



INTERNATIONAL BUSINESS

SIXTH EDITION

Michael R. Czinkota

Ilkka A. Ronkainen

Michael H. Moffett

WEB-ENHANCED





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PREFACE

We are grateful for the leadership position the market has awarded to this book. We are keenly aware of the fact that best-selling status in the educational field also imposes an obligation to deliver cutting-edge innovations and improvements in terms of content as well as presentation. We honor your trust by doing our best to delight you through our presentation of conceptually sound, reality-based knowledge and by easing your task of teaching and learning about international business.

This textbook is unique in its approach to international business. Our direct corporate experience and advising of companies, both large and small, allows us to share with you the realities of the battle in the international marketplace. Due to our ongoing policy work with both national and international organizations, we are able to give you a firsthand perspective of government activities in international business. Through our research leadership we can provide you with insights at the forefront of global thinking. As a result, this book offers you the perspective of the multinational corporation as well as that of the small international start-up firm. It lets you understand how and why governments intervene in markets and suggests alternatives for working with governments to achieve corporate goals. This book provides you with a strong theory base but also fully reflects the managerial concerns of those who work on the front lines in the business world. Finally, ongoing improvements in pedagogy, presentation, and writing continue to make this book fun to teach with and learn from.

Changes in the Sixth Edition

We have streamlined the text and worked hard to make it even more user friendly. The book now has twenty chapters. Important issues, such as investment flows, are now integrated early on into the text. Multinational corporate issues, together with cooperative modes of market development, are presented in the context of international business entry and strategic planning. Countertrade is covered in conjunction with multinational financial management. The specific changes in this edition are explained below.

Current Coverage

In preparing this edition, we have listened closely to our market in order to deliver an outstanding product. We start out by presenting the impact of international business on countries, corporations, and individuals. In-depth attention is paid to the role of culture, policies, and politics. The dimensions of ethics, social responsibility, and diversity are fully reflected through examples and vignettes.

We reflect more fully on some of the controversies in international business today, including the role of international institutions such as the World Trade Organization, the World Bank, and the International Monetary Fund. We also discuss why some groups are disenchanted with increased globalization. Also presented are some of the links between international business and development, such as payment for intellectual property rights, distribution of patented medication to poor countries, and development of genetically engineered foods. We address the issues of bribery and corruption and the benefit of international scrutiny, and we explain the increased use of arbitration procedures.

Use of Worldwide Examples

The global orientation of this book is reinforced by drawing on worldwide examples, trends, and data rather than just on U.S.-based information. For example, many of the data sets presented and sources recommended come from Europe and Asia.

We also ensure the reality and pragmatism of our content by always addressing the issue of “What does all this mean for firms in terms of implementing international business activities?” As an example, we explain how to use cultural variables for segmentation purposes in order to create new competitive tools.

Technology, Electronic Commerce, and the Internet

Harcourt has teamed with Digital: Convergence™ taking instructors and students beyond the book to obtain further up-to-date information on topics discussed in the text. This new technology connects to any home computer and, with the sweep of a bar code, gives students instant access to supporting web sites and online quizzing. In addition, web-based questions and research exercises at the end of each chapter permit immersion in ongoing international business issues and communicate the excitement of rapid change.

We have developed a strong focus on Internet-based research but also highlight the strengths and weaknesses of electronic data bases. We highlight, for example, that culture has a major effect on technology use and content expectations, and that search engines tend to pick only a small portion of actual work carried out and are still heavily biased toward English language publications. We also show how new technology can help even very small firms to reach out to international markets and compete successfully abroad.

Blending Current Theory and Application

Our theory section presents the latest thinking both from leading economists and business researchers. We also present the interdependence and linkages between the different theories so that the student gains an appreciation of the overall context of international business thought. All tables, figures, and maps were updated to present the most current information.

To link theory and practice, we present sixteen cases, eleven of which are new or updated. We draw case materials from firms around the world to offer truly global business scenarios, ranging from China and Russia to Iceland. The cases deal not only with established manufacturing industries, such as Harley Davidson, but also with online service by Hewlett Packard and the dot.com revolution. We present some of the controversy emanating from tobacco exports and from mad cow disease, and we also focus on the human dimension that is so highly important for expatriates. In addition to the cases specified here, there are many more cases available in Harcourt's Digital Library. Professors can choose any number of cases from the library, and even add their own content, to create a customized course-specific casebook that can be packaged with the text. Visit this book's web site for details (www.harcourtcollege.com/management/czinkota6e/).

Up-to-Date Coverage of EU, Asia, and Transition Economies

In Part 3 we have streamlined the discussion of the international monetary system, included the issues surrounding the introduction of the euro, and expanded the discussion of financial markets in order to reflect the financial turmoil in Asia. We provide in-depth coverage of the new developments in the European Union together with the changing roles of Mercosur and APEC. In discussing the latest changes in transition economies, we are, due to our direct involvement in founding three business learn-

ing institutions in Russia, able to highlight the human and leadership dimensions inherent in the change to a market economy.

Increased Coverage of Research

Part 4 has a greatly strengthened research chapter. An in-depth information appendix enhances the student's ability to conduct independent research, primarily by using web sites and other resources of the Internet. We devote a new section to the issue of data privacy, where we highlight best practices of firms and provide a comparison of the different approaches to privacy in Europe and in the United States.

We also focus on "born global" firms, which have a global orientation from their inception, and differentiate the levels of internationalization of the firm. We offer a new model of the internationalization process, reflecting the latest in research findings. We show how firms can receive export help from their governments and provide the Internet information for the leading export promotion organizations from around the globe. A new section highlights how leading-edge firms are developing "Export Complaint Management Systems" in order to stay close to their customers, adapt products quickly, and regain control of export channels.

Strengthened Strategy Orientation

Part 5 offers a strengthened strategy orientation. The chapter on strategic planning presents a framework for planning and market choice and offers a new context for formulating global strategy. An in-depth treatment of supply-chain management is offered to complement the logistics discussion. We deal with important implementation issues such as product tracking, electronic data interchange, early supplier involvement and mass customization. We also highlight the emergence of a new "post-mortem" stage in the product life cycle, during which firms will have to engage in the reverse distribution of the products they have sold many years ago. Global community relations are addressed, including insights on corporate preparations for crisis situations and the ability to transfer best practices. This section also offers the unique insights from a global delphi study conducted by the authors, the results of which are being used by several governments and corporations in structuring international trade strategies. Finally, a special section highlights the increasing role of women in international business leadership and offers extensive new information on international employment opportunities.

Special Features

Art and Photo Program

In order to inspire the student's imagination, many color photographs are presented in this edition. Throughout the text, concepts are visually depicted through tables, figures, and graphics. Artwork is designed to reiterate key concepts as well as to provide a pleasing format for student learning.

Organization

The text is divided into five parts. The first part introduces the impact of international business on countries, firms, and individuals. The second part focuses on the theoretical foundations of international trade and investment and the economic activity of the nation. Part 3 concentrates on the economic and financial environment together with economic integration and economies in transition. Part 4 is devoted to the preparation for international business and market entry. Part 5 covers strategic management issues.

Coverage

The text covers the international business activities of small and medium-sized firms that are new to the international arena as well as those of giant multinational corporations. It also provides thorough coverage of the policy aspects of international business, reflecting the concerns of the U.S. government, foreign governments, and international institutions.

The text consistently adopts a truly global approach. Attention is given to topics that are critical to the international manager yet so far have eluded other international texts. This coverage includes chapters on supply-chain management, international service trade, and doing business with newly emerging market economies under conditions of privatization.

Geography

To encourage the geographic literacy of students, color maps have been redesigned and updated. They provide the instructor with the means to visually demonstrate concepts such as political blocs, socioeconomic variables, and transportation routes. In addition, a unique appendix focuses specifically on the topic of geography and international business. A list of maps appears on page xxix.

Contemporary Realism

Each chapter offers a number of Global Perspectives that describe actual contemporary business situations. They are intended to serve as reinforcing examples, or mini-cases. As such, they will assist the instructor in stimulating class discussion and aid the student in understanding and absorbing the text material.

Research Emphasis

A special effort has been made to provide current research information. Apart from sharing the results of our own research, and that of our colleagues, we offer at the end of each chapter a list of relevant recommended readings. These materials will enable the instructor and the student to go beyond the text whenever time permits. We also offer information about web sites for research and exercise purposes so that the reader can go beyond the printed information.

Cases and Video Support

The text is followed by cases, many written especially for this book. Of a total of sixteen cases, three are also supported by video materials available to the instructor. Challenging questions accompany each case. They encourage in-depth discussion of the material covered in the chapters and allow students to apply the knowledge they have gained. Additional cases are available in Harcourt's Digital Library allowing professors to create a customized course-specific casebook that can be packaged with the text. Visit this book's web site for details (www.harcourtcollege.com/management/czinkota6e/).

Pedagogy

A textbook is about teaching, and we have made a major effort to strengthen the pedagogical value of this book.

- The listing of web sites allows the student to go directly to the source and receive up-to-the-minute information.

- The use of color makes it easier to differentiate sections and improves the presentation of graphs and figures.
- The design of maps specific to chapters adds a visual dimension to the verbal explanation.
- The Global Perspectives bring concrete examples from the business world into the classroom.
- The video support materials enable better and more efficient instruction.
- A glossary has been provided for the student's benefit. Each key term is bold-faced and defined in the text where it first appears. A complete glossary is provided at the end of the text.

Personal Support

Most important, we personally stand behind our product and we will work hard to delight you. Should you have any questions or comments on this book, you can contact us and provide us with your feedback.

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Comprehensive Learning Package

Instructor's Manual

The text is accompanied by an in-depth *Instructor's Manual*, devised to provide major assistance to the professor. The material in the manual includes the following:

Teaching Plans Alternative teaching plans and syllabi are presented to accommodate the instructor's preferred course structure and varying time constraints. Time plans are developed for the course to be taught in a semester format, on a quarter basis, or as an executive seminar.

Discussion Guidelines For each chapter, specific teaching objectives and guidelines are developed to help stimulate classroom discussion.

End-of-Chapter Questions All questions for discussion are fully developed in the manual to accommodate different scenarios and experience horizons. Where appropriate, the relevant text section is referenced. In addition, each chapter includes two or more Internet-based questions offering the students the opportunity to explore the application of new technology to international business on their own.

Cases Detailed answers are provided for all discussion questions that follow the cases that appear in the text. The manual also includes teaching notes for every video case.

Transparency Masters The manual contains a substantial number of transparency masters that include figures from the text.

Test Bank

The greatly expanded test bank, consists of more than 1,500 short-answer questions, essay questions, true/false questions, and multiple choice questions. All the questions are also available on computer diskette.

Lecture Presentation Software

An asset to any instructor, the lectures in Microsoft PowerPoint provide outlines for every chapter, graphics of the illustrations from the text, and additional examples providing instructors with a number of learning opportunities for students.

Overhead Transparencies

A package of 100 transparency acetates, which feature text art and maps, is available. The acetates are accompanied by detailed teaching notes that include summaries of key concepts.

Companion Web Site

International Business's web site at www.harcourtcollege.com provides additional instructor and student resources. Students can access a resource library of articles with applications to text lessons, useful information on international business etiquette, student activities, and online quizzing. Additional supplementary materials are included on a password-protected site for instructors.

Harcourt College Publishers will provide complimentary supplements or supplement packages to those adopters qualified under our adoption policy. Please contact your sales representative to learn how you may qualify.

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Michael R. Czinkota
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Dr. Czinkota was born and raised in Germany and educated in Austria, Scotland, Spain, and the United States. He studied law and business administration at the University of Erlangen-Nürnberg and was awarded a two-year Fulbright Scholarship. He holds an MBA in international business and a Ph.D. in logistics from Ohio State University.



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Dr. Ronkainen has served as a consultant to a wide range of U.S. and international institutions. He has worked with entities such as IBM, the Rand Organization, and the Organization of American States. He maintains close relations with a number of Finnish companies and their internationalization and educational efforts.



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Dr. Moffett has lectured at a number of universities around the world, including the Aarhus School of Business (Denmark), the Helsinki School of Economics and Business Administration (Finland), the Norwegian School of Economics (Norway), and the University of Ljubljana (Slovenia). Dr. Moffett has also lectured at a number of universities in the United States, including Trinity College, Washington, DC, and the University of Colorado–Boulder. He is a former visiting research fellow at the Brookings Institution, and he recently completed a two-year visiting professorship in the Department of International Business at the University of Michigan–Ann Arbor.

Michael Moffett's research publications have appeared in a number of academic journals, including the *Journal of International Money and Finance*, the *Journal of Financial and Quantitative Analysis*, *Contemporary Policy Issues*, and the *Journal of International Financial Management and Accounting*. He is co-author of *Multinational Business Finance*, eighth edition, 1998, with David Eiteman and Arthur Stonehill, as well as co-editor with Arthur Stonehill of *Transnational Financial Management* for the United Nations Centre for Transnational Corporations, 1993. He is a continuing contributor to numerous collective works in the fields of international finance and international business, including the *Handbook of Modern Finance* and the *International Accounting and Finance Handbook*. Dr. Moffett has also consulted with a number of private firms both in the United States and Europe.

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