in Hollywood, 50, 151–152 Import substitution, in Latin America, 210 Home country: Import tariffs, 200, 201 about, in political and legal systems, 172 country risk arising from legal environ-Incentive plan for sales personnel, 157 action, as influence on supply and demand ment, 177-180 of currency, 292-293 Incentives for expatriates, in compensation of intermediaries based in, 76-79 personnel, 560 marketing to, in emerging markets, 273–274 Home-country nationals, 549 Income, percent held by middle class, 628 societal consequences of market globaliza-Home-country orientation, 128 Income repatriation laws, as country risk, tion, 44–45 Home replication strategy, in integrationtakeover of corporate assets, as country 176 responsiveness framework, 319, 618 Incomplete information, in performance risk, 173-174 Honduras, apparel industry in, and free Government support programs, manageappraisals, 559 trade, 246-248 ment of government intervention, 214 Incoterms (International Commerce Terms), Hong Kong: Gradual elimination, of potential country exporter's goods, 396, 397e, 618 as emerging market, 261 markets, 356–357 Graduates in international business: Increasing returns to scale, in new trade theas financial center, 583 ory, 108 as gateway country, 354 Asoka, Cynthia, 82 Incremental pricing, 530 merchandise trade and GDP, 6 Besse, Chip, 301 Independent distributor, foreign-based, potential country market, 359 Estrada, Javier, 366 Keeley, Maria, 601–602 402–403, 528, 534 as transit point for products, 352 Indexes. See also Reports Hong Kong Airport, 72 Knippen, Jennifer, 468 Market Potential Emerging Horizontal collaboration, 116 Index. Lumb, Ashley, 22 Yu, Lawrence Zhibo, 133 269–270, 357–360 Horizontal integration, of FDI, 432, 618 Foreign Direct Investment Confidence Hospitals, and global sourcing, 508-509 526, 533-535, 618 Gray market activity, Index, 360–361, 361e Host country: Gray marketers, 534 Offshore Location Attractiveness Index, country risk arising from legal environ-Great Depression, 32, 210, 293, 303 361, 362e Greece, as European Union member, 233e Indexing methodology, 357-359 government requirements and regulations, Greenfield investment, 429, 618 Index of Economic Freedom, 207 318 Greenpeace, 173 India. See also Bangalore, India Host-country nationals (HCNs), 549, 551, Greeting ceremonies, 126 business-process outsourcing in, 492 553e, 618 Gross domestic product (GDP): call centers, 28-30, 502 Household appliance industry, 277-279, global sourcing effect on, 507 country risk in, 162–163, 186 culture in, 127–128 384, 505 growth rate worldwide, 46-47, 48e, 49e, Households, as customers on demand side of as destination for foreign direct investment, business, 63 of Ireland, and national industrial policy, 107 Housing, for expatriates, 560 of nations, compared to corporation revas emerging market, 257, 271, 344 Human capital, 330, 548 enues, 44 Export Credit & Guarantee Corp, Ltd., 401 Human resource management, 546-577 nature of international trade, 5, 6e about, strategic role of, 548–551 family conglomerates, business houses, per-capita income for emerging markets, 267-268 compensation of personnel, 559-561 272 government intervention, 192-194, 212 defined, international, 548, 619 Gross national income (GNI), 37, 38e, 39e, industrialization of, 37 diversity in workforce, 566-570 40,624 domestic compared to international, intellectual property rights in, 186, 271 Growth share matrix, 469 549-551 Grupos, Latin American family conglomer-Internet retailers and international services, employee categories, 549 ates, 272 MTV in, 540-541 Guanxi, Chinese connections, 140 labor relations, international, 561–566 Guatemala, as member of DR-CAFTA, 246 staffing policy, international, 551–555 as offshoring destination, 489, 493, training of personnel, 556-558 508-509 Gulf Cooperation Council (GCC), 238

outsourcing IT services, 28-30, 361, 492, patent laws in, 186, 271 tariffs on imports, 201 technological advances in, 41 turnkey contracting in Delhi, 465 Indiana Toll Road, 504 Indian Ocean tsunami disaster, 180 Indian Patent Act, 186 Indirect exporting, 392, 393, 619 Indirect quote, 595, 619 Indirect tax, 604 Individual freedom, in democracy, 166 Individualism versus collectivism, 137, 619 Indonesia: as ASEAN member, 238e corruption in, 271 countertrade in, 406, 407 intellectual property rights in, 271 labor unrest at Sony plant, 572 Industrial cluster, 105-106, 619 Industrial design, as type of intellectual property, 454 Industrialization, as driver of market globalization, 37 Industrial property, safeguarding intellectual property rights, 184-185 Industries. See specific names of industries Industry market potential, 349e, 362-365, 619. See also Market potential Industry Sector Analysis Reports, 365 Industry-specific potential indicators, 363, Infant industry protection, 197 Inflation: adaptation of marketing program, 522 compared to interest rates, 291, 292 in European Union, 306 influence on supply and demand of currency, 291-292 Informal economy, 268 Information and communications technology (ICT), in supply-chain management, Information systems, global, 334 Information technology: about, impact of technological advances in, 42, 43 Arcelik's use of, in international expansion, 278 franchising and, 463 outsourcing services in India, 28-30 Infrastructures: adaptation of marketing program, 522 development in emerging markets, 93-94, 269, 276 in Emerging Market Potential (EMP) Indicators, 357e, 358e material productions of culture, 144 World Bank support of, 304 Infringement of intellectual property, 471, 619. See also Intellectual property rights In-house forecasting, 597 Initial triggers, for firm internationalization, 384 Innovation: as basis of competitive advantage, 103 global sourcing and public policy, 507 protecting intellectual property with, 473-474 at Renault-Nissan, 336 technological advances in, 41

of Whirlpool, 23-24

An Inquiry into the Nature and Causes of the Wealth of Nations (Smith), 97 Institutional investors, 300, 585 Insurance certificate, 395 Insurance companies, 84 Insurance for cancer and global market opportunity assessment, 379 Insurrection, as country risk, 174 Intangible assets, 548 Integrated Management of Childhood Illnesses, 16 Integration-responsiveness (IR) framework, 317–322 Integrity approach, at Sony, 572 Intellectual property: defined, 161, 452, 619 managerial guidelines for protecting, 470-474 piracy of, 184-185, 271, 471 protection in China and India, 493 pyramid of protection, 473e types of, 453–454 Intellectual property rights (IPRs): about, and management of country risk with safeguards, 184-185 defined, 454, 619 as risk in emerging markets, 271 weak protection of, in foreign countries, 185, 186, 271, 435, 452, 471 Inter-American Development Bank, 402 Interbank market, 595 Intercompany financing, as source of exportimport financing, 401 Interest rates, 291–292, 306 Intermediaries. See Distribution channel intermediaries; Foreign intermediaries Internalization advantages, 115 Internalization, in outsourcing decision, 486 Internalization theory, theory of international trade, 113-114, 619 International Accounting Standards Board (IASB), 600, 602, 603 International Bank for Reconstruction and Development, 304. See also World Bank International banking, 10-11. See also Banking; Banks International business, 2-27 about, 4 compared to domestic business, 11-13 concepts in, 5-10 defined, 4, 619, 623 participants in, 13-16 (See also Participants in international business) reasons firms pursue internationalization strategies, 16-18 reasons to study it, 18-22 International business consultants, 84 International Chamber of Commerce, 180, 184, 396 International collaborative ventures. See Collaborative ventures, international International competition, 18. See also Competition, global International Convention for Protection of Industrial Property Rights, 184 International Development Association, World Bank subagency, 304 International division structure, as alternative organizational structure, 324-325, International Finance Corporation, World

Bank subagency, 304

International financial management, 580. See also Financial management, international International Financial Reporting Standards (IFRS), 602 International financial services, 10-11 International human resource management (IHRM), 548, 619. See also Human resource management International investment, 5, 6–7, 619. See also Investment Internationalization of the firm. See also Foreign market entry; Globalization of markets about, trade theory, 108, 110 characteristics of, 384-385 defined, 4 effect on value chain, 35e, 51-52 inside economic blocs, 244 motives to internationalize, 383-384 outside economic blocs, 245 risks in, 11-13 of Whirlpool, 24 Internationalization process model, theory of international trade, 108, 110 International Labor Organization, International Labour Office, 565 International loans, 587 International Marketing and Purchasing (IMP) research consortium, 116 International Market Insight Reports, 365 International merchandise trade, 6 International monetary and financial environment, 284-311 currencies in, 286-290 (See also Currencies) currency supply and demand factors, 290 economic growth, 290-291 government action, 292-293 interest rates and inflation, 291-292 market psychology, 292 exchange rate (See also Exchange rates for currency) current system, 295-296 defined, 286 development of modern system, 293, 295–296 fluctuations, 288-290 foreign exchange markets, 288 global financial system, 296, 297-298 international monetary system, 296 kev players Bank for International Settlements, 302 bond markets, 299-300 central banks, 302 commercial banks, 300, 302 firms, 298 International Monetary Fund, 302-304 national stock exchanges, 298–300 World Bank, 304 International Monetary Fund (IMF), 4 about, 302-304 compared to World Bank, 304 creation of, 295 defined, 619 the Fed and, 302 on international corruption, 180 role in market globalization, 33, 36 International monetary system, 296, 619 International organizations, role in political and legal systems, 172 International partnership, 418, 432. See also Collaborative ventures, international International portfolio investment, 5, 297,

424, 619

International price escalation, 530–531, 619	J	Khan, Genghis, 623
International product cycle theory, theory of		Kim Jong-il, 164
international trade, 101–102	Japan:	Knippen, Jennifer, 468
International strategic alliance, 418, 432. See	acquired advantages, 109	Know-how, 72
also Collaborative ventures, interna-	as advanced economy, 256	Know-how agreement, 456–457, 619
tional	as APEC member, 237	Know-how licensing, 456–457
International strategy (home replication strat-	competitive advantage in technology	Knowledge. See also Learning; Skills
egy), 319	industries, 103	asset-seeking motives and, 422–423
International Telecommunications Union, 365	culture's role in business, 131–132, 141, 145	assets in contractual relationships, 452
International trade. See also Theories of inter-	daitenhoo restrictions, 175	for cross-cultural success, 148
national trade and investment	demand conditions and air conditioners, 105	as dimension of cultural intelligence, 558
ancient systems of, and origin of word,	economic development effect on environ-	franchising challenges in China, 475
623	ment, 47	macroeconomic trends for, 355
defined, 5, 619, 623	economic miracle, 63	as source of national advantage, 105–106
importing and exporting, 394	government intervention on rice imports, 198	Knowledge-based economy, in Dubai
nature of, 5–6	Government Pension Investment Fund,	92–94
services trade, 8–9, 10e	300	Knowledge portal, 27
International trade lawyers, 84	infant industry protection, 197	Kompass (Europe) business directory, 368
Internet. See also Computer software	internalization theory of P&G in, 113–114	402
cultural change and, 147	JETRO (Japan External Trade Organiza-	Korean Trade Promotion Organization
currency traders, 595 impact on communications systems,	tion), 402	(KOTRA), 82
42–43	Large-Scale Store Law, 439	Kuwait, as GCC member, 238
international distribution of, 538	minimum wage, 564	
international intermediaries, 79, 80	National Tax Administration and transfer	L
legal environment, 177, 178	pricing, 638	<del>_</del>
-mediated businesses, 66	political system of, 166	Labor arbitrage, 495
networking technology companies, 74	technological advances and innovation in,	Labor laws, 94, 563
online retailers, 9, 79, 80	41	Labor practices, 506
stock exchanges and, 586	trading companies in, 77–78	Labor relations, international, 552e, 561–566
Intracorporate financing, 588, 619	voluntary export restraints of cars, 196	cost and quality of labor, 563–564
Intracorporate pricing, 531, 590	yen, in currency exchange, 287, 288, 298	features of labor around the world, 563
Intracorporate transfers, 589	Japanese, lobbying U.S. as management of	firm strategy, 566 trends in international labor, 565–566
Intranet, in firms, 559, 566	government intervention, 214	workforce reduction, 564–565
Inventory management, foreign warehous-	Japanese miracle, 210	Labor unions, 503, 561–566. See also
ing, 373	Japanese Trade Directory, 402	Employees
Investment. See also Foreign direct invest-	Jargon in business, 146	Landed price, 529
ment; Theories of international trade	J. D. Power and Associates, 118	Land mine detection, 60
and investment	Jeans companies, 15, 350–351	Land transportation, 500–501
greenfield, 429, 618	Jebel Ali Free Trade Zone, 93	Language. See also Communications
growth of global flows, 36	JETRO (Japan External Trade Organization),	about, 144–146
international, 5, 6–7, 619	402	as challenge in international retailing, 439
international portfolio, 5, 297, 424, 619	Job creation, 19	in cross-cultural success, 148
wholly owned direct, 430, 621	Job flight, effect of market globalization, 45–46	as dimension of culture, 12, 144–146
Investment banks, 300	Job losses, 243, 504–506	disadvantage of not speaking local, 601-602
Investment barriers, 37, 195, 204–205 Investment incentives, 206, 214, 619	Johnson Publishing, business directory, 402	English as official, at Nissan, 336
Invoicing, reinvoicing center, 608	Joint venture partner, 73, 619	learning host-country, 557
Inward FDI, 111, 175	Joint ventures. <i>See also</i> Collaborative ventures,	similarity in economic blocs, 240–241
Inward internationalization, 501	international; Equity joint ventures	Laos, as ASEAN member, 238e
IPRs. See Intellectual property rights	defined, 417, 419, 619	Latin America. See also El Mercado Comur
Iran, as RCD member, 238	Deutsche Post in, 416–418	del Sur (MERCOSUR)
Ireland:	increasing employment by government	Caribbean Community (CARICOM)
as advanced economy, 257	intervention, 198	236–237
corporate income taxes, 604, 605e	partners, 18, 73–74	Comunidad Andina de Naciones (CAN)
as European Union member, 233e	use of term, 632	237
example of national industrial policy,	Jordan, Michael, 456	culture in, 135
107–108	Judaism, 141	DR-CAFTA, 20, 246
Irish Industrial Development Authority,	Jurassic Park movie, 151	in evolution of government intervention
206	Just cause, in employee termination, 565	210
Irrevocable letter of credit, 398	Just-in-time inventory, 17	family conglomerates, grupos, 272
Islam, 141		global sourcing countries and firms, 494e
culture in, 141	K	as offshoring destination, 508
rules on paying interest, 11, 171		Latvia:
view of women, 602	Kazakhstan:	as emerging market, 261
Islamic law, 171	as emerging market, 261	as European Union member, 233e
ISO standards, 373	as investment destination, 586	Lawyers, international trade, 84
Israel:	Keiretsu, Japanese groupings of firms, 116,	Leapfrogging of technology, 40
boycott of, 179	336 Kally's Directory 402	Learning. See also Knowledge
as emerging market, 261	Kelly's Directory, 402	in firm internationalization, 385
Istanbul Stock Exchange, 272	Key customers, following:	in global integration, 317
Italy: decign-intensive industries 104	assessing industry market potential, 364	as strategic goal in international business
design-intensive industries, 104	as market-seeking motive, 422	Lossing 466 467

Legal contracts, and country risk, 176–177,
184. See also Contracts
Legal environment, international: in China, 475, 476
country risk arising from, 175–180
e-commerce and, 178
international trade lawyers in, 84
risk in global sourcing, 501
in Russia, 158, 160, 161 Legal systems in nations, 158–191
about, 163, 168–169
actors in, 172–173
country risk arising from, 175-180 (See
also Country risk)
country risk in, 160–163 country risk management, 181, 184–185
defined, 163, 619
links to political systems, 168–169, 171
types of, 169–171
Legislation:
American Jobs Creation Act (2005), 606 Export Trading Company Act (ETC, 1982),
78
Foreign Corrupt Practices Act (FCPA,
1977), 177, 179
Patriot Act (2001), 177 Sarbanes-Oxley Act (2002), 45, 179, 600
Securities and Exchange Act, 169
Smoot-Hawley Tariff Act (1938), 210
Leontief paradox, 101
Letters of credit, 83, 398–399, 619
Libya, as Maghreb Union member, 238
Licensee, role in licensing relationship, 454–455 License, export documentation, 395
Licensing:
about, 454–455
advantages of, 457–459
compared to franchising, 461 defined, 367, 452, 619
disadvantages of, 459–460
in foreign market entry, 71, 382
government intervention of, 211
know-how, 456–457
management of, 469–474 as strategy for foreign market entry, 202–203
top firms, 457, 458e
trademark and copyright, 456
Licensing contract, 454, 472
Licensor: defined, in foreign market entry, 70, 71,
619
role in licensing relationship, 454–455
top licensing firms, 458e
Liechtenstein, as EFTA member, 234
Lifetime employment, as cross-cultural dif- ference, 131
Limited marketing efforts, in estimating com-
pany sales potential, 370
Literacy rate, 536
Lithuania:
as emerging market, 261 as European Union member, 233e
Litigation, as protection through legal con-
tracts, 184
Living standards. See Standard of living
Loans: fronting, 590
fronting, 590 international, 587
Lobbying, management of government inter-
vention, 214
1 1
Local content requirements, 199e, 203, 226
Local content requirements, 199e, 203, 226  Local intermediaries. See Distribution channel intermediaries

Local preferences, 24 Local presence and operations, as FDI feature, 424 Local responsiveness: adaptation of marketing program, 521 defined, 317, 619 franchise marketing to local tastes, 464 in international marketing program, 519 pressures for, 318 as success factor in retailing, TV programming, 540-541 Location-specific advantages, 115 Logistics, global sourcing and supply-chain management, 500 Logistics networks, 440, 498 Logistics service providers, 81, 85–87, 619 Logos, symbolic productions, 144, 453 London, England, as banking and financial center, 300, 583 London Metal Exchange (LME), 76 London stock exchange, 586 Long-term versus short-term orientation, 138-139, 619 Lost in Translation movie, 151 Low-context cultures, 136-137, 619 Low-control foreign market entry strategies, 419-421, 485, 494 Lumb, Ashley, 22 Luxembourg: as European Union base, 228, 229 as European Union member, 233e as tax haven, 604 Lynn, Robert, 85 M Macroeconomic trends, 355

Madrid Xanadu, 440 Maghreb Union, 238–239 Mahindra City SEZ, 194 Make or buy decision, 486 Malaysia: as ASEAN member, 238e foreign investment laws as country risk, 175 merchandise trade and GDP, 6 Petronas Towers in Kuala Lumpur, 465 Malaysian Industrial Development Authority, 175 Malta, as European Union member, 233e Management: of collaborative ventures, 435–438 cross-cultural guidelines, 148-149 of licensing and franchising, 469-474 regional integration implications, 243-245 risk-taking preferences, and firm internationalization, 384-385 strategic global sourcing guidelines, 502-504 strategies for government intervention, 212-214 supply-chain, 81, 497-501 talent identification at Sony, 572 training global managers in countertrade, Management consulting firms, 469 Management contracts, 466, 619 Management Skill Builder. See C/K/R Management Skill Builder Managers: in international staffing policy, 551, 554 trainee programs at Sony, 571 women in international positions, 568-570 Mañana syndrome, 135 Manners, in culture, 140

Manufacturers, as importers, 77 Manufacturer's representative, 76, 619. See also Sales representatives Manufacturing: about, impact of technological advances in, 44 capacity expansion for internationalizing, 350 contract, from independent suppliers, 488-489 emerging markets as bases, 265-266 in first wave of global sourcing, 491 global sourcing and offshoring of, 484 location of production, affecting international pricing, 526-527 location selection, 123, 449 Sony workforce, 572 Maps: corruption perceptions index, 182e, 183e economic blocs, 230e, 231e economic freedom, 208e, 209e economic integration in Europe, 232e gross national income in U.S. dollars, 38e, growth of world GDP, 48e, 49e world economies, 258e, 259e world religions, 142e, 143e Maquiladoras, in Mexico, 213, 235, 505, 619 Margins and profits, as motive for Internationalization, 17 Market demand, estimating in emerging markets and developing countries, 344–346 Market diversification, Market economy, 168 Market entry modes. See Foreign market entry Market exchange rates, in per capita GDP for emerging markets, 267 Market forces, 45, 168 Market globalization. See Globalization of Market growth rate, as variable in EMP index, 356e, 357, 358e, 359 Marketing and distribution laws, as country risk, 176 Marketing communications, 535-537 Marketing communications adaptation, 393 Marketing in global firm, 514–545 about, global marketing strategy, 516-518 adaptation of marketing program, 518–519, 521–523 advertising, 535-536 ethical dimensions of, 538-539 global account management, 537 global branding, 523-525 global product development, 525-526, 527 international distribution, 538 international pricing, 526–535 promotional activities, 537 standardization of marketing program, 518–521, 522–523 Marketing mix, 518 Marketing program, international, 518–523 Marketing strategy, 245, 316 Market liberalization, 37 Market opportunity assessment. See Global market opportunity assessment (GMOA) Market penetration timetable, 368 Market potential: industry market potential, 349e, 362-365,

middle class as indicator of, 268-269, 359

per-capita income as indicator of, 267-268

using Emerging Market Potential Index,

of products or services, 352-353

269-270, 357-360

Market psychology, influence on supply and Model Law on Electronic Commerce, 178 in cultural environment of international demand of currency, 292 Market research firms, 84 Moderate-control foreign market entry stratebusiness, 134 gies, 419–421, 459 domestic vs. international human resources, Markets. See Emerging markets; Financial Modernization, as driver of market globalizamarkets; Global markets tion, 40 effect of globalization on, 47, 50-51 Market-seeking motives, 421-422 Modular architecture, 525 effect of regional integration on, 242 Market segmentation, 516–518 Modular corporation, 491 Momentum trading, 292, 596 government intervention for, 197-198 Market size, as variable in EMP index, 356e, Hofstede's research on, 137-139 Monaco, as tax haven, 604 National debt, in developing economies, 260 Market surveys, on exports and imports, 353 Monetary environment. See International National economies: Masculinity versus feminity, in culture, 138, 620 monetary and financial environment adaptation of marketing program in, Monetary intervention, 302, 620 Master franchise, 462, 620 521-522 Material productions, 144, 620 Matrix structure, global, 327–328, 618 Monetary union, as type of regional integraglobal sourcing effects on, 504-505, tion, 226e, 227 506-507 Mauritania, as Maghreb Union member, 238 Money market, global, 582, 618 integration and interdependence of, 36 McDonald-ization of world, 50 protection of, by government intervention, Mongols, 623 McKinsey & Co., 332, 355 Monochronic orientation to time, 140, 620 Media, 319, 535–536 National Furniture Manufacturers Associa-Monopolies, as country risk in home country, Mediator, in labor strikes, 562 tion, 402 Monopolistic advantage theory, theory of international trade, 112, 113e National identity. See National culture Medical devices industry, 372, 390 Medical tourism, 492 National income: Mercantilism, 96-97, 620 Monopoly advantage, 93 gross national income (GNI), 37, 38e, 39e, Merchandise trade, 6, 294 Morocco: 40,624 Merchant banks, 300 as Maghreb Union member, 238 percent of income held by middle class, 628 market demand for wallpaper, 345–346 Most favored nation, origin of, 210 National industrial policy, theory of interna-Merchant distributors (foreign distributors), tional trade, 106–108, 620 MERCOSUR. See El Mercado Comun del Sur Nationalization, 174 Motivation, as dimension of cultural intelli-National security, 197, 458 (MERCOSUR) gence, 558 National sovereignty, 44-45, 53, 242 Merger, as type of foreign direct investment, Movies, piracy of intellectual property, 185 National stock exchanges, 298-300 429,620 Multidomestic industries, strategy in, 316, Mergers and acquisitions (M&A): 521,620 National strategic priorities, 198 consolidation in global industries, 430 Telecommunications Multidomestic strategy, in integration-respon-National Trade in economic blocs, 244-245 siveness framework. 319–320, 620 Association, 365 versus greenfield investment, 429 Multi-Fibre Agreement (MFA), 246 National Trade Data Bank, 365 in household appliance industry, 277 Multilateral Development Banks (MDBs), National Trade Data Base (NTDB), 365 Metal buying and selling, 76 402,620 Nations, theories of international trade. See Multilateral Investment Guarantee Agency, Theories of international trade and Mexico: World Bank subagency, 304 as APEC member, 237 investment capital flight from, 288 Multilateral netting, 590–591, 608, 620 Natural advantages, 99 Natural environment. See Environment cross-border business and economic well-Multilocal strategy (multidomestic strategy), being, 20 319 (natural) economic development effect on environ-Multinational corporations (MNCs). See Natural resources, 256, 355 Negotiations, 343, 405 ment, 47 Multinational enterprise (MNE) environmental laws as country risk, 176 Multinational enterprise (MNE). See also Firms Neo-mercantilism, 96 factory move from Michigan, 505 Netherlands: about focal firms in international business, government intervention of cement exports, 196 13-15, 66-67 as European Union member, 233e merchandise trade and GDP, 6 corporate social responsibility of, 332 maquiladoras, free trade zones, 213, 235, 505 defined, 13,620 Net present value (NPV) analysis, 591-592, as NAFTA member, 234-235 638 foreign direct investment participants, Patrimonio Hoy, Cemex program, 276 425-426, 427e Net working capital, 588 risks for expatriates, 571 tariffs on imports, 201 global managers in countertrade, 408 Networks and relational assets, 116 Network theory, 116 influence on national sovereignty, 44-45 tequila crisis, 586, 596 Michigan State University, Center for Inter-New global challengers, 254–256, 262–263, 620 intercompany financing for exporters, 401 New trade theory, of international trade, international competitive advantage (See national Business Education and Theories of international trade and Research (CIBER), 27 investment) New York City, as banking and financial cen-Mickey Mouse, 456 ter, 300, 583, 595 intracorporate fund transfers, 588, 589-560 Microfinance, facilitating entrepreneurship in New York Stock Exchange (NYSE), 460, 584 new global challengers from emerging maremerging markets, 276 kets, 254–256 New Zealand: Middle class: as advanced economy, 256 offshoring effects of, 45-46 as indicator of market potential for emergin phases of globalization, 32-33 as CER member, 238 ing markets. 268–269, 359 national comparative advantage of, 109 strategies for (See Global strategy and orgapercent of income held, 628 nization) NGOs (non-governmental organizations), Middle East regional economic blocs, 16,567 Murdoch, Rupert, 540 238-239 Music, piracy of intellectual property, 185, 471 Nicaragua: Military technology, government interven-Myanmar (Burma), as ASEAN member, 238e as developing economy, 257 as member of DR-CAFTA, 246 tion on, 197 Mine Eye, 60 Mining industry, 326 clinical drugs trials in, 484 Ministries for international trade, 206 NAFTA. See North American Free Trade as emerging market, 261 Mitarai, Fujio, 331 Agreement Nixon, Richard, 295 Mixed economy, 168 National Association of Automotive Parts Nobel Peace Prize, Yunus, for microfinance Mixed legal systems, 169e, 171 Manufacturers, 402 services, 276 Mixed political systems, 166 Noncomparable outcomes, 559 National culture:

Nonconvertible currency, 287 India's government intervention, 192–194 international marketing at Zara, 514-516, Nonequity ventures, project-based, 74, 433–434, 620 Non-governmental organizations (NGOs), joint ventures and foreign acquisitions at 16, 567 Deutsche Post, 416-418 Non-profit organizations, 16 licensing Harry Potter, 450-452 Nontariff trade barriers, government intermonetary and financial relationship vention by, 195, 202-204, 620 between China and U.S., 284-286 Nordisk Handelskelander, Scandinavia business new global challengers, 254-256 directory, 402 Russia's legal and political environment, Normal quote, 595 158-160 Normal trade relations, origin of, 210 Operating exposure, 593 Operational global teams, 333 Normativism, 442 North American Free Trade Agreement Operations, controls on, as country risk, (NAFTA): 175-176 Opportunity assessment. See Global market about, as leading economic bloc, 234-235 effect on national and world economies, opportunity assessment (GMOA) Opportunity cost, in comparative advantage member countries, 234e principle, 99 role in market globalization, 36 Option transaction, 639 Organizational arrangements for exporting, role in political and legal systems, 172 tariffs in, 201, 203 392-393 North Korea, export controls toward, 197 Organizational buyers, 63 Norway, as EFTA member, 234 Organizational culture, 331, 336, 620 Organizational processes, 333–334, 620 Organizational readiness to internationalize, 0 347, 348e, 350-351 Ocean transportation, 500–501 Organizational structure, 322-328 Offensive barriers, of government intervenabout, 322 tion, 196, 198 alternative arrangements, 323-328 export department, 324 functional division, 326–327 Offer (sell) rate, 595 Offset agreements, as countertrade, 407 geographic area division, 325–326 global matrix structure, 327–328 Offshore banks, 300 Offshore Location Attractiveness Index, 361, 362e international division structure, 324-325 Offshoring. See also Outsourcing product division, 326 about, 489-490 centralized versus decentralized, 322-323 as consequence of market globalization, as cross-cultural difference, 131 45-46, 52 defined, 322, 620 as creative destruction, 507 reorganizing the firm, 334-335 defined, 489, 620 Organization for Economic Cooperation and diversity of countries in outsourced work, Development (OECD): 492-494, 494e on bribery, 180 emerging markets as sourcing destinations, mentioned, 302, 356-357 266, 489-490 role in political and legal systems, 172 in second wave of global sourcing, 492 on tax havens, 605 Oil industry. See Petroleum industry Organization of Petroleum Exporting Coun-Oman: tries (OPEC), role in political and legal as GCC member, 238 systems, 172 as investment destination, 586 Organized crime, in Russia, 159-160 Omidyar Network, microloans for entrepre-Orientation: neurs in emerging markets, 276 deal versus relationship, 139–140 Online currency dealers, 595 long-term versus short-term, 138-139, 619 Online intermediaries, 79,80 Outsourcing. See also Global sourcing; Off-Online retailers, 9, 79, 80 Open account, 396, 399 shoring call centers in Bangalore, India, 28–30 Opening vignettes: defined, 266, 486, 620 emerging markets as sourcing destinations, American football and European culture, 124-126 Bangalore as new Silicon Valley, 28–30 make or buy decision, 486 born global firms, 60–62 as mode of foreign market entry, 71 a day in global economy, 2-3 protectionism called on, 194 Dubai's knowledge-based economy, by Sony, 572 92-94 strategic implications of, 490-491 estimating market demand, 344-346 Outsourcing broker, European Union history, 222–224 Outward FDI, 112 exporting pet grooming products, 380-382 Outward internationalization, 501 foreign exchange management at Markel Overhead, global sourcing benefit, 496 Corp., 578–580 Ownership-based international business global sourcing of pharmaceutical drug triactivities, 382 als, 482-484 Ownership, restrictions, as government interglobal strategy at IKEA, 312-314, 321, 332 vention, 200e, 204 human resource management at Johnson & Ownership-specific advantages, 114-115

Oxfam, 59

Johnson, 546-548

## D

Packing list, 395

Pakistan, as RCD member, 238 Panama, as emerging market, 261 Paper gains or losses, 603 Paraguay: bribery as country risk, 180 as MERSOSUR member, 236 Parallel imports, 526, 533–535 Parent-country nationals (PCNs), 549, 551, 553e, 620 Parent's perspective in capital budgeting, 592 Paris Convention for Protection of Industrial Property, 185, 472 Paris, France, as financial center, 583 Participants in international business, 13-16, 60-91 born global firms, 60-62 distribution channel intermediaries, 62-63, 75-79 facilitators, 63,81-84 focal firms, 62, 66-69 foreign market entry strategies, 69-74 organized by value-chain activity, 63–65 types of, 62-63 Partnering. See also Collaborative ventures, international Autolatina in Brazil, 443–444 in collaborative ventures, 73-74, 116, 367 with family conglomerates in emerging markets, 273 local partner qualifications in emerging markets, 271-272 local partners in estimating company sales potential, 368, 370, 371 with qualifed local partners, to manage country risk, 184 selecting foreign business partners, 365, 367-368 selecting qualified partners for franchising, systematic process for, 435–437 types of foreign business partners, 70e, 71, The Passion of Christ movie, 151, 152 Passive hedging, 597 Past-oriented cultures, 140 Patents, 184, 355, 453 Patrimonio Hoy, Cemex program, 276 Patriot Act (2001), 177 Pay-for-performance system, as cross-cultural difference, 131 Payment methods, in exporting and importing, 83, 396–399 PCNs (parent-country nationals), 549, 551, 553e, 620 Pegged exchange rate system (fixed exchange rate system), 295 Pension funds, 300, 585 Per-capita income, in market potential for emerging markets, 267-268 Percent of income held by middle class, 628 Perceptions of time and space, 140-141 Perceptiveness, in cross-cultural success, 149 Performance appraisal, 558–559, 620 Personal relationships, in cross-cultural success, 140, 149 Personal space, 141 Personnel. See Employees as Andean Pact member, 237 as MERSOSUR member, 236e Pet grooming products, 380-382

Petroleum industry:	Poverty:	Project-based, nonequity ventures, 74,
corporate social responsibility, 441, 442	about, effect of market globalization, 44,	433–434, 620. See also Collaborative ven-
countertrade, 405	46–47	tures, international
economic integration in Middle East, 238	in developing economies, 257, 260	Project's perspective in capital budgeting,
emerging markets, 256, 265, 271, 272 foreign direct investment, 419, 426e, 441, 442	e-readiness and, 80	592 Projects, profitable, fostering economic devel-
government intervention, 199, 200, 204, 288	microloans for entrepreneurs in emerging markets, 276	opment with, 275–276
human resources talent search, 554	regional integration, free trade and, 242	Promotion, 535
in international business, 6, 7, 13	World Bank goal to reduce, 295, 304	Promotional activities, 537
joint venture in, 73–74	Power distance, in culture, 138, 620	Property, in democracy, 165-166
organizational structure of firms, 326, 327e	Practical information, 556, 620	Prosperity, 19
political systems and, 162, 172, 173, 174	Predictability, in transportation, 500	Protectionism, government intervention and,
tax havens, 605	Pre-export stage, of internationalization	194, 195–196, 197, 620
trade and investment, 92, 98	process model, 110	Protective tariff, 201
trends and opportunities, 355 Petronas Towers, Kuala Lumpur, Malaysia, 465	Prejudices, in culture, 139	Protestant work ethic, 141 Proxy indicators, estimating company sales
Pharmaceutical industry, 79	Price competitiveness, 393–394	potential with, 370–371
contract manufacturing, 488	Price-cutting, strategy for gray market	Public Company Accounting Reform and
global sourcing of drug trials, 482–484	activity, 534	Investor Protections Act (2002), 45. See
gray market activity between U.S. and	Price manipulation, 533 Pricing for foreign markets, 373	also Sarbanes-Oxley Act
Canada, 534, 535	Pricing, international, 526–535	Public policy, global sourcing and, 504, 507
human resources at J&J, 546–548	factors affecting, 526–529	Public scrutiny, of pharmaceutical industry,
licensing and, 457, 458	gray market activity, 533–535	187
mergers and acquisitions, 244–245	management of currency conditions, 531	Puerto Cortes, Honduras, 247
and patent protection, 186–187 Philadelphia Stock Exchange (PHLX), 598	management of price escalation, 530–531	Purchasing networks as success factor in
Philippines:	setting prices, 529–530	Purchasing networks, as success factor in retailing, 440
as ASEAN member, 238e	transfer pricing, 531–533	Purchasing power parity (PPP), 234,
as offshoring destination, 489, 493	The Principles of Political Economy and Taxation	267–268
women managers in, 568	(Ricardo), 98	Push factors, for firm internationalization, 384
The Pierre, New York hotel, 128	Print media, 535	Putin, Vladimir, 158
Piracy of intellectual property, 184–185, 271,	Private banks, 300	Put option, 598
471	Private law, 175	
Planning, in standardization of marketing	Private property rights, 165–166, 623 Privatization, 174, 261–262, 620	Q
program, 520 Point-of-sale equipment, 463	Proactive motive, 16, 34, 383	Qatar:
Poland:	Procurement policies of government, 207	as GCC member, 238
as emerging market, 261	Product adaptation, 393	WTO Round, 211
as European Union member, 229, 233e, 306	Product buy-back agreement, as counter-	Quotas:
leapfrogging of technology, 40	trade, 407	about, in government intervention, 199e,
potential country market, 359	Product cycle theory, 101–102	202
Political freedom, link to economic freedom,	Product division, as centralized structure,	defined, 195, 620
166, 167e	326, 620	on movie showings, 152
Political instability, as risk in emerging mar-	Production:	Quotation, 395
kets, 271 Politically incorrect, 15	costs in comparative advantage principle, 98	_
Political risk (country risk), 12, 160, 550. See	globalization of, 37	R
also Country risk	location, as efficiency-seeking motive, 423 at Renault-Nissan, 336–337	Rainforest Alliance, 21, 539
Political systems in nations, 158–191	standardization in economic blocs, 245	Raising funds for firm, 581, 582–588
about, 163, 164	Productivity:	Ranking methodology, 357–360
actors in, 172–173	global sourcing benefit, 496	Rapid-response retailing, 514–516
country risk in, 160–163	innovation as base of, 103, 104e	Rationalization of operations, in regional
country risk management, 181, 184–185	macroeconomic trends for, 355	integration, 244
country risk produced by, 173–175 defined, 163, 620	reason for regional integration, 239-240	Reactive motives, 16, 34, 383 Readiness:
democracy, 165–166	of workers, 564	to export medical devices, 372–374
influence on economic systems, 167–168	Products:	of firms to internationalize, 347, 348e,
influence on legal systems, 168–169, 171	assessing suitability for foreign markets,	350–351
similarity in economic blocs, 240	348e, 351–353	Recent grads in IB. See Graduates in interna-
socialism, 165	attributes of, and positioning, 518	tional business
totalitarianism, 164–165	designing with global teams, 527 disposal of used, 539	Recession, adaptation of marketing program,
Political union, as type of regional integration,	export price escalation strategies, 531	522
226e Polysontria orientation 128, 620	global launch of, simultaneous, 526	Reciprocal trade 405 408 See also Counter
Polycentric orientation, 128, 620 Polychronic perspective to time, 140–141, 620	nature of, as influence on international pric-	Reciprocal trade, 405, 408. See also Counter- trade
Pooling, 590	ing, 526	Reconstruction banks, 304, 402
Porter, Michael, 95, 102, 103, 106, 123	readiness for export, 373	Recruitment of job candidates, 553
diamond model of, 103–106	Product safety and liability laws, 176	Red tape, as risk in emerging markets, 271
Portfolio investment, international, 5, 297,	Professional culture, 134	Redundant workers, 564
424, 619	Professional service firms, 467–469	Regional Cooperation for Development
Portugal, as European Union member, 233e	Professional standards, government inter-	(RCD), 238–239
Positioning, 518 Potential See Market potential	vention of, 211	Regional depository, 608
Potential. See Market potential Potter, Harry, 450–452, 456	Pro forma invoice, 395 Prohibitive tariff, 201	Regional economic integration, 222–253 about, 224–225
1 01101, 11011 y, 700-702, 700	110111011111 tallil, 401	about, LLT-LLJ

defined, 224, 620
drawbacks and ethical dilemmas of, 241–243
factors for success of, 240–241
leading economic blocs ( <i>See</i> Regional economic integration blocs)
management implications of, 243–245
reasons countries pursue, 239–240
types of, 225–227
Regional economic integration blocs,
228–239
African blocs, 239
Asia Pacific Economic Cooperation (APEC), 36, 212, 237
Association of Southeast Asian Nations (ASEAN), 172, 237
(ASEAN), 172, 237 beginnings of, 36
Caribbean Community (CARICOM), 236–237
Closer Economic Relations (CER), 238
Comunidad Andina de Naciones (CAN), 237
defined, 225, 620
dilemma of regional free trade, 246-248
European Free Trade Association (EFTA), 234
European Union, 228–234 (See also Euro-
pean Union (EU))
map of, 230e, 231e
MERCOSUR, 236 (See also El Mercado
Comun del Sur)
Middle East blocs, 238–239 North American Free Trade Agreement
(NAFTA), 234–235 (See also North
American Free Trade Agreement)
role in political and legal systems. 172
role in political and legal systems, 172 Regional hubs (gateway countries), 354
Regional integration, 224. See also Regional
economic integration
Regional marketing strategy, 523
Regional trade blocs. See Regional economic
integration blocs
Regulations, governmental:
adaptation of marketing program, 521
as challenge in international retailing, 439
as government intervention, 199e, 203 as pressure for local responsiveness, 318
Reintermediation, 79
Reinvoicing center, 608
Related and supporting industries, in dia-
mond model, 105
Relational assets, 116, 403
Relationship-oriented cultures, 139–140
Relativism, 442
Religion, 141, 142e, 143e, 151
Religious law, 169e, 171
Relocation, for expatriates, 560, 577 Reorganizations in firms, 334–335
Repatriation of employees, 557, 621
Repatriation of profits:
government restrictions on, 176, 205, 476
tax breaks on, 606
transfer pricing for, 531
using countertrade for, 408
Reporting laws, as country risk, 179
Reports. See also Indexes
data sources to estimate industry-market
potential, 365
Representatives, professional service firms as, 468
Request for proposals (RFPs), marketing to
governments in emerging markets, 273
Possarch:

in international retailing, 439-440

management of government intervention, Research and development (R&D): in outsourcing decision, 490 in pharmaceutical industry, 186-187 Research reports, on exports and imports, 353 Reserve Bank of India, 302 Residential camps for ill children, 16 Resource commitment, 330, 424 Resource-seeking motives, 421e, 422 Retail customers, on demand side of business. 63 Retailers: as focal firms, 66 in foreign markets, experience of, 438-440 as importers, 77 as intermediaries in foreign markets, 76 in new EU member states, 253 online, 9, 79, 80 Retailing, rapid-response, 514–516 Reuben H. Donnelly, business directory, 402 Revenue tariff, 200 Reverse culture shock, 557 Revolution, as country risk, 174 Rigid cost-plus pricing, 530 Risk arbitrage, 596 Riskiness of sale, 400 Risks. See also Country risk; Currency risk in collaborative ventures, 435 commercial, 12,615 of countertrade, 407-408 domestic vs. international human resources, in emerging markets, 270-272 emerging markets as investment destinations, 586 as feature of FDI, 424-425 in global sourcing, 501-504 in international business, 11-13, 126, 127e Risk-taking, of SME exporters, 390 Roman Empire, 623 Romania, as European Union member, 229, 233e Rome Convention for Protection of Performers and Broadcasting Organizations, 472 Rowling, J. K., 450 Royalties: defined, 454, 621 with Harry Potter, 450, 452 running, 457 from subsidiary to parent MNE, 590 Rule of law, 169, 621 Rules of origin requirements, 203 Running royalty, 457 Russia: as APEC member, 237 clinical drug trials in, 483-484 corporate income taxes, 604, 605e country risk in, 158–160, 161, 162, 185 as emerging market, 257, 261-262, 271 government intervention for national security, 197 intellectual property rights in, 185, 271, 471 McDonald's franchise in, 462 as offshoring destination for programming, potential country market, 359 risk as investment destination, 586 Sales representatives, 76

Sales representatives, 76 incentive plan for, 157 manufacturer's representative, 76, 619

training to sell medical devices, 373 Sales tax, 529, 604 Sanctions, as country risk, 174 San Francisco, California, U.S., as financial center, 583 Sarbanes-Oxley Act (2002), 45, 179, 600 Saudi Arabia: adaptation of The Simpsons, 521 countertrade in, 405 as emerging market, 261 as GCC member, 238 international banking, Save the Children, 332 Save the Waves Coalition, 173 Scanning the environment, as management strategy, 181, 212 Screening countries to identify target markets, 348e, 353–362 for foreign direct investment, 360-361 gateway countries, 354 for global sourcing, 361–362 gradual elimination, 356-357 indexing and ranking, 357-360 Securities and Exchange Act, 169 Securitization of financial instruments, 584 Segmentation of market, 516–518 Selection criteria: in assessing global market opportunity, 347, 348e, 349e for foreign direct investment locations, 427-428 Selection of employees, 553 Self-reference criterion, 149, 621 Semiconductor industry, 457 September 11, 2001 attacks, 7, 175 Service industry exports, 388–389 Service multinationals, 426–427 Service representatives, 76. See also Sales representatives Services: assessing suitability for foreign markets, 348e, 351–353 cultural differences and, 146-147 in international trade and investment, 8-9, 10e professional service firms, 467-469 providing uniform, as pressure for global integration, 318 trade barriers in, and WTO, 211 Shintoism, 141 Shipping, exporter's goods, 396 Shoe exports, 207 Shoe production, 484, 567–568 Shopping malls, 440 Short-term versus long-term orientation, 138–139, 619 Sight drafts, 399 Silicon Valley, California, 105, 109, 127 Silver, 96 The Simpsons, in Saudi Arabia, 521 Singapore: as ASEAN member, 237, 238e as banking and financial center, 300, 583 as emerging market, 261 as gateway country, 354 merchandise trade and GDP, 6 national comparative advantage of, 109 as offshoring destination, 493 potential country market, 359 as tax haven, 604 as transit point for products, 352 Single market, 227. See also Common market Skill Builder, Management. See C/K/R Man-

agement Skill Builder

Skills. <i>See also</i> Knowledge	Sovereignty of nations, 44–45, 53, 242	as international distribution, 538
for cross-cultural success, 148, 149	Soviet Union, as totalitarian state, 164–165	intracorporate financing of, 588, 589–590
for exporting, 393 as source of national advantage, 105	SOX. See Sarbanes-Oxley Act Space, perceptions to, 141	labor relations in, 566 transfer pricing in, 638
Slovakia:	Spain:	Subsidies, 152, 200e, 205–206, 621
as emerging market, 261	in Airbus S.A.S. alliance, 215, 216	Sudan, corporate social responsibility in
as European Union member, 233e Slovenia, as European Union member, 233e	culture in, 124–125 as European Union member, 233e	441 Sugar exports, 206
Small and medium-sized enterprises (SMEs).	shopping malls in, 440	Supplier networks, assessing industry-mar
See also Firms	Special Drawing Right (SDR), 303, 621	ket potential, 364
about, as focal firms, 68	Special Economic Zones (SEZs), in India,	Suppliers:
born global firms as, 60–62 collaborative ventures and, 431	193–194 Special interest groups, role in political and	about, as source of export-import financing
debt financing through loans, 587	legal systems, 172–173	independent, in contract manufacturing
defined, 13,621	Specialization, 96	488–489
exporting as foreign market entry, 387,	Specific tariff, 200	independent, in global sourcing decision
389, 390 intellectual property rights violations and,	Speculation, 298 Speculators, 595–596, 621	486, 494 risk in global sourcing, 502, 503–504
471	Speedheal, 372	Supply and demand, of currency, 290
licensing, as market entry strategy, 457	Spice trade, ancient, 623	Supply chain:
management of foreign exchange fluctua- tions, 578–580	Spielberg, Steven, 151 Spot exchange rates, 592, 603, 638	as challenge of international retailing, 439
as participants in international business,	Spot rate, 595, 621	compared to value chain, 497 efficiency as strategic goal, 315
13–15	Spread, 595	and logistics industry, 85
technological advances in, 40	Staffing policy, international, 551–555	management of, 81, 497–501
Smart cards, 73 Smoot-Hawley Tariff Act (1938), 210	Standardization: about, 519–521	Supranational institutions, 36, 172 Sustainability, as feature of FDI, 425
Soccer, 126	balanced with adaptation, 522–523	Sustainable development, 21
Social democracy, 164	defined, 519, 621	Sweatshops, 46, 53, 567
Social implications, of global sourcing, 506	modular architecture and, 525	Sweden:
Socialism, as political system, 165, 166 Socialist law, 169e, 171	of products and consumer preferences, 37 of products and services in economic blocs,	as European Union member, 233e, 240 labor unions roles, 563
Socialization, 129, 621	228, 245	SWIFT (Society for Worldwide Interbank
Socially responsible policies. See Corporate	Standard of living:	Financial Telecommunication) network
social responsibility (CSR) Social stratification, effect on power distance,	adaptation of marketing program, 521–522	40 Switzerland:
138	in democracy with economic freedom, 166	as EFTA member, 234
Social transformation, economic develop-	European Union development and, 19–20	government intervention for watchmaking
ment in emerging markets, 275–276	global sourcing and, 504–505, 507	198
Societal consequences of market globalization, 20–21, 35e, 44–51	perspectives on globalization of markets, 54	as tax haven, 604 SWOT analysis (strengths, weaknesses
Societas Europaea (SE), 224	Stanford University, 109	opportunities, and threats), 347
Society for Worldwide Interbank Financial	Statistics, on exports and imports, 353, 356,	Sydney, Australia, as financial center, 583
Telecommunication (SWIFT) network, 40	386 STAT-USA database, 365	Symbolic productions, 144, 453
Software. See Computer software	Steel companies, 7, 195	System franchising, 461
Sogo shosha (trading companies), 77–78	Stereotypes, 135, 621	т
Sourcing destinations, emerging markets as,	Stock exchanges, 298–300, 584–586	
266 Sourcing of inputs, as pressure for global	Stockholm Chamber of Commerce, 184 Strasbourg, France, 229	Taiwan: as emerging market, 261
integration, 318	Strategic alliances, project-based, 116	information technology in, 101
South Africa:	Strategic global teams, 333	Talent pools, global:
diamonds and gold mining, 121 pharmaceutical industry and, 187	Strategic intent, 330 Strategic motive, 16, 34	about, 334 defined, 558, 618
role of special interest groups, 173	Strategic priorities, national, 198	global sourcing benefit, 496
South America, economic bloc in, 236. See	Strategy:	macroeconomic trends for, 355
also El Mercado Comun del Sur (MER-	defined, 315, 621	risk in global sourcing, 502
COSUR) Southern African Development Community,	as dimension of cultural intelligence, 558 doing business in emerging markets,	Talent search, in human resource manage ment, 553–555
239	272–274	Target markets:
Southern Common Market, 236. See also El	international, and readiness to export,	emerging markets as, 265
Mercado Comun del Sur (MERCOSUR) South Korea:	372–373 internationalization of firms, 16–18	screening countries to identify, 348e 353–362
automobile industry in, 117–119	in international labor relations, 566	Tariffs:
chaebols, family conglomerates, 117, 272	in multidomestic and global industries,	about, 200–201
countertrade, mandatory, 407	316	auto industry in Brazil and, 443
as emerging market, 261 infant industry protection, 197	objectives in international business, 315–316 Strategy in international context, 315, 621	common tariff system in customs union 226–227
Internet communications access in, 42	Strikes, by labor unions, 562, 563	defined, 195, 199e, 621
as investment destination, 586	Subfranchising, 462	export price escalation strategy, 531
management of government intervention,	Subsidiary, company-owned:	as government intervention, 200–201, 210
214 merchandise trade and GDP, 6	defined, 393, 615 financial statements consolidation, 603	221 regional integration, free trade and, 242
potential country market, 359	in global sourcing decision, 487–488	Tata, Ratan N., 330

Tax accountants, 84 Taxation:	firm internationalization born globals and international entrepre-
about, international, 604–606 avoiding taxes with transfer pricing,	neurship, 110 internationalization process model, 108,
531–532	110
of expatriates, 550, 561 minimizing tax burden, 606, 607	international competitive advantage of firms, 110–116
as task in financial management, 581	eclectic paradigm, 113e, 114–115
tax audits of foreign firms, 607	internalization theory, 113–114
of transnational e-commerce, 178 VATs and sales taxes, on products, 529	international collaborative ventures, 116 monopolistic advantage theory, 112,
Tax havens, 590, 604–605, 621	113e
Tax treaties, 604	networks and relational assets, 116
ΓCNs (third-country nationals), 549, 553e, 621	Think globally, act locally, 323, 540 Third-country nationals (TCNs), 549, 553e,
Teams, global, 333–334, 526, 527, 558, 618	621
Feamwork, as cross-cultural difference, 131	Third party logistics providers (3PLs), 498 Third-world countries, 257. See also Devel-
Fechnical analysis, in forecasting, 597 Fechnical standards, as government interven-	oping economies
tion, 199e, 203, 211	Three Gorges Dam, China, 47, 72, 274, 465
Technological advances:	Tier one suppliers, 64
about, as driver of market globalization, 30–31, 35e, 40–44	Time drafts, 399 Time, perceptions of, 140–141
about, Internet and culture, 147	Time-sharing, 29
in communications, 42–43	Timing of sale, 400
global sourcing benefit, 496	Tokyo, Japan, as banking and financial center,
in information technology, 42, 43	300, 583, 595 Takya Stock Eychanga (TSE) 299, 582
in manufacturing, 44 as megatrend in market globalization, 19	Tokyo Stock Exchange (TSE), 299, 582 Totalitarianism, as political system, 164–165
protecting intellectual property with,	Trade. See also International trade; Theories of
473–474	international trade and investment
in transportation, 44	ancient systems of, and origin of word,
Fechnology. See also Information technology facilitating global teams, 527	623 Trade associations, 402
in foreign exchange trade, 594	Trade audits, 370
in product cycles, 101–102	Trade barriers:
promotion of culture, 147	as efficiency-seeking motive for FDI, 423
Fechnology licensing, 457 Felecommunications, 74, 275–276	in evolution of government intervention, 210
Felephone service, 539	nontariff barriers, 195, 202–204
Telephone systems, leapfrogging of technol-	reduction as driver of market globalization,
ogy, 40,539	37
Television advertising, 536 Television, MTV India, 540–541	regional integration and, 242–243 tariffs, 195, 200–201
Television sets, product cycle of, 102	Trade blocs. See Regional economic integra-
Temporal method, 603, 621	tion blocs
Femporary workers, 572	Trade creation, 241
Fenders, marketing to governments in emerging markets, 273,621	Trade credit, 589 Trade deficit, 292–293, 294, 621
Tequila crisis, Mexico, 586, 596	Trade diversion, 241
Termination of intermediary, 405	Trade fairs:
Terrorism, 19, 175, 550	assessing industry-market potential,
Ferrorist attacks on 9/11/2001, 7, 175  Thailand, as ASEAN member, 238e	364–365 food industry at Cologne, 409
Theories of international trade and invest-	helping SMEs become exporters, 390
ment, 92–123	potential intermediaries at, 402
classical theories (nation-level), 96–102	research on product potential, 352
absolute advantage principle, 97–98, 100 comparative advantage principle, 98–99,	Trademarks: about, licensing, 456
109	safeguarding intellectual property rights,
factor proportions theory, 100-101	184
international product cycle theory,	symbolic productions, 144
101–102	as type of intellectual property, 453
limitations of early theories, 100 mercantilist view, 96–97	Trade secret, as type of intellectual property, 454
comparative advantage, 92, 94	Trade surplus, 96, 292–293, 294, 621
competitive advantage, 92, 95	Trade unions, 561. See also Labor unions
contemporary theories (nation-level),	Trading companies, 77–78, 392, 621
102–108 competitive advantage of nations,	Training of personnel, 552e, 556–558, 564, 571 TrainNet, online system, 571
102–103	Transaction exposure, 593, 594, 621
diamond model, 103-106	Transfer pricing, 531–533, 590, 621, 638
national industrial policy, 106–108	Transformational outsourcing, 495
new trade theory, 108	Transit, international advertising, 535

Transition economies, as emerging markets, 261-262, 621 Transit time, in transportation, 500 Translation exposure, 593, 621 Transnational strategy, 321, 327, 621 Transparency, 179, 180, 271, 600, 621 Transparency International, 180, 271 Transportation: about, impact of technological advances in, 44 death of distance, 34e freight forwarders and, 91 global sourcing and supply-chain management, 500-501 shipping exporter's goods, 396 Treaty of Rome (1957), 228 Trend analysis, assessing industry-market potential, 364 Trends. See also Global trends in foreign direct investment and collaborative ventures, 419 in international labor, 565-566 macroeconomic, 355 toward harmonization, 600, 602-603 Triggers, for firm internationalization, 384 Trinidad, 147 TRIPS (Agreement on Trade Related Aspects of Intellectual Property Rights), 187, Tsunami disaster in Indian Ocean, 180 Tuberculosis, 187 Tunisia, as Maghreb Union member, 238 Turkey: family conglomerates, holding companies, 272 as gateway country, 354 integrating into European Union, 229, 277 as RCD member, 238 risk as investment destination, 586 uncertainty of FDI in, 424 Turnkey contracting, 465, 621 Turnkey contractors, in foreign market entry, 70, 72-73, 621 Two-way trade, 405. See also Countertrade Uncertainty, as feature of FDI, 424–425

Uncertainty avoidance, 138, 621 Uncontrollable variables, 11 Underdeveloped countries, 257. See also Developing economies Underground economy, 46 UNICEF, 63, 332 Unintended consequences, 196 Union-management relationships, as crosscultural difference, 131 Network International (UNI), Union 565-566 Unions. See Labor unions United Arab Emirates: Dubai's economy, 92 as emerging market, 261 foreign investment laws as country risk, 175 as GCC member, 238 United Auto Workers, 565 United Kingdom: in Airbus S.A.S. alliance, 215, 216 British pound, 295 competitive advantage in prescription drug industry, 103 as European Union member, 233e Sony workforce reduction in Britain, 572 Trade & Investment in Britain, 206

STAT-USA database, 365

United Nations:	U.S. Department of Defense, 215	V
Commission on International Trade Law	U.S. Department of Transportation, 86	V
(UNCITRAL), 178	U.S. Financial Accounting Standards Board,	V
Conference on Trade and Development	603	V
(UNCTAD), 172, 360	U.S. Food and Drug Administration, 79,	V
Convention on Contracts for International	482, 484	V
Sale of Goods (CISG), 177	U.S. Generally Accepted Accounting Prac-	V
Convention on Rights of the Child, 332	tices (GAAP), 602	
corporate social responsibility view, 442	U.S. International Trade Commission, 79	V
on corruption and bribery, 180	U.S. Marine Corps, 67	V
Development Program, 346 International Labour Office, 565	U.S. Postal Service, 86 U.S. Securities and Exchange Commission,	V
statistics on imports and exports, 356	179, 602	V
on trade barriers, 199	U.S. Small Business Administration, 401	V
World Food Programme (WFP), 366	U.S. Supreme Court, on legality of parallel	V
United States:	imports, 534, 535	V
as advanced economy, 256	U.S. Trade Representative, 215	V
Airbus, Boeing, and government interven-	U.S. Treasury securities, purchase by China,	V
tion, 215–216 as APEC member, 237	285	•
competitive advantage in service indus-	3.7	
tries, 103	V	
cross-border business and economic well-	Value-added taxes (VATs), 529, 604	
being, 20	Value-adding activities, 486, 487–488	
culture of football, 124–126	Value chain:	
demand conditions of aging population,	about participants in international business,	
disposal of used products, 539	63–66 compared to supply chain, 497	
dollar	compared to supply chain, 497 defined, 36, 621	
as Eurodollars, 587	efficiency as strategic goal, 315	
and exchange rates, 289, 295	internationalization of firm's, 35e, 51–52	V
as hard currency, 287	rationalization in regional integration, 244	V
pegged to, 286, 296	Values, in culture, 139	V
as reference currency, 267	Vendors, 273–274, 401	
economic union analogy, 227	Venezuela:	V
export management companies in, 78–79 financial markets in, 583–584	as Andean Pact member, 237 corruption in, 271	
foreign investment laws as country risk,	countertrade in, 405	
175	government takeover of corporate assets,	
foreign policy and protests of firms, 21	173	
as franchising leader, 72e, 462	as MERSOSUR member, 236e	
government intervention	Ventures. See Collaborative ventures, interna-	
of cement imports, 196	tional	
on national heritage, 198 gray market activity from Canada, 534,	Vernon, Raymond, 101 Vertical collaboration, 116	
535	Vertical integration, of FDI, 432, 621	
Indiana Toll Road, 504	Vietnam:	
Internet retailers and international services,	adaptation of marketing program, 522	
9	as ASEAN member, 238e	
legislation (See Legislation)	as emerging market, 261	
merchandise trade and GDP, 6	national comparative advantage of, 109	
MNEs headquartered in, 13	as offshoring destination, 494	
monetary and financial relationship with China, 284–286	Phu My 3 Power Plant as BOT project, 466 Vietnam War, 293	
as NAFTA member, 234–235	Virtual corporation, 491	
offshored business, 492	Virtual gains or losses, 603	
tariffs on imports, 201	Visionary leadership, 329–330, 336–338, 621	V
trade deficit, 294	Voluntary export restraints (VERs), 196, 202	V
trading companies in, 78		V
wages and cost efficiency in global sourc-	W	V
ing, 495 Upstream value-chain activities, 51, 65e, 432	Wages:	_
Uruguay:	cost efficiency in global sourcing, 495	1
as emerging market, 261	minimum wage, 564	Υ
as MERSOSUR member, 236	societal consequences of market globaliza-	Ŷ
U.S. Commercial Service, 350	tion, 46–47, 53, 54	Υ
U.S. Commission on Investments, 175	Wallpaper, market demand for, 345–346	Y
U.S. Department of Agriculture, Food Safety	War as country risk 174	_
Inspection Service, 31 U.S. Department of Commerce, 350, 353	War, as country risk, 174 Warehousing, 373, 393	Z
International Trade Administration, 206,	Washington, D.C., 302	Z
402	Waste Electrical and Electronic Equipment	Z

(WEEE), 539

Velch, Jack, 331 White goods business, 23–24 Wholly owned direct investment, 430, 621 VHO (World Health Organization), 54 Vine exports, 390 Vinnie the Pooh, 456 VIPO (World Intellectual Property Organization), 184, 472 Vomen, 566, 568–570, 602 Vomen Directors on Boards (U.K.), 569 Vomen's Leadership Initiative, 548, 566 Vorkers. See Employees Vorkforce reduction, 564–565 Vorking capital, 588 Vorking capital management, 581, 588–591 Vorking conditions, 506 Vorkshops (sweatshops), 46, 53, 567 Vorld Bank: about, 304, 621 compared to IMF, 304 creation of, 295 Ease of Doing Business ranking, 271 information for forecasting, 597 microloans for entrepreneurs in emerging markets, 276 role in international corruption, 180 role in market globalization, 33, 36 role in political and legal systems, 172 on tax havens, 605 Vorld Bank Group, 402 Vorld Health Organization (WHO), 54 Vorld Intellectual Property Organization (WIPO), 184, 472 Vorld Trade Organization (WTO), 4 about, 211, 621 Agreement on Subsidies and Countervailing Measures (ASCM), 215-216 Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), 187, 472 Airbus, Boeing, and government intervention, 215-216 China as member, 37, 201, 211, 264 Common Agricultural Policy and, 234 defined, 33 dumping remedy, 530 influence of European Union, 240 on regional trade agreements, 225 role in market globalization, 33, 36 role in political and legal systems, 172 safeguarding intellectual property rights, 184 on subsidies, 205 on U.S. trade barriers on Chinese clothing exports, 246 Vorld War I, 32 Vorld War II, 32, 109, 222, 228, 469 VTO. See World Trade Organization VWF, 332

# V

Yellow Pages, business directories, 402 Youth market, 517–518, 540–541 Yu, Lawrence Zhibo, 132, 133 Yunus, Muhammad, 276

## 7

Zaire, as developing economy, 257 Zimbabwe, hyperinflation in, 291 Zurich, Switzerland, as financial center, 583