

INTERNATIONAL EDITION



International Business

Donald A. Ball Wendell H. McCalloch, Jr. Paul L. Frautz J. Michael Geringer Michael S. Minor

INTERNATIONAL BUSINESS

The Challenge of Global Competition

ninth edition

International Business

McGraw-Hill

{Table of Contents}



[1] The Rapid Change of Global Business 2

Why You Need International Business Experience and How to Get It	3	Why Is International Business Different?	16
International Business Terminology	5	<i>Forces in the Environments</i>	16
<i>Multinational, Global, International, and Transnational Companies</i>	5	<i>The Domestic Environment</i>	17
<i>Definitions Used in This Text</i>	6	<i>The Foreign Environment</i>	17
		<i>The International Environment</i>	18
		<i>Decision Making More Complex</i>	18
		<i>International Business Model</i>	19
[Worldview]		Organization of This Book	20
Global Company—By Whose Definition?	7	<i>Relevance for Businesspeople</i>	20
History of International Business	8	Summary	20
<i>Globalization—What Is It?</i>	9	Key Words	21
<i>Globalization Forces</i>	10	Questions	21
[Small and Medium-Sized Enterprises]		Internet Exercises	22
A Little Guy Makes Global Business Easier for the Little Guys	11	Minicase 1.1: Key Differences between the Global and the Multidomestic Corporation	23
Explosive Growth	12	Careers in International Business	24
		Internet Appendix	28

[2] Trading and Investing in International Business 56

Large International Firms Invest Overseas, and They Also Export	57	Foreign Investment	66
International Trade	58	<i>Portfolio Investment</i>	66
<i>Volume of Trade</i>	58	<i>Foreign Direct Investment</i>	67
<i>Relevance for Businesspeople</i>	60	<i>Relevance for Businesspeople</i>	69
<i>Direction of Trade</i>	60	<i>U.S. Foreign Direct Investment</i>	71
[Small and Medium-Sized Enterprises]		<i>Foreign Direct Investment in the United States</i>	72
How Important Are Small and Medium-Sized Enterprises in Generating Export Sales?	63	Why Enter Foreign Markets?	74
Major Trading Partners: Their Relevance for Businesspeople	64	<i>Increase Profits and Sales</i>	74
Relevance for Businesspeople	66	<i>Protect Markets, Profits, and Sales</i>	78
		[Worldview]	
		Reverse Maquila, a New Concept	81

How to Enter Foreign Markets	84	International Channel of Distribution Members	93
<i>Exporting</i>	84	<i>Indirect Exporting</i>	93
<i>Foreign Manufacturing</i>	85	<i>Direct Exporting</i>	96
Multidomestic or Global Strategy?	91	<i>Foreign Production</i>	97
<i>The World Environment Is Changing</i>	92	Summary	99
<i>Seven Global Dimensions</i>	92	Key Words	100
Channels of Distribution	92	Questions	101
		Internet Exercises	102
		Minicase 2.1: Method of Entry for Local Manufacturing—The McGrew Company	102

[3] Economic Theories of International Business 104

Knowing Economic Theory Is Essential	105	[Small and Medium-Sized Enterprises]	
<i>Relevance for Businesspeople</i>	107	A Small Business Fights the Standards Barrier	127
International Trade Theory	107	<i>Relevance for Businesspeople</i>	127
<i>Mercantilism</i>	107	<i>Costs of Barriers to Trade</i>	128
<i>Theory of Absolute Advantage</i>	108	Economic Development	128
<i>Theory of Comparative Advantage</i>	109	<i>Categories Based on Levels of Economic Development</i>	128
<i>Heckscher-Ohlin Theory of Factor Endowment</i>	111	<i>GNP/Capita as an Indicator</i>	129
<i>Introducing Money</i>	112	<i>Characteristics of Developing Nations</i>	132
<i>International Product Life Cycle (IPLC)</i>	113	<i>A Human-Needs Approach to Economic Development</i>	132
<i>Some Newer Explanations for the Direction of Trade</i>	115	<i>Relevance for Businesspeople</i>	133
<i>Summary of International Trade Theory</i>	117	<i>Relevance for Businesspeople</i>	135
Trade Restrictions	117	International Investment Theories	135
<i>Arguments for Trade Restrictions and Their Rebuttal</i>	117	<i>Contemporary Theories of Foreign Direct Investment</i>	135
<i>Kinds of Restrictions</i>	122	Summary	137
[Worldview]		Key Words	139
<i>Our Taxing Tariff Code</i>	124	Questions	139
		Internet Exercises	140
		Minicase 3.1: Tarus Manufacturing	141
		Minicase 3.2: The Impact of Galawi's Development Policy	142

[4] The Dynamics of International Organizations 144

The United States and the United Nations: A Close but Sometimes Strained Relationship	145	<i>International Development Association (IDA)</i>	152
Relationship between International Organizations and International Businesses	146	<i>The Multilateral Investment Guarantee Agency (MIGA)</i>	153
The United Nations	147	<i>International Center for Settlement of Investment Disputes (ICSID)</i>	153
<i>UN Growth and Change</i>	147	<i>What Is the Future of the World Bank?</i>	153
The World Bank and Other Multilateral Development Banks	150	<i>African Development Bank (AfDB)</i>	154
<i>The World Bank</i>	151	<i>Asian Development Bank (AsDB)</i>	154
<i>International Finance Corporation (IFC)</i>	151	<i>European Bank for Reconstruction and Development</i>	154
[Small and Medium-Sized Enterprises]		<i>Inter-American Development Bank (IDB)</i>	154
<i>IFC's Small Enterprise Fund Reaches Out</i>	152	International Monetary Fund (IMF)	155
		<i>Changes in the IMF</i>	155
		Bank for International Settlements (BIS)	156

World Trade Organization (WTO)	157	<i>A United States of Europe?</i>	166
<i>The Early Years of Global International Trade Cooperation</i>	158	<i>Fortress Europe?</i>	167
<i>Gatt 1947–1995</i>	158	<i>EU Actions</i>	167
<i>Creation of the World Trade Organization</i>	158	Other Regional Groupings of Nations	169
Organization for Economic Cooperation and Development (OECD)	159	<i>Association of Southeast Asian Nations (ASEAN)</i>	169
Organization of Petroleum Exporting Countries (OPEC)	160	<i>European Free Trade Association (EFTA)</i>	170
<i>Economic Muscle and Political Strength</i>	160	<i>African Trade Agreements</i>	170
Economic Integration	161	<i>North American Free Trade Agreement (NAFTA)</i>	171
<i>The Four Major Forms of Economic Integration</i>	161	<i>Organization of American States (OAS)</i>	172
The European Union (EU)	162	<i>Asia-Pacific Economic Cooperation (APEC)</i>	173
<i>Background</i>	162	<i>Mercosur—Mercosul in Portuguese</i>	173
<i>Institutions of the EU</i>	165	<i>Summary</i>	174
		<i>Key Words</i>	175
		<i>Questions</i>	175
		<i>Internet Exercises</i>	176
		<i>Minicase 4.1: Use of International Organizations—Setting Up a 100-Percent-Owned Subsidiary</i>	177

[5] Understanding the International Monetary System 178

The Euro Lives, and the Old National “Legacy Currencies” Have Not Died	179	<i>Snake</i>	190
A Brief Gold Standard History and Comment	180	<i>Experience with Floating</i>	191
<i>Return to the Gold Standard?</i>	181	[Worldview]	
<i>Present-Day Uses of Gold</i>	181	<i>Big MacCurrencies</i>	192
Bretton Woods and the Gold Exchange Standard	183	<i>Money Markets, Foreign Exchange</i>	193
<i>Balance of Payments</i>	183	<i>SDRs in the Future</i>	195
<i>Balance-of-Payment Equilibrium and Disequilibrium</i>	186	[Worldview]	
<i>American BOP Deficit</i>	186	<i>Central Reserve/National Currency Conflict</i>	196
<i>Gold Exchange Standard</i>	187	<i>Uses of the SDR</i>	196
August 15, 1971, and the Next Two Years	188	<i>European Monetary System (EMS)</i>	197
<i>Politicians versus Speculators</i>	188	<i>From the European Currency Unit (ECU) to the Euro</i>	198
1973 to the Present	189	<i>Summary</i>	201
<i>Currency Areas</i>	190	<i>Key Words</i>	202
		<i>Questions</i>	202
		<i>Internet Exercises</i>	203
		<i>Minicase 5.1: SDR Exchange Risk</i>	204

[6] Financial Forces: Influencing International Business 206

One Big Mac, Hold the Fluctuations	207	Foreign Exchange Quotations	209
Fluctuating Currency Values	208	<i>Exchange Rates</i>	210
		<i>£.6373 = US\$1.00</i>	211
		<i>So Many Yen, So Few Pounds</i>	212

Cross Rates	213	Accounting Practices	219
Fluctuating Exchange Rates Create Risk	213		
Are Foreign Exchange Markets Truly Competitive?	213	International Banking	219
Currency Exchange Controls	214	Household Savings	219
Balance of Payments	214	Sovereign Debt: Countries Went Bust	219
Tariffs or Duties	215	Causes of Increasing Indebtedness in Developing Countries	220
Taxation	215	Debt Problem Solutions	221
Different Taxes in Different Countries	215	The United States in Debt?	224
Inflation	215	[Worldview]	
Inflation's Effects on Interest Rates	215	Third World Debt That Is Almost Always Paid in Full	226
Monetary and Fiscal Policies Affect Inflation	216	Summary	228
Importance of Inflation to Business	217	Key Words	229
The Misery Index	218	Questions	230
		Internet Exercises	230
		Minicase 6.1: Management Faces a BOP Deficit	231

[7] Economic and Socioeconomic Forces 232

Can Indians Afford Cars and TV Sets? The Size and Average Income of India's Consuming Class	233	Relevance for Businesspeople	242
Relevance for Businesspeople	234	Relevance for Businesspeople	245
International Economic Analyses	235	Relevance for Businesspeople	248
Dimensions of the Economy and Their Relevance for Businesspeople	236	Relevance for Businesspeople	251
Relevance for Businesspeople	237	National Economic Plans	253
Relevance for Businesspeople	239	[Small and Medium-Sized Enterprises]	
Relevance for Businesspeople	240	Use the Internet for Economic Research	254
[Worldview]		Industry Dimensions	254
Telephones: An Economic Indicator?	242	Summary	255
		Key Words	256
		Questions	256
		Internet Exercises	257
		Minicase 7.1: World Laboratories	257

[8] Physical and Environmental Forces 260

Why Switzerland Makes Watches	261	[Worldview]	
Location	262	Helping the Environment while Saving Money	272
Political Relationships	262	Relevance for Businesspeople	273
Trade Relationships	263	Climate	274
Topography	264	Climate and Development	274
Relevance for Businesspeople	264	Climatic Implications	275
Mountains and Plains	264	Natural Resources	275
Deserts and Tropical Forests	267	Energy	275
Relevance for Businesspeople	269	[Small and Medium-Sized Enterprises]	
Bodies of Water	269	Small Business: Big Idea	279

Nonfuel Minerals	279	Destruction of Natural Resources	283
[Worldview]		Relevance for Businesspeople	285
Lost Is Not Lost	281	Summary	286
Changes Make Monitoring Necessary	281	Key Words	287
Relevance for Businesspeople	282	Questions	287
[Small and Medium-Sized Enterprises]		Internet Exercises	288
A Gnat and the Elephant	283	Minicase 8.1: Bhopal Fallout	288

[9] Sociocultural Forces

290

Six Rules of Thumb for Doing Business across Cultures	291	[Worldview]	
What Is Culture?	292	Don't Travel—Use Cyberspace	308
Relevance for Businesspeople	293	Education	309
Culture Affects All Business Functions	293	Relevance for Businesspeople	309
[Worldview]		Relevance for Businesspeople	313
Cultural Success and Failure in Disneyland	294	Language	313
Sociocultural Components	296	Relevance for Businesspeople	317
Aesthetics	296	Societal Organization	321
Attitudes and Beliefs	298	Understanding National Cultures	324
[Small and Medium-Sized Enterprises]		Individualism versus Collectivism	324
Establishing Web Communities in Africa	299	Large versus Small Power Distance	324
Relevance for Businesspeople	301	Strong versus Weak Uncertainty Avoidance	324
Religion	301	Masculinity versus Femininity	324
Relevance for Businesspeople	303	Scores for the Four Dimensions	324
Relevance for Businesspeople	304	Plots of Dimensions and Management Implications	324
Relevance for Businesspeople	306	Summary	326
Material Culture	306	Key Words	328
		Questions	328
		Internet Exercises	329
		Minicase 9.1: Be Attuned to Business Etiquette	329

[10] Political Forces

332

I'm from the Government and I'm Here to Help You	333	Government-Private Collaboration Difficult	339
Ideological Forces	334	Privatization	340
Communism	334	Airports, Garbage, Postal Services, and?	340
Capitalism	336	Private Buyers Do Well, but an American Needs a Passport	342
Socialism	337	Privatization Anywhere and Any Way	342
Conservative or Liberal	337	Nationalism	343
[Worldview]		Government Protection	343
Right and Left—What Do These Terms Mean?	338	Iraq Grabs for Economic-Political Power	343
Government Ownership of Business	339	Terrorism	344
Why Firms Are Nationalized	339	Government Stability	349
Unfair Competition?	339	Stability and Instability: Examples and Results	349

Traditional Hostilities	351	Labor	354
<i>Arab Countries--Israel</i>	351	International Companies (ICs)	355
<i>Hutus and Tutsis in Burundi and Rwanda</i>	352	<i>About Half of the World's 100 Biggest Economic Units Are Firms, Not Nations</i>	355
[Small and Medium-Sized Enterprises]		Country Risk Assessment (CRA)	355
U.S. Government Assistance to American Exporters	352	Types of Country Risks	355
<i>Tamils and Sinhalese in Sri Lanka</i>	352	Information Content for CRA	356
<i>Albanians, Bosnians, Croats, and Serbs in the Former Yugoslavia</i>	353	Who Does Country Risk Assessing?	356
<i>South Africa</i>	353	Lessons of International Debt Crises	358
International Organizations	353	Summary	359
United Nations (UN)	353	Key Words	360
IMF, GATT/WTO, and OPEC	354	Questions	360
EU	354	Internet Exercises	361
Organization for Economic Cooperation and Development (OECD)	354	Minicase 10.1: Company Privatization	361

[11] Legal Forces 362

When a Local Issue Can Have International Ramifications	363	<i>Antitrust Laws</i>	375
International Legal Forces	364	<i>Bankruptcy</i>	377
Rule of Law	364	<i>Tariffs, Quotas, and Other Trade Obstacles</i>	377
What Is International Law?	365	Torts	378
Sources of International Law	365	[Small and Medium-Sized Enterprises]	
Extraterritoriality	365	When Is a Duck Not Like a Bedspread?	379
International Dispute Settlement	366	Currency Exchange Controls	380
Litigation in the United States	366	Miscellaneous Laws	380
Issues Surrounding Performance of Contracts	367	U.S. Laws That Affect the International Business of U.S. Firms	381
Despite Legal Uncertainties, International Business Grows	368	Federal Employment Laws	381
Intellectual Property: Patents, Trademarks, Trade Names, Copyrights, and Trade Secrets	368	Foreign Corrupt Practices Act (FCPA)	381
Patents	368	Some Laws and Agencies Aid U.S. Exports and Investment	382
Trademarks	369	Common Law or Civil Law?	383
Trade Names	369	European Practice	383
Copyrights	369	United States Practice	383
Trade Secrets	369	Differences between the United States and England	384
Industrial Espionage	369	Summary	385
Costly Intellectual Property Rip-offs	370	Key Words	386
Standardizing Laws around the World	370	Questions	386
Taxation	371	Internet Exercises	387
		Minicase 11.1: Italian Law	387

[12] Labor Forces 388

Automotive Industry Seeks Labor in the United States	389	Labor Mobility	390
		Immigration	391

<i>Guest Workers</i>	395	<i>Opportunities for Women in International Business</i>	402
<i>Unemployment</i>	396	<i>Racism</i>	403
		<i>Minorities in Traditional Societies</i>	403
[Worldview]			
<i>Guest Workers in Japan?</i>	397	Employer–Employee Relationships	404
Composition of the Labor Force	397	<i>Importance of Proper Preparation When Entering a Market</i>	404
<i>Labor Force Productivity</i>	397	<i>Labor Unions: Europe, United States, and Japan</i>	404
		[Small and Medium-Sized Enterprises]	
Social Status, Sexism, Racism, Traditional Society, and Minorities: Considerations in Employment Policies	398	<i>Small Businesses and Jobs</i>	406
<i>Social Status</i>	398	<i>Multinational Labor Activities</i>	407
		<i>Worker Participation in Management</i>	409
[Worldview]		Summary	410
Sexism in Japan	400	Key Words	411
<i>Sexism</i>	400	Questions	411
		Internet Exercises	412
[Worldview]		Minicase 12.1: Staffing Your Operations Abroad	412
U.S. Women in the Global Arena	402	Minicase 12.2: Hiring Professional Workers from Abroad	413
		Minicase 12.3: Investors Desiring to Come to the United States	413

[13] Competitive Forces

414

This Is War: Are Your Industrial Secrets Safe?	415	<i>Counterfeiting and Piracy: A Challenge to Business Worldwide</i>	449
		[Small and Medium-Sized Enterprises]	
Competition at the Macro Level (National Competitiveness)	418	<i>Small Is Beautiful</i>	451
<i>United States</i>	418	Analysis of the Competitive Forces	452
<i>European Union</i>	427	<i>Is Competitor Assessment New?</i>	452
		<i>Sources of Information</i>	453
[Worldview]		Summary	455
Are You Really Buying American?	430	Key Words	456
<i>Japan</i>	437	Questions	457
<i>Developing Nations and the NIEs</i>	446	Internet Exercises	457
		Minicase 13.1: Wal-Mart Takes on the World	458

[14] International Strategy, Organizational Design, and Control

462

Is Strategic Planning Dead?	463	<i>Standardization and Planning</i>	465
		<i>Global Strategic Planning Process</i>	465
The Competitive Challenge Facing Managers of International Businesses	464	[Worldview]	
		General Motors: Being Too Locally Responsive?	472
What Is International Strategy, and Why Is It Important?	464	[Worldview]	
		Rehearsing the Future	474
Global Strategic Planning	465	<i>Strategic Plan Features and Implementation Facilitators</i>	475
<i>Why Plan Globally?</i>	465	<i>Kinds of Strategic Plans</i>	475

Methods of Planning	476	Control	490
New Directions in Planning	477	Subsidiaries, 100 Percent Owned	490
[Worldview]		Where Are Decisions Made?	491
From Bullets to Stories: Improving Strategic Planning at 3M	479	Joint Ventures and Subsidiaries Less than 100 Percent Owned	494
Summary of the Planning Process	480	Reporting	495
Organizational Design	480	"De-Jobbing"	496
Organizational Design Concerns	480	Managing in a World Out of Control	496
Evolution of the Global Company	480	Control: Yes and No	497
Changes in Organizational Forms	486	Summary	497
Current Organizational Trends	486	Key Words	498
[Small and Medium-Sized Enterprises]		Questions	499
ACT Manufacturing: A Small Business That Grew Rapidly in Global Markets	488	Internet Exercises	500
Corporate Survival into the 21st Century	488	Minicase 14.1: Electrex, Incorporated—Must It Reorganize?	500
		Minicase 14.2: Competition within the IC	501
[Worldview]			
How to Become More Globally Competitive	490		

[15] Assessing and Analyzing Markets 502

Grassroots Marketing Research	503	[Small and Medium-Sized Enterprises]	
		Some Tips on Market Research	514
Market Screening	504	[Worldview]	
Two Types of Screening	505	A Role for "Infomediaries"?	516
Initial Screening	505	Segment Screening	516
Second Screening—Financial and Economic Forces	506	Two Screening Methods, Reconsidered	517
Third Screening—Political and Legal Forces	510	Summary	517
Fourth Screening—Sociocultural Forces	511	Key Words	518
Fifth Screening—Competitive Forces	511	Questions	519
Final Selection of New Markets	512	Internet Exercises	519
		Minicase 15.1: The Sugar Daddy Chocolate Company	520
		Appendix: Sources of Information Used in Screenings	520

[16] Marketing Internationally 522

Procter & Gamble's Path to Globalization	523	[Worldview]	
Added Complexities of International Marketing	524	Will "Smart Mobs" Dictate Consumer Trends?	531
The Marketing Mix (What and How to Sell)	525	Promotional Strategies	534
Standardization, Adaptation, or Completely Different?	525	Pricing Strategies	544
Product Strategies	525	Distribution Strategies	546
[Worldview]		Channel Selection	548
On Global Marketing	528	Foreign Environmental Forces and Marketing Mix Matrix	549
		Summary	552
		Key Words	553
		Questions	553
		Internet Exercises	554
		Minicase 16.1: U.S. Pharmaceutical of Korea	554
		Minicase 16.2: An Ethical Situation	555

[17] Export and Import Practices

556

The Long and the Short of Exporting	557	<i>Foreign Sales Corporation (FSC)</i>	573
		<i>Foreign Trade Zones</i>	574
Who Exports?	558	Export Procedures	574
Why Export?	559	<i>Foreign Freight Forwarders</i>	575
		<i>Export Documents</i>	575
[Worldview]		Export Shipments	578
The 12 Most Common Mistakes and Pitfalls Awaiting New Exporters	560	<i>Containers</i>	578
Why Don't They Export?	561	LASH	578
Locating Foreign Markets	562	[Worldview]	
<i>Sources of Export Counseling</i>	562	Shoes for People with Two Left Feet	579
<i>Department of Commerce Export Assistance Program</i>	563	RO-RO	579
<i>Other Sources of Assistance</i>	565	<i>Air Freight</i>	579
<i>Export Marketing Plan</i>	565	Importing	581
[Small and Medium-Sized Enterprises]		<i>Customhouse Brokers</i>	581
Various Types of Experts Help Small Firms Export	566	<i>Import Duties</i>	582
Payment and Financing Procedures	567	Summary	585
<i>Export Payment Terms</i>	567	Key Words	586
[Small and Medium-Sized Enterprises]		Questions	586
Dump the L/Cs; Pay with Plastic!	571	Internet Exercises	587
<i>Export Financing</i>	571	Minicase 17.1: State Manufacturing Export Sales Price	588
Other Government Incentives	573	Minicase 17.2: Morgan Guaranty Trust Company	
<i>Overseas Private Investment Corporation (OPIC)</i>	573	Confirmation Letter	589
		Appendix: Sample Outline for the Export Business Plan	590

[18] Human Resource Management

592

Executives with the Right Stuff in Big Demand	593	<i>Selection Dos and Don'ts</i>	608
Regional or Cultural Differences in Labor Conditions	594	Compensation	609
<i>Japan's Jobs-for-Life Culture Disappearing</i>	594	<i>Salaries</i>	610
<i>Japanese Birthrate Drop May Create Jobs—and Problems</i>	594	<i>Allowances</i>	610
<i>At Least 250 Million Pairs of Tired Hands Worldwide</i>	595	<i>Bonuses</i>	611
<i>Keep the Children and Chickens</i>	595	<i>Compensation Packages Can Be Complicated</i>	612
Staffing: The Good News and the Difficulties	596	<i>Compensation of Third Country Nationals</i>	613
<i>Sources of Managers</i>	598	<i>International Status</i>	613
<i>Selection and Training</i>	600	<i>Perks</i>	615
<i>Expatriates</i>	603	<i>What's Important to You?</i>	616
<i>Language Training</i>	604	Summary	618
<i>Women</i>	605	Key Words	619
<i>Résumés</i>	607	Questions	619
		Internet Exercises	620
		Minicase 18.1: Female Executives in International Business	621

[19] Financial Management

622

The "Achète" Incident	623	Industrial Cooperation	642
Fluctuating Currency Exchange Rates	624	International Finance Center	643
Transaction Risks	624	Volatile, Floating Currency Exchange Rates	643
Only for Big Business?	631	Capital and Exchange Markets	643
Translation Risks	632	Inflation Rates	643
Swaps	633	Electronic Cash Management	644
Capital Raising and Investing	634	Using Derivatives Correctly	644
Decisions	635	Other Uses of the International Finance Center	644
Interest Rate Swaps	635		
Currency Swaps	637	Summary	644
Hedges and Swaps as "Derivatives"	637	Key Words	645
Financial Executives' Datebooks: Networking	638	Questions	646
Sales without Money	639	Internet Exercises	646
Countertrade	639	Minicase 19.1: Dealing with the Transaction Risk Caused by Fluctuations of Relative Currency Values	647

[20] Global Operations Management: The Third Industrial Revolution

648

Outsourcing: Growth by Building on Existing Businesses	649	[Small and Medium-Sized Enterprises]	
Sourcing Globally	650	Cognizant Technology Solutions: Sourcing Low-Cost Talent Internationally to Achieve Global Competitive Advantage	666
Reasons for Sourcing Globally	650	International Effort to Improve Quality and Lower Costs	666
[Small and Medium-Sized Enterprises] Topsy-Tail—A Real Virtual Company	652	Reasons for Global Standardization of Manufacturing Systems	668
Global Sourcing Arrangements	652	Impediments to Globalization of Manufacturing Facilities	672
Importance of Global Sourcing	652	[Worldview]	
[Worldview]		GM's New Global Plant Design Strategy—Make 'em Alike	673
Chasing the Sun	653	Local Manufacturing System	676
Finding Global Sources	653	Summary	682
The Increasing Use of Electronic Purchasing for Global Sourcing	654	Key Words	684
Options for Global Electronic Procurement	654	Questions	684
Benefits of Global Electronic Procurement Systems	654	Internet Exercises	685
Problems with Global Sourcing	655	Minicase 20.1: Penwick—El Pais	686
U.S. Firms That Have Returned	658	[Epilogue] Your Future	687
Manufacturing Systems	658	Endnotes	691
Advanced Production Technology—Japan	658	Glossary	G-1
Japanese Efforts to Lower Costs and Improve Quality	659	Name Index	I-1
Advanced Production Technology—United States	661	Company Index	I-4
Comparisons of Productivity and Competitiveness	665	Subject Index	I-7