

# BRIEF CONTENTS

## **PART ONE FOUNDATIONS 1**

- 1 Globalizing Business 3
- 2 Formal Institutions: Political, Economic and Legal Systems 31
- 3 Informal Institutions: Analyzing Culture 59
- 4 Firm Resources: Competitiveness and Growth 88

## **PART TWO BUSINESS ACROSS BORDERS 119**

- 5 Trading Internationally 121
- 6 Investing Abroad Directly 156
- 7 Exchange Rates 192

## **PART THREE GLOBALIZATION 219**

- 8 European Integration 221
- 9 Global Integration and Multilateral Organizations 254
- 10 Responsible Business 284

## **PART FOUR THE FIRM ON THE GLOBAL STAGE 315**

- 11 Starting International Business 317
- 12 Foreign Entry Strategies 345
- 13 Competitive Dynamics 371
- 14 Global Growth Strategies: Partnerships and Acquisitions 396

## **PART FIVE OPERATIONS IN THE GLOBAL MNE 425**

- 15 Organizing and Innovating in the MNE 427
- 16 People in the MNE 457
- 17 Customers and Suppliers of the MNE 484

## **PART SIX INTEGRATIVE CASES 511**

- Glossary 585  
Credits 597  
Name Index 598  
Subject Index 600  
Organizations Index 606

# CONTENTS

Mike Peng and Klaus Meyer

List of Boxes	vii
Preface	xi
Scholarly Journals and Publishers' Acknowledgements	xvi
About the Authors	xix

## PART ONE

### FOUNDATIONS 01

#### 1 GLOBALIZING BUSINESS 3

European and Global Business	5
Why Study International Business?	9
A Unified Framework	9
Understanding Globalization	12
A Glance at the Global Economy	17
Debates and Extensions	21
Implications for Practice	23

#### 2 FORMAL INSTITUTIONS: POLITICAL, ECONOMIC AND LEGAL SYSTEMS 31

An Institution-Based View of International Business	34
Political Systems	37
Economic Systems	41
Legal Systems	45
Debates and Extensions	47
Implications for Practice	53

#### 3 INFORMAL INSTITUTIONS: ANALYZING CULTURE 59

Culture	62
Cultural Diversity and Openness	73
National Cultural Differences	75
Debates and Extensions	76
Implications for Practice	80

#### 4 FIRM RESOURCES: COMPETITIVENESS AND GROWTH 88

Identifying Resources	90
Appraising Resources: The VRIO Framework	98
Appraising Resources: Benchmarking	102
The Scope of a Firm's Resources	104
Debates and Extensions	107
Implications for Practice	111

## PART TWO

### BUSINESS ACROSS BORDERS 119

#### 5 TRADING INTERNATIONALLY 121

What is International Trade?	124
Theories of International Trade	127
National Institutions and Barriers to Trade	138
Debates and Extensions	146
Implications for Practice	149

#### 6 INVESTING ABROAD DIRECTLY 156

The FDI Vocabulary	159
Ownership Advantages	165
Location Advantages	167
Internalization Advantages	170
Benefits and Costs of FDI	174
National Institutions and FDI	176
Debates and Extensions	179
Implications for Practice	183

#### 7 EXCHANGE RATES 192

Markets for Currencies	196
Institutions of the International Monetary System	202
Managing Exchange Risks	205
Debates and Extensions	209
Implications for Practice	212

**PART THREE****GLOBALIZATION 219****8 EUROPEAN INTEGRATION 221**

- Overcoming Divisions 224
- The EU as Institutional Framework for Business 229
- The Euro as a Common Currency 237
- Debates and Extensions 244
- Implications for Practice 247

**9 GLOBAL INTEGRATION AND MULTILATERAL ORGANIZATIONS 254**

- The Multilateral Trade System 257
- Regional and Bilateral Economic Integration 263
- The Multilateral Monetary System 270
- Debates and Extensions 271
- Implications for Practice 276

**10 RESPONSIBLE BUSINESS 284**

- Stakeholders of the Firm 288
- Responsible Business in the Global Economy 294
- Institutions, Stakeholders and Responsible Business 298
- Debates and Extensions 301
- Implications for Practice 306

**PART FOUR****THE FIRM ON THE GLOBAL STAGE 315****11 STARTING INTERNATIONAL BUSINESS 317**

- Buying and Selling Abroad 319
- Resources and Internationalization 329
- Institutions and Internationalization 334
- Debates and Extensions 335
- Implications for Practice 337

**12 FOREIGN ENTRY STRATEGIES 345**

- Strategic Objectives of Establishing Foreign Subsidiaries 348
- Where to Enter? 350
- When to Enter? 352
- How to Enter? 354
- Institutions and Foreign Entry Strategies 360
- Debates and Extensions 362
- Implications for Practice 364

**13 COMPETITIVE DYNAMICS 371**

- Dynamics of Competition 374
- Competition and Collusion 376
- Institutions Governing Competition 379
- Resources Influencing Competition 383
- Debates and Extensions 386
- Implications for Practice 389

**14 GLOBAL GROWTH STRATEGIES: PARTNERSHIPS AND ACQUISITIONS 396**

- Competitive Advantages of the Global Firm 398
- Organic Growth and Partnerships 400
- Growth by Acquisitions 404
- Institutions Governing Acquisitions 410
- Resource-Based Perspectives on Acquisitions 413
- Debates and Extensions 414
- Implications for Practice 418

**PART FIVE****OPERATIONS IN THE GLOBAL MNE 425****15 ORGANIZING AND INNOVATING IN THE MNE 427**

- A Fundamental Tension 429
- Organizational Structures in MNEs 433
- Managing Knowledge in Global MNEs 439
- Institutions and The Choice of Organizational Structure 444
- Resource-Based Considerations 447
- Debates and Extensions 447
- Implications for Practice 449

**16 PEOPLE IN THE MNE** 457

- Global Talent 460
- Local Talent 469
- Institutions and Human Resource Management 472
- People as Resources 473
- Debates and Extensions 474
- Implications for Practice 477

**17 CUSTOMERS AND SUPPLIERS OF THE MNE** 484

- Understanding Consumers around the World 486
- The Marketing Mix 488
- Supply Chain Management 493
- Institutions, Marketing and Supply Chain Management 498
- Resources, Marketing and Supply Chain Management 499
- Debates and Extensions 500
- Implications for Practice 503

**PART SIX****INTEGRATIVE CASES** 511

- 1 *Fan Milk* Expands In West Africa 512
- 2 *Xiaomi* Challenges Global Smartphone Leaders 518
- 3 *BMW* Faces Technological Disruptions 523

- 4 The Global Reach of Swedish Music 528
- 5 A Vaccine Plant for Africa 532
- 6 Negotiating Brexit 536
- 7 CETA Transforms Trade Between Canada and the EU 542
- 8 *GSK* Tackles Corrupt Practices in China 549
- 9 *New Oriental* Navigates Volatile National Institutions 555
- 10 German Chamber of Commerce Develops Social Responsibility in China 559
- 11 *Telenor* Tackles Political Upheaval in Myanmar 563
- 12 *WITRON* Service Canada is Facing Covid-19 566
- 13 *McDonald's* Reinvents Itself in India 569
- 14 *Airtel Africa*: Banking on Sustainable Digital Future 572
- 15 Just Another Move to China? 577
- 16 *Canada Goose* Develops an O2O Strategy for China 582

Glossary 585

Credits 597

Name Index 598

Subject Index 600

Organizations Index 606