

高等学校经济类双语教学推荐教材

COMOMIZES @LASS708

经济学经典教材·国际贸易系列

nternational

國原商务

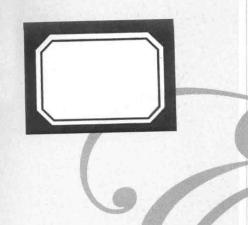
Business

J. 迈克尔·格林格 (J. Michael Geringer) 迈克尔·S·迈纳 (Michael S. Minor) 珍妮·M·麦克内特 (Jeanne M. McNett)



四 中国人民大学出版社

高等学校经济类双语教学推荐教材



00010MJ08 CLASSICS

经济学经典教材・国际贸易系列

国际 商务 Internation...

Busines

J. 迈克尔·格林格 (J. Michael Geringer)

迈克尔·S·迈纳 (Michael S. Minor)

珍妮·M·麦克内特 (Jeanne M. McNett)

中国人民大学出版社 · 北京 ·

图书在版编目(CIP)数据

国际商务:英文/(美)格林格等著. 一影印本一北京:中国人民大学出版社,2014.5 ISBN 978-7-300-18901-7

I. ①国··· II. ①格··· III. ①国际商务-英语 IV. ①F740

中国版本图书馆 CIP 数据核字 (2014) 第 091545 号

高等学校经济类双语教学推荐教材 经济学经典教材·国际贸易系列

国际商务(英文版)

J·迈克尔·格林格

迈克尔·S·迈纳

著

珍妮·M·麦克内特

Guoji Shangwu

出版发行 中国人民大学出版社

社 址 北京中关村大街31号 邮政编码 100080

电 话 010-62511242(总编室) 010-62511770 (质管部)

010-82501766(邮购部)

010-62514148 (门市部)

010-62515195(发行公司)

010-62515275(盗版举报)

XX 址 http://www.crup.com.cn

http://www.ttrnet.com(人大教研网)

经 销 新华书店

印 刷 三河市汇鑫印务有限公司

格 215 mm×275 mm 16 开本 规

版 次 2014年6月第1版

ED 次 2014年6月第1次印刷

印 张 18 插页 1 字 数 640 000

定 价 38.00 元

版权所有 侵权必究 印装差错 负责调换

出版说明

入世十年,我国已完全融入到经济全球化的浪潮中。党的十六大确立了"引进来,走出去"的发展战略,使得"国际化"复合型人才的需求不断增加。这就对我国一般本科院校多年来 所采取的单一语言(母语)教学提出了严峻挑战,经济类专业双语教学改革迫在眉睫。

为配合高校经济类专业双语教学改革,中国人民大学出版社携手培生、麦格劳-希尔、圣智等众多国际知名出版公司,倾情打造了该套"经济类双语系列教材",本套教材包括:经济管理类专业开设的核心课程、经济学专业开设的主干课程以及财政金融专业和国际贸易专业的主要课程。所选教材均为国外最优秀的本科层次经济类教材。

我们在组织、引进和出版该系列教材的过程中,严把质量关。聘请国内著名经济学家、学者以及一线授课教师审核国外原版教材,广泛听取意见,努力做到把国外真正高水平的适合国内实际教学需求的优秀教材引进来,供国内广大师生参考、研究和学习。

本系列教材主要有以下特点:

第一,教材体系设计完整。本系列教材全部为国外知名出版公司的优秀教材,涵盖了经济类专业的所有主要课程。

第二,保持英文原版教材特色。本系列教材依据国内实际教学需要以及广泛的适应性, 部分对原版教材进行了全文影印,部分在保持原版教材体系结构和内容特色的基础上进行了 适当删减。

第三,内容紧扣学科前沿。本系列教材在原著选择上紧扣国外教学前沿,基本上都是国 外最流行教材的最新版本。

第四,篇幅合理、价格适中。本系列教材一方面在内容和篇幅上很好地适应了国内双语 教学的实际需要,另一方面,低定价策略又避免了国外原版图书高额的购买费用。

第五,提供强大的教学支持。依托国外知名出版公司的资源,本系列教材为教师提供丰富的配套教辅资源,如教师手册、PPT课堂演示文稿、试题库等,并配套有内容丰富的网络资源,使教学更为便利。

本系列教材既适合高等院校经济类专业的本科教学使用,也适合从事经济类工作和研究的广大从业者阅读和学习。我们在选书、改编过程中虽然全面听取了专家、学者和教师的意见,努力做到满足广大读者的需求,但由于各教材的作者所处的政治、经济和文化背景不同,书中内容仍可能有不妥之处,我们真诚希望广大读者提出宝贵意见和建议,以便我们在以后的版本中不断改进和完善。

中国人民大学出版社

目 录

第一部分 国际商务的本质

第1章	国际	商务带来的挑战3	
	1.1	什么是国际商务?4	
	1.2	国际商务的独特之处在哪里?4	
	1.3	国际商务简史7	
	1.4	跨国公司和国际商务的发展8	
	1.5	什么是全球化?9	
	1.6	全球化的动力10	
	1.7	进入国外市场的动机 ·····14	
	1.8	商务全球化的七个维度17	
	1.9	本书架构17	
第2章	国际	示贸易与国际投资 20	
	2.1	国际贸易21	
	2.2	贸易的方向22	
	2.3	主要贸易伙伴22	
	2.4	对国际贸易的解释: 国际贸易理论24	
	2.5	外国投资29	
	2.6	贸易与投资会影响经济和社会发展吗?33	
	2.7	对 FDI 的解释: 国际投资理论35	
第3章	国际	示商务视角的国际组织	
	3.1	国际组织为什么很重要?39	
	3.2	联合国40	
	3.3	国际货币基金组织42	
	3.4	世界贸易组织44	
	3.5	经济一体化协定45	
	3.6	经济一体化协定的几个例子46	
	3.7	欧盟47	
		第二部分 国际环境	

	4.1	什么是文化54	
	4.2	文化影响商务54	
		比较不同文化的框架55	
		社会文化层面的文化61	
第5章	自然	然资源与环境的可持续性 ····· 65	
	5.1	地理环境66	
	5.2	比较优势:波特的钻石模型66	
	5.3	区位:政治与贸易关系67	
	5.4	地形	
	5.5	水体68	
	5.6	气候69	
	5.7	自然资源70	
		环境的可持续性76	
第6章	政治	台与贸易	
	6.1	国有企业84	
	6.2	私有化84	
	6.3	政府保护84	
	6.4	政府的稳定性86	
	6.5	跨国公司86	
	6.6	国家风险评估86	
	6.7	贸易壁垒87	
第7章	知识	只产权及其他法律问题 95	
	7.1	国际法96	
	7.2	国际争端的解决96	
	7.3	知识产权98	
	7.5	一些具体的国家法律99	
	7.6		
第8章	国际	示货币体系和金融问题······106	
	8.1	国际货币体系107	
	8.2	金融问题109	
		外汇110	
		汇率波动的原因110	
		货币兑换管制112	
第9章	劳动	力力因素119	
	9.1	全球劳动力市场概况与发展趋势120	

		雇佣政策方面的考虑	
	9.3	劳资关系128	
		第三部分 组织环境	
第10章	国队	示竞争战略135	
		跨国公司管理者面临的竞争挑战136	
		什么是国际战略?为什么国际战略至关重要?136	
		全球战略规划136	
第 11章	组纱	只设计与控制149	
		什么是组织设计?为什么组织设计对跨国公司很重要?150	
		组织控制157	
第12章		示市场评估	
	12.1	市场筛选165	
	12.2		
		区位筛选175	
第13章		人模式	
		进入海外市场178	
		出口面临的挑战186	
第14章		示营销187	
		国际营销的复杂性188	
		营销组合(卖什么,怎么卖)188	
第15章		录运营与供应链管理 ······200	
		全球供应链管理201	
		产品和服务的设计201	
		全球采购	
	15.4	生产体系206	
	15.5		
	15.6		
	15.7		
		本土生产体系212	
第16章	国际	际人力资源管理 ······ 213	
	16.1		
		招聘与选拔	
	16.3		
		外派	
	16.5	 	

第17章	国阴	会计与财务管理	
	17.1	国际会计230	
	17.2	国际财务管理233	
	17.3	资本结构233	
	17.4	现金流管理234	
	17.5	外汇风险管理236	
	17.6	税收240	
注释			

contents

section one

THE NA	TURE OF INTERNATIONAL BUSINESS	
chapter 1	The Challenging World of International Business 3	
chapter 2	International Trade and Investment 20	
abantar 2	International Institutions from an International Pusis	20

chapter 3 International Institutions from an International Business
 Perspective 38

section two

INTERNATIONAL ENVIRONMENTAL FORCES 51

chapter 4	Sociocultural Forces 53				
chapter 5	Natural Resources and Environmental Sustainability 65				
chapter 6	Political and Trade Forces 83				
chapter 7	Intellectual Property and Other Legal Forces 95				
chapter 8	The International Monetary System and Financial Forces	106			
chapter 9	Labor Forces 119				

section three

THE ORGANIZATIONAL ENVIRONMENT 133

chapter 10	International Competitive Strategy 135					
chapter 11	Organizational Design and Control 149					
chapter 12	Assessing International Markets 164					
chapter 13	Entry Modes 177					
chapter 14	Marketing Internationally 187					
chapter 15	Global Operations and Supply Chain Management	200				
chapter 16	Managing Human Resources in an International					
	Context 213					
chapter 17	International Accounting and Financial Management	229				

ENDNOTES 242

contents

section one the nature of international business 1

CHAPTER 1 THE CHALLENGING WORLD OF INTERNATIONAL BUSINESS 3

WHAT IS INTERNATIONAL BUSINESS? 4 WHAT IS DIFFERENT ABOUT INTERNATIONAL BUSINESS? 4

Influence of External and Internal Environmental Forces 5
The Domestic Environment 5
The Foreign Environment 6

The International Environment 6

A BRIEF HISTORY OF INTERNATIONAL BUSINESS 7 GROWTH OF INTERNATIONAL FIRMS AND INTERNATIONAL BUSINESS 8

Expanding Number of International Companies 8
Foreign Direct Investment and Exporting Are Growing Rapidly 9
What Is Driving the Globalization of Business? 9

WHAT IS GLOBALIZATION? 9

THE DRIVERS OF GLOBALIZATION 10

Arguments Supporting Globalization 11 Concerns with Globalization 12

MOTIVES FOR ENTERING FOREIGN MARKETS 14

Increase Profits and Sales 14 Protect Markets, Profits, and Sales 15

THE SEVEN DIMENSIONS FOR GLOBALIZING A BUSINESS 17 ORGANIZATION OF THIS BOOK 17

CHAPTER 2 INTERNATIONAL TRADE AND INVESTMENT 20

INTERNATIONAL TRADE 21

Volume of International Trade 21 Which Nations Account for the Most Exports and Imports? 21

DIRECTION OF TRADE 22

MAJOR TRADING PARTNERS: THEIR RELEVANCE FOR MANAGERS 22

Major Trading Partners of the United States 23

EXPLAINING TRADE: INTERNATIONAL TRADE THEORIES 24

Mercantilism 24

Theory of Absolute Advantage 24
Theory of Comparative Advantage 25
How Money Can Change the Direction of Trade 26

Some Newer Explanations for the Direction of Trade 27 Summary of International Trade Theory 28

FOREIGN INVESTMENT 29

Portfolio Investment 29 Foreign Direct Investment 29

ARE ECONOMIC AND SOCIAL DEVELOPMENT AFFECTED BY TRADE AND INVESTMENT? 33

Does Trade Lead to FDI? 34

EXPLAINING FDI: THEORIES OF INTERNATIONAL INVESTMENT 35

Monopolistic Advantage Theory 35 Internalization Theory 35 Dynamic Capabilities 35 Eclectic Theory of International Production 35

CHAPTER 3 INTERNATIONAL INSTITUTIONS FROM AN INTERNATIONAL BUSINESS PERSPECTIVE 38

WHAT ARE INSTITUTIONS AND WHY ARE THEY USEFUL? 39

THE UNITED NATIONS 40

UN Organization 41

INTERNATIONAL MONETARY INSTITUTIONS 42

International Monetary Fund 42 IMF and Exchange Rates 42 The World Bank 42

WORLD TRADE ORGANIZATION 44

WTO Principles 44

ECONOMIC INTEGRATION AGREEMENTS 45

EXAMPLES OF ECONOMIC INTEGRATION AGREEMENTS 46 THE EUROPEAN UNION 47

EU Development 47

The EU's Impact on International Business 48

section two International Environmental Forces 51

CHAPTER 4 SOCIOCULTURAL FORCES 53

WHAT IS CULTURE? 54

CULTURE AFFECTS ALL BUSINESS FUNCTIONS 54

Marketing 55

Human Resources 55

Production 55

Accounting and Finance 55

Preferred Leadership Styles 55

FRAMEWORKS TO COMPARE CULTURES 55

Hall's High and Low Context 56

Hofstede's Five Dimensions 56

Trompenaars' Seven Dimensions 59

SOCIOCULTURAL ASPECTS OF CULTURE 61

Aesthetics 61

Religion 61

Material Culture 61

Language 61

Special Focus: Gift Giving 62

Societal Organization 62

CHAPTER 5 NATURAL RESOURCES AND ENVIRONMENTAL SUSTAINABILITY 65

GEOGRAPHY 66

COMPETITIVE ADVANTAGE: PORTER'S DIAMOND 66

LOCATION: POLITICAL AND TRADE RELATIONSHIPS 67

TOPOGRAPHY 67

BODIES OF WATER 68

CLIMATE 69

NATURAL RESOURCES 70

Energy 70

Nonfuel Minerals 76

ENVIRONMENTAL SUSTAINABILITY 76

Characteristics of Environmentally Sustainable

Business 78

The Stakeholder Model for Sustainable Business 79

CHAPTER 6 POLITICAL AND TRADE FORCES 83

GOVERNMENT OWNERSHIP OF BUSINESS 84

Why Firms are Nationalized 84 Unfair Competition? 84

PRIVATIZATION 84

Privatization Anywhere 84

GOVERNMENT PROTECTION 84

Terrorism 85

GOVERNMENT STABILITY 86

Stability and Instability: Examples and Results 86

INTERNATIONAL COMPANIES 86

COUNTRY RISK ASSESSMENT 86

Types of Country Risks 86

Information Content for CRA 87

Who Does Country Risk Assessing? 87

TRADE RESTRICTIONS 87

Arguments for Trade Restrictions 87

Tariff Barriers 89

Nontariff Barriers 91

Costs of Barriers to Trade 94

CHAPTER 7 INTELLECTUAL PROPERTY AND OTHER LEGAL FORCES 95

INTERNATIONAL LEGAL FORCES 96

Rule of Law 96

Sources of International Law 96

Extraterritoriality 96

INTERNATIONAL DISPUTE SETTLEMENT 96

Litigation 96

Performance of Contracts 96

Despite Legal Uncertainties, International Business

Grows 97

INTELLECTUAL PROPERTY 98

Patents 98

Trademarks 98

Trade Names 99

Copyrights 99

STANDARDIZING LAWS AROUND THE WORLD 99

SOME SPECIFIC NATIONAL LEGAL FORCES 99

Competition Laws 99

Tariffs, Quotas, and Other Trade Obstacles 100

Torts 101

Miscellaneous Laws 103

U.S. LAWS THAT AFFECT THE INTERNATIONAL BUSINESS OF U.S. FIRMS 103

Foreign Corrupt Practices Act 103

Accounting Law 104

CHAPTER 8 THE INTERNATIONAL MONETARY SYSTEM AND FINANCIAL FORCES 106

THE INTERNATIONAL MONETARY SYSTEM 107

A Brief History: The Gold Standard 107

Bretton Woods System 107

Floating Currency Exchange Rate System 108

Current Currency Arrangements 108
Bank for International Settlements 109

FINANCIAL FORCES 109

Fluctuating Currency Values 109

FOREIGN EXCHANGE 110

Exchange Rate Quotations 110

CAUSES OF EXCHANGE RATE MOVEMENT 110

Exchange Rate Forecasting .111

CURRENCY EXCHANGE CONTROLS 112

Taxation 114
Inflation and Interest Rates 114
Balance of Payments 117

CHAPTER 9 LABOR FORCES 119

WORLDWIDE LABOR CONDITIONS AND TRENDS 120

Overall Size of the Workforce 120

Unemployment 121

Vulnerable Workforce 121

Aging of Populations 122

Urbanization of Workforce 122

Immigrant Labor 123

Child Labor 123

Forced Labor 124

Brain Drain 124

Guest Workers 125

CONSIDERATIONS IN EMPLOYMENT POLICIES 125

Social Status 125

Sexism 125

Racism 126

Minorities in Traditional Societies 128

Labor in Developing Nations 128

EMPLOYER-EMPLOYEE RELATIONSHIPS 128

Importance of Proper Preparation When Entering a Market 129

Labor Unions: Europe, United States, and Japan 130

Multinational Labor Activities 131

section three THE ORGANIZATIONAL ENVIRONMENT 133

CHAPTER 10 INTERNATIONAL COMPETITIVE STRATEGY 135

THE COMPETITIVE CHALLENGE FACING MANAGERS OF INTERNATIONAL BUSINESSES 136

WHAT IS INTERNATIONAL STRATEGY, AND WHY IS IT IMPORTANT? 136

GLOBAL STRATEGIC PLANNING 136

Why Plan Globally? 136

Global Strategic Planning Process 137

Strategic Plan Features and Implementation

Facilitators 143

Kinds of Strategic Plans 144

Methods of Planning 144

New Directions in Planning 145 Summary of the International Planning Process 146

CHAPTER 11 ORGANIZATIONAL DESIGN AND CONTROL 149

WHAT IS ORGANIZATIONAL DESIGN, AND WHY IS IT IMPORTANT FOR INTERNATIONAL COMPANIES? 150

Organizational Design Concerns 150 Evolution of the International Company 151 Changes in Organizational Forms 155 Current Organizational Trends 155 Corporate Survival in the 21st Century 156

CONTROL 157

Subsidiaries 157
Where to Make Decisions in Wholly-Owned
Subsidiaries? 157
Joint Ventures and Subsidiaries Less Than 100 Percent
Owned 160
Reporting 161
Managing in a World out of Control 163

CHAPTER 12 ASSESSING INTERNATIONAL MARKETS 164

MARKET SCREENING 165

Two Types of Market Screening: Country and Segment 165

COUNTRY SCREENING 165

Initial Screening—Basic Needs Potential 165
Second Screening—Financial and Economic Forces 166
Third Screening—Political and Legal Forces 168
Fourth Screening—Sociocultural Forces 169
Fifth Screening—Competitive Forces 169
Final Selection of New Markets 170
Collecting Data Using Surveys 173

SEGMENT SCREENING 175

Criteria for Identifying and Assessing Segments 176 Two Screening Methods, Reconsidered 176

CHAPTER 13 ENTRY MODES 177

ENTERING FOREIGN MARKETS 178

Nonequity Modes of Entry 178 Equity-Based Modes of Entry 181

THE CHALLENGES OF EXPORTING 186

CHAPTER 14 MARKETING INTERNATIONALLY 187

ADDED COMPLEXITIES OF INTERNATIONAL MARKETING 188

THE MARKETING MIX (WHAT TO SELL AND HOW TO SELL IT) 188

Standardize, Adapt, or Formulate Anew? 188 Product Strategies 189 Promotional Strategies 192 Pricing Strategies 196

CHAPTER 15 GLOBAL OPERATIONS AND SUPPLY **CHAIN MANAGEMENT 200**

MANAGING GLOBAL SUPPLY CHAINS 201 DESIGN OF PRODUCTS AND SERVICES 201

SOURCING GLOBALLY 202

Reasons for Sourcing Globally 202 Global Sourcing Arrangements 203 Importance of Global Sourcing 203 The Increasing Use of Electronic Purchasing for Global Sourcing 204

Problems with Global Sourcing 204

MANUFACTURING SYSTEMS 206

Advanced Production Techniques can Enhance Quality and Lower Costs 206

LOGISTICS 206

STANDARDIZATION AND THE MANAGEMENT OF GLOBAL **OPERATIONS 206**

Benefits of Standardization of Global Operations 207 Organization and Staffing 207 Control 208 Planning 208

IMPEDIMENTS TO STANDARDIZATION OF GLOBAL **OPERATIONS 209**

Environmental Forces 209 Some Design Solutions 212

LOCAL MANUFACTURING SYSTEM 212

Basis for Organization 212 Horizontal and Vertical Integration 212

CHAPTER 16 MANAGING HUMAN RESOURCES IN AN INTERNATIONAL CONTEXT 213

THE INTERNATIONAL HUMAN RESOURCE MANAGEMENT APPROACH 214

RECRUITMENT AND SELECTION OF EMPLOYEES 214

Ethnocentric Staffing Policy 214 Polycentric Staffing Policy 216 Regiocentric Staffing Policy 216 Geocentric Staffing Policy 217

TRAINING AND DEVELOPMENT 217

Home- or Parent-Country National 217 Host-Country National 217 Third-Country National 218

EXPATRIATES 218

The Expatriate's Family 219 Preparation for the Transition: Language Training 220 Expatriate Services 220 Repatriation—The Shock of Returning Home 221

COMPENSATION 221

Salaries 222 Allowances 222 Bonuses 223 Compensation Packages Can Be Complicated 224 Compensation of Third-Country Nationals 227 International Status 227 Perks 228 What's Important to You? 228

CHAPTER 17 INTERNATIONAL ACCOUNTING **AND FINANCIAL MANAGEMENT 229**

INTERNATIONAL ACCOUNTING 230

Accounting and Foreign Currency 230 Accounting and Culture 231 Convergence of Accounting Standards 232 Triple-Bottom-Line Accounting 232

INTERNATIONAL FINANCIAL MANAGEMENT 233 CAPITAL STRUCTURE OF THE FIRM 233

CASH FLOW MANAGEMENT 234

Why Funds are Moved 234 International Finance Center 235 Multilateral Netting 235 Leading and Lagging 236

FOREIGN EXCHANGE RISK MANAGEMENT 236

Transaction Exposure 236 Translation Exposure 240 Economic Exposure 240

TAXATION 240

NOTES 242

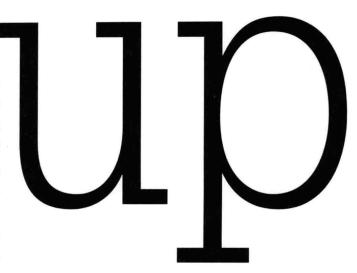
coming

he world we share is becoming increasingly interconnected in complex and interesting ways. Section One describes the nature and scope of international business and introduces the three environments in which international business managers must operate. How well they perform in their undertakings depends in great measure on their understanding of domestic, international, and foreign environments.

Chapter 1 discusses what international business is and also presents the concepts of the three environments and their forces. From the history of international business, we learn that international firms have been in existence for centuries, but that present-day global companies—characterized by explosive growth and closer central control of foreign operations—are markedly different from their predecessors. We discuss what is driving globalization of business and why firms go abroad, and examine the debate about pros and cons of globalization of business. We also examine the seven dimensions along which managers can globalize if they take their companies international.

In Chapter 2, information is presented to help you comprehend the dynamic growth and the magnitude of both international trade and foreign investment. We also provide an overview of the major theories of international trade and investment. A basic understanding of this material will help explain the actions already taken by managers and by government officials and provide insight into what they plan to do in the future.

Chapter 3 discusses institutions that operate in the international environment and that may affect international businesses in fundamental ways. International institutions can be both a help and a hindrance to businesses, and the international institutions and agreements discussed in this chapter are organizations of governments, along with some private organizations, whose main purpose is political, economic, or a combination of the two. Some of these organizations have large amounts of power (such as the European Union), and others have less



THE NATURE OF INTERNATIONAL BUSINESS

section one

THE NATURE OF INTERNATIONAL BUSINESS

- ch. 1 The Challenging World of International Business
- ch. 2 International Trade and Investment
- ch. 3 International Institutions from an International Business Perspective

section two

INTERNATIONAL ENVORONMENTAL FORCES

section three

THE ORGANIZATIONAL ENVIRONMENT



the challenging world of international business

think about how you are involved in the global economy, think back to how you began your own day. After you awoke, you may have looked at your Casio watch for the time, checked your Samsung cell phone for messages, and turned on your Toshiba TV for the news and weather while you showered. After drying your hair with a Conair dryer, maybe you slipped into some Diesel jeans, quickly swallowed some Dannon yogurt and a glass of Mott's apple juice, brushed your teeth with Close-Up toothpaste, and drove off to class in your Honda with its Firestone tires and a tank full of Shell gasoline. Meanwhile, on the other side of the world, a group of Nike-clad Japanese students may be turning off their H-P computers after watching videos on YouTube.com and debating whether they should stop for hamburgers and Cokes at McDonald's or coffee at Starbucks. As they leave, they place their books and other materials into their

JanSport backpacks, put on their North Face jackets and Oakley sunglasses, and turn on their iPods.

LEARNING OBJECTIVES

After reading this chapter, you should be able to:

- LO1 Understand what international business is and why it is important.
- LO2 Comprehend why and how international business differs from domestic business.
- LO3 Appreciate that international business has a long and important history in the world's development.
- LO4 Appreciate the dramatic internationalization of markets.
- LO5 Understand the five kinds of drivers. all based on change, that are leading firms to internationalize their operations.
- LO6 Recognize the key arguments for and against the globalization of business.
- LO7 Explain the reasons for entering foreign markets.
- LO8 Recognize that globalization of an international firm occurs over at least seven dimensions and that a company can be partially global in some dimensions and completely global in others.

international business A business whose activities are carried out across national borders foreign business The operations of a company outside its home or domestic market

company (MDC)
An organization with
multicountry affiliates,
each of which formulates
its own business strategy

based on perceived market

differences

multidomestic

global company (GC) An organization that attempts to standardize and integrate operations worldwide in all functional areas international company (IC) Either a global or a multidomestic company

What do you and the Japanese students have in common? You are all consuming products made by *foreign-owned companies*. This is international business.

All that you have read so far points to one salient fact: all managers need to have a basic knowledge of international business to be able to meet the challenge of global competition. Acquiring this knowledge consists, in part, of learning the special terminology of international business, an important function, as you already know, of every introductory course. To assist you in learning the international business "language," we've included a glossary at the end of the book and listed the most important terms at the end of each chapter. They also appear in bold print where they are first used in the text, with their definitions in the margin.

L01 Understand what international business is and why it is important.

WHAT IS INTERNATIONAL BUSINESS?

Because international business is a relatively new discipline and is extremely dynamic, you will find that the definitions of a number of terms vary among users. To avoid confusion due to the range of different definitions of terms in international business, in this text we will employ the definitions listed below, which are generally accepted by managers:

- International business is business whose activities are carried out across national borders. This definition includes not only international trade and foreign manufacturing but also the growing service industry in areas such as transportation, tourism, advertising, construction, retailing, wholesaling, and mass communications.
- 2. Foreign business denotes the operations of a company outside its home or domestic market; many refer to this as business conducted within a foreign country. This term sometimes is used interchangeably with international business by some writers, although that will not be the practice in this book.
- A multidomestic company (MDC) is an organization with multicountry affiliates, each of which formulates its own business strategy based on perceived market differences.
- A global company (GC) is an organization that attempts to standardize and integrate operations worldwide in most or all functional areas.

 An international company (IC) is a global or multidomestic company.

Although we primarily use the terms global, multidomestic, and international firms or companies, at times we may use multinational enterprise (MNE) or multinational company (MNC) interchangeably with international company (IC), inasmuch as both terms are employed in the literature and in practice.

Although you may find those who consider multinational corporation to be synonymous with multinational enterprise and transnational corporation,1 the United Nations and the governments of many developing nations use transnational instead of multinational to describe any firm doing business in more than one country. The specialized agency, the United Nations Conference on Trade and Development (UNCTAD), for example, employs the following definition: "A transnational corporation is generally regarded as an enterprise comprising entities in more than one country which operate under a system of decision making that permits coherent policies and a common strategy. The entities are so linked, by ownership or otherwise, that one or more of them may be able to exercise a significant influence over the others and, in particular, to share knowledge, resources and responsibilities with the others."2 More recently, some academic writers have employed the term transnational for a company that combines the characteristics of global and multinational firms: (1) trying to achieve economies of scale through global integration of its functional areas and at the same time (2) being highly responsive to different local environments (a newer name is multicultural multinational).3

L02 Comprehend why and how international business differs from domestic business.

WHAT IS DIFFERENT ABOUT INTERNATIONAL BUSINESS?

International business differs from domestic business in that a firm operating across borders must deal with the forces of three kinds of environments—domestic, foreign, and international. In contrast, a firm whose business activities are carried out within the borders of one country needs to be concerned essentially with only the domestic environment. However, no domestic firm is entirely free from foreign or international