

# Contents

<i>Preface</i>	iv
<i>Correlation Guide</i>	x
<i>Topic Guide</i>	xi
<i>Internet References</i>	xvi



## UNIT 1 Overview of International Business

Unit Overview	xviii
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### *Part A. Introduction to International Business: The World Has Changed*

- 1. Globalization: Where Do We Go from Here?**, Abbas J. Ali, *International Journal of Commerce and Management*, vol. 18, no. 4, 2008  
After the financial crisis and the recession that it spawned, the question becomes, "Where do we go from here?" Do we continue to do business as usual, or do we rethink the way business is done? There are some provocative ideas contained here. **2**
- 2. China Must Carry the World**, Andrew B. Busch, *Stocks, Futures and Options Magazine*, February 2009  
China faces unique challenges in attempting to respond to the global recession and its trading partners face challenges in how to respond to China. Some of those challenges are presented here. **4**
- 3. The World Is Not Flat**, Mark Engler, *Dollars and Sense*, May/June 2008  
Thomas Friedman, columnist for the *New York Times*, and the author of *The Lexus and the Olive Tree* and *The World Is Flat*, is one of the major proponents of neo-liberal globalization. But not everyone agrees with Friedman and not everyone thinks it is such a good thing. **6**

### *Part B. International Trade Theory: Evolving Ideas on Trade and the Economy*

- 4. Is Global Trade a Threat or Opportunity?**, Jim Champy, *Financial Executive*, January/February 2008  
Most economists believe that global trade will benefit people in the long run. But it has become apparent that not everyone is a winner in the global trade sweepstakes and that *long run* can be very long indeed. **12**
- 5. Economists Rethink Free Trade**, Jane Sesseen, *Business Week*, February 11, 2008  
Who gains in an era of free trade in a developed society? It would seem that only a very select few do while the rest of the people in the developed society are forced to compete with less expensive workers from developing societies. **17**
- 6. Globalization with a Human Face**, Shikha Dalmia, *Reason Magazine*, December 2009  
Jagdish Bhagwati is an economist who has often been mentioned as a candidate for the Nobel Prize in Economics. Here are some of his thought on free trade, climate change, NAFTA and other regional trade organizations. **19**

The concepts in bold italics are developed in the article. For further expansion, please refer to the Topic Guide.



# UNIT 2

## International Finance

### Unit Overview

24

#### Part A. *The International Financial Crisis*

**7. The Global Debt Bomb**, Daniel Fisher, *Forbes*, February 8, 2010

Coming out of the global recession, many countries will be burdened with enormous debt. This debt will have long-term consequences for the countries involved and for the global economy.

27

**8. The World Economy: The Global Financial Crisis and Collapse in World Trade**, Dawn Holland et al., *National Institute Economic Review*, no. 208, April 2009

How the world financial crisis affected world trade and what is likely to happen in the next several years is presented here.

34

**9. International Special Report: A Financial Crisis to the West—a Fundamental Crisis to the East**, Ian Traynor, *The Guardian (UK)*, November 11, 2009

When the financial crisis hit, it presented great difficulties for the nations of Western Europe, the United States and Japan. But, those difficulties were nothing compared to the newly liberated economies of Eastern Europe. For them, it was a disaster.

41

#### Part B. *Monetary Systems, Financial Markets, Balance of Payments, Financial Institutions*

**10. “Everyone Needs to Rethink Everything”:** Reflections from the IMF’s Former Chief Economist, *Multinational Monitor*, November/December 2008

This is an interview with Simon Johnson, former chief economist of the International Monetary Fund and Professor at the Massachusetts Institute of Technology, Sloan School of Management. He is also a Senior Fellow at the Peterson Institute for International Economic.

43

**11. The Balance of Payments: Office for National Statistics**, Graeme Chamberlin, *Office for National Statistics (UK) Economic and Labour Review*, vol. 3, no. 9, September 2009

This article, from the United Kingdom, explains how the balance of payments is calculated. The current account, the capital and financial accounts, the international investment position, net investment income and recent trends and why they are important is presented using the United Kingdom as an example.

47

**12. Potential Future Functions of the World Trade Organization**, Patrick Low, *Global Governance*, 15, July–September 2009

The role of the World Trade Organization (WTO) in the future is discussed in this article which presents six important issues that the WTO needs to address in the future.

57

**13. The Wicked Problem of Good Financial Markets**, Michael Mainelli, *Journal of Risk Finance*, vol. 9, no. 5, 2008

The financial markets have been at the heart of the economic upheaval that has gripped the global economy. The question is how severe the crisis really is and how to solve it. It is very complicated and not just one solution will do.

61

#### Part C. *Financial Management, Accounting, Foreign Direct Investment*

**14. Engaging China: Strategies for the Small Internationalizing Firm**, Rolf D. Cremer and Bala Ramasamy, *Journal of Business Strategy*, vol. 30, no. 6, 2009

Entering into the Chinese market is difficult for any company, but it is particularly difficult for small multinationals seeking to enter the market. Here are some strategies that can be used by small international firms to enter the Chinese market, focusing on companies from New Zealand.

66

**15. Planning Ahead for IFRS 1: Initial Adoption of IFRS by U.S. Companies**, Joseph M. Langmead and Jalal Soroosh, *The CPA Journal*, October 2009

The SEC has issued a proposed roadmap for US public companies to start complying with the International Financial Reporting Standards (IFRS) when preparing statements for the SEC. The target date would appear some time in 2011 and will have a significant impact on how American businesses report its results.

75

The concepts in bold italics are developed in the article. For further expansion, please refer to the Topic Guide.

16. **The Global Financial Crisis: What Went Wrong?**, Richard Mallett and Victor Smart, *Financial Management (UK)*, July/August 2009  
How did the global financial crisis happen? What were the events that preceded the crisis and could they be avoided in the future? It began from a series of events that led to the largest world financial crisis since at least the Great Depression.

81



## UNIT 3 International Organizations and Operations

### Unit Overview

84

#### Part A. The Global Corporation

17. **The Work Left Undone: Perspectives on Small Business Opportunities in International Trade**, Matthew Carr, *Business Credit*, January 2010

There is great opportunity for small businesses in global businesses, especially in the import/export sector. The government has recently stepped-up with new programs to assist small businesses and the opportunities for assistance remain great.

87

#### Part B. Global Corporate Strategy

18. **Brazil's Iron Giant Reaches for the Top**, Joshua Schneyer, *Business Week*, March 3, 2008

Multinational firms do not just come from developed countries. Some of the largest and most powerful ones come from the developing world, such as Vale, which is on the brink of becoming the world's largest mining company.

90

19. **NanoTech Firm Takes Passage to India**, Peter Gwynne, *Research Technology Management*, May–June 2009

Small high tech firms are going to developing countries to develop, manufacture, test and market their products before they do so in the United States and the rest of the developed world. Here is one company from Massachusetts that is doing it.

92

20. **Tata: Master of the Gentle Approach**, Manjeet Kripalani, *Business Week*, February 25, 2008

India's Tata Motors recently acquired the truck division of the failing Korean conglomerate Daewoo. This was one of just a number of overseas acquisitions Tata corporate has recently made, totaling US\$18 billion, including well known names like Tetley Tea and operations in the UK, US and Europe. Tata now employs over 300,000 people.

94

#### Part C. Global Marketing

21. **Rethinking Globalization: Does "Think Global, Act Local" Still Apply?**, Nigel Hollis, *Marketing Research*, Spring 2009

One of the axioms of international business has been to "Think global, act local," but does that still apply in today's world? The fact is that there are few strong global brands. One of the keys to success is being part of the local culture.

96

22. **Expanding Opportunity at the Base of the Pyramid**, David G. Altman, Lyndon Rego, and Peg Ross, *People and Strategy*, June 2009

There are 4 billion people living on US\$2 a day or less, a group that represents trillions of potential sales in basic necessities in the developing world. Strategies for reaching these potential consumers are discussed.

102

23. **Hailun Piano and the Quest for Quality**, *Music Trades*, February 2010

Hailun Piano of China manufactures high quality pianos, primarily for the export market, but is now also selling them in China. The obstacles and opportunities that this company faces are outlined here.

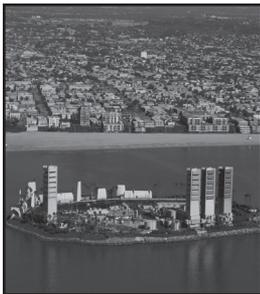
107

## Part D. Global Human Resources

- 24. Distant Dilemmas**, Mark McGraw, *Human Resource Executive*, January 2010  
In some countries, corrupt practices as defined by the Corrupt Foreign Practices Act are a way of life. In others, because of the current economic climate, they are on the rise. Helping ex-patriot executives deal with these situations is the theme of this essay. 110
- 25. Jobs on Another Shore**, David T. Coe, *Finance and Development*, March 2008  
Off-shoring has become a very controversial practice of firms. But, off-shoring can work both ways. Jobs can leave a particular country, but they can also come into a particular country. It is really all about comparative advantage in the labor market and the skills the members of the labor force possess. 113
- 26. Offshored Headquarters**, Allen Smith, *HRMagazine*, November 2009  
More non-US companies are purchasing US firms as a way to enter the American market. The management of these non-American firms often does not understand American law or the way business is done in the US, especially when it comes to employees and the workforce. "Breaking-in" the new senior management from abroad can be a difficult task. 117

## Part E. Global Business Operations

- 27. A Material World**, Nick Zubko, *Industry Week*, August 2008  
The price of raw materials was increasing dramatically prior to the recession and will start to increase significantly again once it is over. Controlling those costs will be a major issue facing companies in the future. 120
- 28. Keynote Panel Session 1: Whose Income Is It? How Business Is Caught in the Global Competition and Controversy for Tax Revenues**, Timothy M. McDonald et al., *Taxes—The Tax Magazine*, June 2009  
This is a text of a panel discussion from a symposium on international tax rates and how they impact the cash flow and business decisions of corporations to expand their businesses and the role governments play in establishing those taxes. 123
- 29. Exploiting the Global Supply Chain**, Jeremy N. Smith, *World Trade*, May 2008  
Expanding the supply chain to include overseas suppliers is not as simple as just ordering some widgets from outside the country. When companies start to import their components/goods/products they are entering into a very different world than the one they have been used to. 136



# UNIT 4

## Issues in International Business

### Unit Overview 140

#### Part A. The Developing World

- 30. What One Hand Gives, the Other Takes: Industrial Countries' Policy Coherence for Development**, Robert Mendoza, *Challenge*, September/October 2007  
Developed countries have been giving aid to developing countries since the end of World War II. Yet that aid has been only marginally effective. This article explores some of the reasons behind this and also addresses how the effectiveness of foreign aid can be measured more effectively in the future. 143
- 31. Unequal Access**, Emily Wax, *The Washington Post Weekly Edition*, September 3–9, 2007  
The caste system may be outlawed by the constitution in India, but it is still very much alive. Getting members of the lower castes, which represent the majority of the population, to participate in India's booming economy is a problem that India is going to have to address if it wants to continue to grow and prosper. 156
- 32. China and India Go to Africa: New Deals in the Developing World**, Harry G. Broadman, *Foreign Affairs*, March/April 2008  
China and India are starting to take leading roles in foreign direct investment in Africa. Their investment and trade with Africa now rivals that of Africa's traditional trading partners, the countries of the European Union and the United States. For this growth to continue, certain actions will need to be taken by all parties concerned. 158

The concepts in bold italics are developed in the article. For further expansion, please refer to the Topic Guide.

## Part B. Ethical Issues in International Business

- 33. International OHS: Through the Looking Glass of the Global Economy**, Garrett Brown, *Occupational Hazards*, January 1 2008  
Grupo Mexico owns a copper mine just thirty miles south of the US border in Mexico. Because of a union-management dispute, Grupo Mexico is attempting to dislodge the union from the mine and performing other actions that involve the health and safety of the workers. There has been a strike that has received support from unions in the United States. **165**
- 34. Deadly Business in Moscow**, Tom Cahill, *Bloomberg BusinessWeek*, March 1, 2010  
Of the four “BRIC” countries, Russia has been, perhaps, the most disappointing in terms of economic growth. Part of the reason for that can be best summed-up in the problem of corruption on the part of the government, as this article demonstrates. **168**
- 35. Global Corporate Citizenship: Working with Governments and Civil Society**, Klaus Schwab, *Foreign Affairs*, vol. 87, no. 1 January/February 2008  
Global corporate citizenship refers to a company’s role in addressing issues that have a dramatic impact on the globe such as climate change, water shortage, infectious diseases and terrorism. It goes beyond the concept of corporate philanthropy, including social investing, corporate social responsibility, and corporate social entrepreneurship in that it is increasingly shaped by forces outside the control of nation states. **170**

## Part C. The Greening of the Global Economy

- 36. Going Green: The Challenges and the Solutions**, Kevin M. Kelly, *Automotive Design and Production*, January 2008  
The auto industry is attempting to find new ways to become greener than it has been in the past. This means there will be changes not only in the use of energy that fuels the cars and trucks but also in the materials that go into the manufacturing of the vehicles, and also in the operation of the plants. **175**



# UNIT 5

## The Future and International Business

- Unit Overview** **180**
- 37. The New Population Bomb: The Four Megatrends That Will Change the World**, Jack A. Gladstone, *Foreign Affairs*, January/February 2010  
There are trends in the world that can be spotted today that will have consequences for the next 50 years. Four of them are discussed here including population growth, urbanization, aging, and the decline of Europe. **183**
- 38. The Man Who Named the Future**, Gillian Tett, *Financial Times (London)*, January 16, 2010  
Jim O’Neill, the chief economist at Goldman Sachs, is the man who coined the phrase “BRIC” for Brazil, Russia, India and China. It was a prediction of the future that has been adopted by many in the financial and business communities. **188**
- 39. The Enterprise of the Future**, Mark Hennessy, *Technology Management*, September–October 2008  
What industries are likely to be successful in the future, and what are some of the common characteristics? Those questions are addressed here. **192**
- 40. Finding a Job in the 21st Century**, John A. Challenger, *The Futurist*, September/October 2009  
The employment market will look very different in the 21st Century than in the 20th Century. Keeping one’s skills up-to-date will be an important consideration for all workers and immigration from one country to another may become far more common in the future. **194**
- Test-Your-Knowledge Form** **198**  
**Article Rating Form** **199**

The concepts in bold italics are developed in the article. For further expansion, please refer to the Topic Guide.