

BRIEF CONTENTS

Preface	xvii
Acknowledgments	xxiii
About the Authors	xxv

<i>part one</i>	Foundations of Multinational Management	1
1	Multinational Management in a Changing World	2
2	Culture and Multinational Management	28
3	The Institutional Context of Multinational Management	67
4	Managing Ethical and Social Responsibility Challenges in Multinational Companies	94

<i>part two</i>	Strategy Content and Formulation for Multinational Companies	121
5	Strategic Management in the Multinational Company: Content and Formulation	122
6	Multinational and Participation Strategies: Content and Formulation	146
7	Small Businesses and International Entrepreneurship: Overcoming Barriers and Finding Opportunities	176

<i>part three</i>	Management Processes in Strategy Implementation: Design Choices for Multinational Companies	201
8	Organizational Designs for Multinational Companies	202
9	International Strategic Alliances: Design and Management	235
10	Multinational E-Commerce: Strategies and Structures	262

<i>part four</i>	Strategy Implementation for Multinational Companies: Human Resource Management	287
11	International Human Resource Management	288
12	HRM in the Local Context: Knowing When and How to Adapt	320

<i>part five</i>	Strategy Implementation for Multinational Companies: Interaction Processes	357
13	International Negotiation and Cross-Cultural Communication	358
14	Motivation in Multinational Companies	390
15	Leadership and Management Behavior in Multinational Companies	424

Cases	453
Glossary	667
Name Index	677
Subject Index	681
Company Index	703

Preface xvii
Acknowledgments xxiii
About the Authors xxv

*part one***Foundations of Multinational Management 1**

1 **MULTINATIONAL MANAGEMENT IN A CHANGING WORLD 2**
The Nature of the Multinational Company 4
The Globalizing Economy: A Changing (but Not Always Stable) Environment
for Business 6
Countries of the World: The Arrived, the Coming, and the Struggling 7 / Disintegrating
Borders: The World Trade Organization and Free Trade Areas 9 / The Internet and
Information Technology Are Making It All Easier 17 / The Rise of Global Products and
Global Customers 17 / New Competitors Are Emerging 18 / The Rise of Global
Standards 19 / Corporate Social Responsibility and Business Ethics 20
The Next Generation of Multinational Managers 22
Multinational Management: A Strategic Approach 24

2 **CULTURE AND MULTINATIONAL MANAGEMENT 28**
What Is Culture? 29
Levels of Culture 32
National Culture 32 / Business Culture 32 / Occupational Culture and Organizational
Culture 34
Cultural Differences and Basic Values: Three Diagnostic Models to Aid the
Multinational Manager 35
Hofstede's Model of National Culture 36 / Hofstede's Cultural Model Applied to
Organizations and Management 36
GLOBE National Culture Framework 48
7d Cultural Dimensions Model 51 / Universalism versus Particularism 51 /
Individualism versus Collectivism 53 / Neutral versus Affective 54 / Specific versus
Diffuse 54 / Achievement versus Ascription 55 / Time Orientation 56 / Internal
versus External Control 57
Caveats and Cautions 59

3 **THE INSTITUTIONAL CONTEXT OF MULTINATIONAL MANAGEMENT 67**
Social Institutions and Their Influence on Society 69
Economic Systems 69
Dominant Market Type 70 / Market Transitions 72
Industrialization 74

Religion 79
 Education 86
 Social Inequality 89

4 **MANAGING ETHICAL AND SOCIAL RESPONSIBILITY CHALLENGES IN MULTINATIONAL COMPANIES 94**
 What Are International Business Ethics and Social Responsibility? 96
 Ethical Philosophy 99
 Traditional Views 99 / Moral Languages 99
 National Differences in Business Ethics and Social Responsibility 100
 Questionable Payments and Bribery 103
 Toward Transnational Ethics 108
 Pressures for Ethical Convergence 109 / Prescriptive Ethics for the Multinational 109
 The Ethical Dilemma in Multinational Management: How Will You Decide? 110
 Ethical Relativism versus Ethical Universalism 110 / Individual Ethical Decision Making for the Multinational Manager 114

part two

Strategy Content and Formulation for Multinational Companies 121

5 **STRATEGIC MANAGEMENT IN THE MULTINATIONAL COMPANY: CONTENT AND FORMULATION 122**
 Basic Strategic Content Applied to the Multinational Company 123
 Competitive Advantage and Multinational Applications of Generic Strategies 123 /
 Competitive Advantage and the Value Chain 127 / Distinctive Competencies 128 /
 Sustaining Competitive Advantage 128 / Offensive and Defensive Competitive
 Strategies in International Markets 131 / Multinational Diversification Strategy 132 /
 Strategy Content: Brief Conclusions 133
 Strategy Formulation: Traditional Approaches 135
 Industry and Competitive Analyses 135 / Company-Situation Analysis 138 /
 Corporate Strategy Selection 141
 The National Context and Organizational Strategy: Overview and Observations 142

6 **MULTINATIONAL AND PARTICIPATION STRATEGIES: CONTENT AND FORMULATION 146**
 Multinational Strategies: Dealing with the Global-Local Dilemma 147
 Multidomestic Strategy 148 / Transnational Strategy 149 / International
 Strategy 151 / Regional Strategy 151 / A Brief Summary and Caveat 152
 Resolving the Global-Local Dilemma: Formulating a Multinational Strategy 153
 Global Markets 155 / Costs 155 / Governments 155 / Competition 155 /
 Caution 156 / Transnational or International: Which Way for the Global Company?

157 / Participation Strategies: The Content Options 157 / Exporting 158 / Export Strategies 158 / Licensing 159 / Some Special Licensing Agreements 159 / International Strategic Alliances 161 / Foreign Direct Investment 161 / Formulating a Participation Strategy 163 / Basic Functions of Participation Strategies 163 / Choosing a Participation Strategy: General Strategic Considerations 165 / Participation Strategies and the Multinational Strategies 168

Political Risk 170

7 **SMALL BUSINESSES AND INTERNATIONAL ENTREPRENEURSHIP:
OVERCOMING BARRIERS AND FINDING OPPORTUNITIES 176**

What Is a Small Business? 177

Internationalization and the Small Business 178

The Small Business Stage Model of Internationalization 178 / Small Business Global Start-Up, or Born-Global Firms 179 / Small-Business E-Commerce 180

Overcoming Small Business Barriers to Internationalization 181

Developing a Small-Business Global Culture 182 / Changing Attitudes of Key Decision Makers 184 / Gaining Experience: Duties and the Personal Life of the Small-Business CEO 185 / Is Size a Barrier for Small Business Internationalization? 186 / Using the Small Business Advantage 187 / The Future: Falling Barriers to Multinational Small Businesses and More Global Start-Ups 188

When Should a Small Business Go International? 189

Getting Connected to the International Market 191

Participation Strategies 191 / Finding Customers and Partners 192 / Ready to Go and Connected: A Synopsis 194

New Venture Strategies for Small Multinational Companies 194

New Product or Service and First Mover Advantage 194 / Copycat Businesses 195

International Entrepreneurship 196

part three

**Management Processes in Strategy Implementation:
Design Choices for Multinational Companies 201**

8 **ORGANIZATIONAL DESIGNS FOR MULTINATIONAL COMPANIES 202**

The Nature of Organizational Design 203

A Primer on Organizational Structures 204 / The Basic Functional Structure 204 / The Basic Product and Geographic Structures 205

Organizational Structures to Implement Multinational Strategies 206

The Export Department 207 / Foreign Subsidiaries 208 / Subsidiaries 209 / International Division 210 / Worldwide Geographic Structure and Worldwide Product Structure 210 / Hybrids and Worldwide Matrix Structures 214 / The Transnational Network Structure 218

Beyond the Transnational: Is There a New Structure for the Multinational? 220

	Multinational Strategy and Structure: An Overview	222
	Control and Coordination Systems	223 / Design Options for Control Systems 224 / Design Options for Coordination Systems 225 / Teams 227
	Knowledge Management	228
9	INTERNATIONAL STRATEGIC ALLIANCES: DESIGN AND MANAGEMENT	235
	Where to Link in the Value Chain	236
	Choosing a Partner: The Most Important Choice?	239
	Choosing an Alliance Type	244
	Informal and Formal International Cooperative Alliances	244 / International Joint Ventures 245
	Negotiating the Agreement	246
	Building the Organization: Organizational Design in Strategic Alliances	246
	Decision-Making Control	247 / Management Structures 248 / Choosing a Strategic Alliance Management Structure 249
	Commitment and Trust: The Soft Side of Alliance Management	250
	The Importance of Commitment and Trust	250 / Building and Sustaining Trust and Commitment 252
	Assessing the Performance of an International Strategic Alliance	254
	If the Alliance Does Not Work	256
	Learning to Partner: Building a Dedicated Strategic Alliance Unit and Key Lessons from Cross-Border Alliances	258
10	MULTINATIONAL E-COMMERCE: STRATEGIES AND STRUCTURES	262
	The Internet Economy	263
	What Is E-Commerce?	263
	Fundamentals of E-Commerce Strategy and Structure	268
	Steps for a Successful E-Commerce Strategy	268 / E-Commerce Structure: Integrated or Autonomous 270 / Additional Operational Challenges for an E-Commerce Business 272 / Globalizing Through the Internet 274 / Multinational E-Commerce Strategy Formulation: The Nature of the Business 275 / Basic Opportunities and Threats of Multinational E-Commerce 276 / Picking a Market 277 / Multinational E-Commerce Strategy Implementation 278 / The Multinational E-Commerce Organization 278 / Technical Capabilities and Implementation Options for Multinational E-Commerce 279 / Web Sites: Localize or Standardize? 280 / To Build or Outsource Technical Capabilities? 281
	<i>part four</i>	
	Strategy Implementation for Multinational Companies: Human Resource Management	287
11	INTERNATIONAL HUMAN RESOURCE MANAGEMENT	288
	International Human Resource Management Defined	289

	International Human Resource Management and International Employees 289 / Types of Employees in Multinational Organizations 289
	Multinational Managers: Expatriate or the Host Country 291
	Is the Expatriate Worth It? 291
	The Expatriate Manager 295
	Selecting Expatriate Managers 296 / Training and Development 300 / Performance Appraisal for the Expatriate 301 / Expatriate Compensation 304 / The Balance Sheet Approach 305 / Other Approaches 305 / The Repatriation Problem 307
	International Assignments for Women 309
	Successful Women Expatriates: Foreign, Not Female 310 / The Woman's Advantage and Disadvantage 310
	What Can Companies Do to Ensure Female Expatriate Success? 312
	Multinational Strategy and IHRM 312
	IHRM Orientations 312 / Ethnocentric IHRM Orientation 312 / Regiocentric and Polycentric IHRM Orientations 314 / Global IHRM Orientations 316
12	HRM IN THE LOCAL CONTEXT: KNOWING WHEN AND HOW TO ADAPT 320
	Why Do Nations Differ in HRM? 321
	Recruitment 325
	Recruitment in the United States 326 / Recruitment 327
	Selection 331
	Selection in the United States 331 / Selection in Collectivist Cultures 332
	Implications for the Multinational: Recruitment and Selection 332
	Training and Development 333
	Training and Development in the United States 334 / Training and Vocational Education in Germany 335
	Implications for the Multinational: Training and Development 338
	Performance Appraisal 339
	Performance Appraisal in the United States 339 / Performance Appraisals around the World 340
	Compensation 343
	Compensation Practices in the United States 343 / Compensation around the World 344 / Compensation in Japan 345
	Implications for the Multinational: Performance Evaluation and Compensation 346
	A Comparative View of Labor Relations 347
	Union Membership Density 347 / Some Historical and Institutional Differences 349 / Union Structures 351 / Implications for the Multinational: The Search for Harmony 352

*part five***Strategy Implementation for Multinational Companies: Interaction Processes 357**

-
- 13 **INTERNATIONAL NEGOTIATION AND CROSS-CULTURAL COMMUNICATION 358**
The Basics of Cross-Cultural Communication 359
 Language and Culture 360 / High- and Low-Context Languages 360 / Basic Communication Styles 362 / Nonverbal Communication 363 / Practical Issues in Cross-Cultural Business Communication 367
- International Negotiation 370**
 Steps in International Negotiations 370 / Basic Negotiating Strategies 384
- The Successful International Negotiator: Personal Characteristics 386**
- 14 **MOTIVATION IN MULTINATIONAL COMPANIES 390**
Work Values and the Meaning of Work 391
 How Important Is Work in People's Lives? 391 / What Do People Value in Work? 394
- Work Motivation and the National Context 398**
 The Basic Work Motivation Process 398 / National Context and Work Motivation: A Brief Introduction 400
- Theories of Work Motivation in the Multinational Context 402**
 The Need Theory of Motivation 402 / Process and Reinforcement Theories of Motivation 408 / Motivation and Job Design: U.S. and European Perspectives 416
- Choosing Job Enrichment Techniques in Multinational Settings 419**
- 15 **LEADERSHIP AND MANAGEMENT BEHAVIOR IN MULTINATIONAL COMPANIES 424**
Global Leadership: The New Breed 426
Three Classic Models: A Vocabulary of Leadership 427
 Leadership Traits 428 / Leadership Behaviors 429 / Contingency Theories 431 / Traits, Behaviors, and Contingencies 434
- National Context as a Contingency for Leadership Behaviors 434**
 The National-Context Contingency Model of Leadership: An Overview 434 / Leadership Traits and Behaviors in the National Context 437 / National Context and Preferred Leader Influence Tactics 442 / National Context and Subordinates' Expectations 443
- Contemporary Leadership Perspectives: Multinational Implications 445**
 Transformational Leadership 445 / Attributions and Leadership 446
- Getting Results: Should You Do What Works at Home? 448**
 The Cultural Context and Suggested Leadership Styles 449

16	CASES	
	CASE 1: Yahoo! and Customer Privacy (A)	453
	CASE 2: Organizational and National Cultures in a Polish-U.S. Joint Venture	461
	CASE 3: Google in China	466
	CASE 4: Ethics of Offshoring: Novo Nordisk and Clinical Trials in Emerging Economies	473
	PART ONE	
	INTEGRATING CASE 1:	
	ROYAL DUTCH SHELL IN NIGERIA: OPERATING IN A FRAGILE STATE	483
	Corporate Stigma	483
	Military Dictatorships and Human Rights	485
	Shell Companies in Nigeria	487
	Corruption and Threats	489
	Shell Admits Fueling Corruption	489
	Challenges	490
	Nigeria's Oil Industry Roller Coaster Ride	496
	The Task at Hand	497
	INTEGRATING CASE 2:	
	PROCTER & GAMBLE: CHILDREN'S SAFE DRINKING WATER (A)	499
	Procter & Gamble	499
	The Global Water Crisis	500
	The Search for a Solution	501
	CASE 5: Harley-Davidson, Inc.: Troubled Times Increase H-D's Reliance on International Sales	503
	CASE 6: Polaris 2008	514
	CASE 7: Aregak Micro-Credit Organization in Armenia	523
	PART TWO	
	INTEGRATING CASE 1:	
	TATA MOTORS	527
	Introduction	527
	Domestic Economy	528
	International Automobile Market	529
	Tata Group	530
	INTEGRATING CASE 2:	
	THE FLEET SHEET	534
	Erik's Education and Early Work Experience	534
	The Move to Prague	535
	The Situation in Eastern Europe	535
	Origination of Idea for the <i>Fleet Sheet</i>	536
	The Pricing Strategy	537
	Marketing of the <i>Fleet Sheet</i>	537
	Hurdles for the Business	540
	Erik's Dilemma	542
	CASE 8: Procter & Gamble: Organization 2005 (A)	544
	CASE 9: Tata Motors and Fiat Auto: Joining Forces	564
	CASE 10: Alibaba versus Ebay: Competing in the Chinese C2C Market (A)	581
	PART THREE	
	INTEGRATING CASE 1:	
	TRANSITION AT WHIRLPOOL TATRAMAT: FROM JOINT VENTURE TO ACQUISITION	583
	The Joint Venture Partners	583
	Motivations for an Alliance Between Whirlpool Europe B.V. and Tatramat	587

Anatomy of the Deal: Main Problems and Outcomes	588
Operational Issues	591
Reasons for the Takeover of the Joint Venture by Whirlpool	593
Factors of Success at Whirlpool Slovakia	593
The Performance of the Slovak Parent Company	594
Conclusions	595
Epilogue: Whirlpool Slovakia in the New Century	596

INTEGRATING CASE 2:**THE FAILURE OF BOO.COM 598**

Introduction	598
Background	598
An Analysis of Firm Strategy	599
Problems with the Web Site	601
The Badly Designed Advertising Campaign	603
Poor Management Quality	603
The Future	604

CASE 11: The Road to Hell 605**CASE 12: People Management, The Mantra for Success: The Case of Singhanian and Partners 609****PART FOUR****INTEGRATING CASE 1:****PEOPLE MANAGEMENT FIASCO IN HONDA MOTORCYCLES AND SCOOTERS INDIA LTD 614**

HMSI: Products and Workforce	615
Human Resource Policies at HMSI	615
Seeds of Unionization and After	617
Conciliation Failure and the Intensity of Workers' Action	620
The Dance of Violence and Its Aftermath	621
The Truce and the Role of the State	624
Union-Management Dynamics in the Post-Violence Scenario	624
Looking Back and Planning for the Future	627

CASE 13: Cross-Cultural Negotiation: Americans Negotiating a Contract in China 630**CASE 14: Insulting Andrew 638****CASE 15: Old Corporate Ways Fade as New Korean Generation Asserts Itself 641****PART FIVE****INTEGRATING CASE 1:****CHEUNG YAN: CHINA'S PAPER QUEEN 643**

Cheung Yan and the Making of Nine Dragons	644
Nine Dragons	645
Cheung Yan: The Leader	648
Cheung Yan: The Successful Leader	653

INTEGRATING CASE 2:**KIMBERLY-CLARK ANDEAN REGION: CREATING A WINNING CULTURE 655**

Kimberly-Clark in Latin America and the Andean Region	656
Sergio Nacach	658
The Cultural Transformation	659
Diffusion of the Cultural Transformation	665
What Was Next?	666

GLOSSARY 667**NAME INDEX 677****SUBJECT INDEX 681****COMPANY INDEX 703**