

Simon Collinson Rajneesh Narula Alan M. Rugman

INTERNATIONAL BUSINESS

7th Edition



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Edinburgh Gate
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United Kingdom
Tel: +44 (0)1279 623623
Web: www.pearson.com/uk

First published by McGraw-Hill Inc. 1995
Sixth edition published by Pearson Education Limited 2012 (print and electronic)
Seventh edition 2017 (print and electronic)

© Pearson Education Limited 2000 (print)
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ISBN: 978-1-292-06439-0 (print)
978-1-292-06444-4 (PDF)
978-1-292-17593-5 (ePub)

British Library Cataloguing-in-Publication Data

A catalogue record for the print edition is available from the British Library

Library of Congress Cataloging-in-Publication Data

A catalog record for the print edition is available from the Library of Congress

10 9 8 7 6 5 4 3 2 1
21 20 19 18 17

Cover: eternalcreative/Getty Images

Print edition typeset in 10/12.5 pt Times LT Pro by iEnergizer Aptara® Ltd
Printed in Slovakia by Neografia



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PREFACE

Dedication

The seventh edition of *International Business* is dedicated to the memory of Alan Rugman, who began this textbook series over 30 years ago and invited me to join him as co-author for the fourth edition published in 2006. Our writing partnership began when I was a visiting professor at the Kelley School, University of Indiana in 2004 and I reflect on our collaboration in a volume dedicated to Alan, edited by Rob Van Tulder, Alain Verbeke and Rian Drogendijk (Collinson, 2015).¹ He was a great scholar and a much-missed mentor. For Alan this book series represented a lifelong project to continually improve the way we teach international business and engage people in a subject he was passionate about.

Alan would be extremely pleased to know that his colleague and friend, Rajneesh Narula has joined me to co-author this, the latest edition of his book. Alan's ideas and insights remain at the core of this book, but we have thoroughly revised and updated the text in step with the ever-changing world of international business. A brief biography of Alan can be found on page xxi.

Simon Collinson

The seventh edition of *International Business*

With a new co-author, Rajneesh Narula, we have three completely new chapters (Chapters 1–3) to open the book. As shown in these new chapters, we have significantly restructured the book to place a much greater emphasis on: (1) technology and innovation, as key drivers of international competitiveness; (2) institutions as mediators and moderators of MNE (multinational enterprise) activities; (3) small and medium-sized enterprises as important global players; and (4) how MNEs can be responsible businesses, taking a broader, more ethical stakeholder approach, rather than a narrowly profit-oriented shareholder approach.

The structure of the book has also changed, although we have kept the five main sections and made them more distinctive. A new introduction: “Frameworks for this Book: Our Approach to the Study of International Business” appears just before the start of Part One and the main chapters. It provides an overview of our approach and the structure of the book as well as the standard sections of each chapter. Figure 3 provides the new outline, linked to a description of how the book is organized.

The themes covered in the previous Chapter 11 have now been integrated into the new Chapter 3. Chapter 22 has been thoroughly revised and sits in Part Three, as the new Chapter 11. This leaves Part Five to focus on the five key countries and regions (Chapters 17–21).

Within the chapters the structure should be familiar to those who have used the book before. We have kept five case studies in each chapter (except Chapter 1, which introduces the field of international business). We have 100 case studies and almost one-quarter of these are entirely new. Most of the rest have been completely updated or rewritten. Every chapter has been thoroughly updated, with new data, trends, and references. A revised bibliography appears at the end of each chapter.

Acknowledgements

Our lead researcher on this project was Amir Qamar, a Ph.D. student at Birmingham Business School, the University of Birmingham, who deserves huge thanks for coordinating the revision process and updating large parts of the book. He also provided 12 of the new case studies and helped shaped the new emphasis described above. He was lead author on US manufacturing: from China to Mexico (Ch. 2); Worrying times for Singapore's SMEs (Ch. 2); R&D at Hewlett-Packard (Ch. 3); Greece: third (bailout) time lucky (Ch. 4); The

¹ Collinson, Simon (2015). “Dedication: Yin and Yang: Integrating Disparate Perspectives for International Business Research and Teaching”, in Rob Van Tulder, Alain Verbeke, and Rian Drogendijk (ed.) *The Future of Global Organizing* (Progress in International Business Research, Volume 10) Emerald Group Publishing Limited, pp. 27–35.

collective culture of the John Lewis Partnership (Ch. 5); China 2015: the start of the next global economic meltdown? (Ch. 7); End of an era: the Goodyear plant closure (Ch. 12); Adidas: promoting a global sports brand (Ch. 13); Primark: putting global stakeholders first (Ch. 14); Intel Effect (Ch. 15); Financial transparency at Siemens (Ch. 16); and VW scandal (Ch. 17). He is also the author for the Instructor's Manual.

Thanks also go to Dev K. (Roshan) Boojihawon, a Senior Lecturer in IB at the University of Birmingham, and another of our Ph.D. students, Emma C. Gardner, who also both provided excellent new case studies for

the book. Dev led on Floreal Knitwear (Ch. 10) and Mirum (Ch. 13). Emma was lead author for: Tesco at home and abroad (Ch. 2); The Big Four (Ch. 8); Glass ceiling (Ch.14); and Sony-diversifying into the automobile industry? (Ch. 18). Support for Rajneesh Narula was provided by Karim Kirolos, Teaching Fellow in International Business at Aston University, who helped edit and update the text and cases associated with Chapters 1–3. Further assistance was provided by Jong Min Lee and Maite Alvez Bezerra, doctoral researchers at Henley Business School, University of Reading.



ABOUT THE AUTHORS

Dr Simon Collinson is Dean of Birmingham Business School and Professor of International Business and Innovation at the University of Birmingham. He is also Chair of the Chartered Association of Business Schools (CABS), a member of the UK Economic and Social Research Council (ESRC) and the Council of the Greater Birmingham Chamber of Commerce, and a Fellow of the Royal Society (FRSA).

Previous roles include Professor of International Business at Henley Business School, University of Reading and Deputy Dean and Professor of International Business at Warwick Business School, University of Warwick (UK), where he was also Head of the Marketing and Strategic Management Group. He was an Academic Associate at the Centre for International Business and Management (CIBAM), Judge Business School, Cambridge, and a Research Associate at the Centre for Competitive Advantage in the Global Economy (CAGE) at Warwick University. During his time at Warwick he held the role of Lead Ghoshal Fellow (and then sat on the Board of Directors) in the Research Council UK- (RCUK-)funded Advanced Institute of Management (AIM) initiative. Prior to Warwick he was Lecturer and Senior Research Fellow at Edinburgh University Management School and the Assistant Director of the Japanese–European Technology Studies (JETS) Institute for seven years.

Simon has held visiting positions at Zhejiang University, the Australian Graduate School of Management (AGSM) in Sydney, the Kelley School of Business, Indiana University, Hitotsubashi University and the National Institute of Science and Technology Policy (NISTEP) in Tokyo, and the John Dunning Centre for International Business, Henley Business School, University of Reading. Following a Joint BA (Hons.) in Geography and Sociology at Leeds University and an MA in Human Geography at the University of Florida, Gainesville, Simon was awarded his D.Phil. from the Science Policy Research Unit (SPRU) at Sussex University in 1991.

His original research was on technology transfer and indigenous technological capabilities in Kenyan manufacturing firms. Since then projects and papers have focused on global innovation strategies, R&D,

knowledge, and intellectual asset management in multinational firms; the competitiveness of international UK firms; national systems of innovation and emerging economies; high-technology entrepreneurship, small-firm networks, and regional development; Japan and China: local business practices and cross-cultural management, foreign direct investment, and economic change. Simon has received research funding awards from the UK ESRC and the Engineering and Physical Sciences Research Council (EPSRC), the UK government's Department of Trade and Industry, Japan's Science and Technology Agency, the British Royal Society, and European Commission Director General (/Directorate) XII (DGXII) of the European Union.

He has research, consulting, and executive teaching experience with a wide range of multinational firms. He has published a range of books and articles in refereed journals including *Journal of International Business Studies*, *Organization Studies*, *Business History*, *Research Policy*, *Multinational Business Review*, *International Journal of Technology Management*, *European Management Journal*, *R&D Management*, *Organization Dynamics*, and *Technology Analysis & Strategic Management*. His research has also featured in the *Independent*, *The Times*, *The Sunday Times*, BBC Radio 4, the *New Statesman* and the *U.S. News & World Report*.

While continuing to publish on China, innovation, and the evolving competitiveness of emerging economies, he has recently focused on two areas of research. First, the performance effects of organizational complexity. His most recent book, *From Complexity to Simplicity* was shortlisted for the Chartered Management Institute (CMI) business book of the year prize. Second, as joint-lead of City-REDI, the City-Region Economic Development Institute at Birmingham Business School, he has been working with regional policy-makers to accelerate local innovation and economic growth.

Dr Rajneesh Narula is the John H. Dunning Chair of International Business Regulation at the Henley Business School, University of Reading, UK. He has previously held positions at Copenhagen Business

School, the BI Norwegian Business School, the University of Oslo, and the University of Maastricht. He currently holds honorary appointments at UNU-MERIT, Norwegian Business School, and Oxford University.

His research and consulting have focused on the role of multinational firms in development, innovation and industrial policy, R&D alliances, and outsourcing. He has published over a hundred articles and chapters in books on these themes. He was Editor-in-Chief of *Multinational Business Review* from 2014 to 2016, and is currently Area Editor in development and international business for the *Journal of International Business Studies* (2016–20). He was Editor-in-Chief of *The European Journal of Development Research* from 2009 to 2013.

He regularly acts as a consultant and advisor to the European Commission, United Nations Industrial Development Organization (UNIDO), United Nations Conference on Trade and Development (UNCTAD), the Organization for Economic Co-operation and Development (OECD), and a variety of other international organizations. He has travelled widely, having undertaken research and consultancy projects or taught in Tanzania, Uganda, Thailand, China, Vietnam, Russia, India, Qatar, UAE, Colombia, Australia, Japan, Mauritius, Senegal, and Pakistan, in addition to almost all the countries of the EU.

He is listed as one of the top 20 most cited academic authors worldwide in the fields of international business, emerging markets, economics of innovation, and economic development. His publications with John Dunning and Sanjaya Lall on FDI-assisted development are especially well-cited contributions on the subject.

He is the author or editor of ten books, including *Globalization & Technology* (Polity Press, 2003), *Multinationals and Industrial Competitiveness* (with John Dunning, Edward Elgar, 2004), *Understanding FDI-assisted Economic Development* (with Sanjaya Lall, Routledge, 2004), and *Multinationals on the Periphery* (with Gabriel Benito, Palgrave, 2007). His publications have appeared in leading journals, including the *Journal of International Business Studies*, *Oxford Development Studies*, *Research Policy*, *Journal of Management Studies*, *Journal of World Business*, and *Management International Review*. His 2003 book *Globalization and Technology* has been translated and published in Chinese and Arabic.

He obtained his B.Eng. (Electrical Engineering, with Hons.) from Ahmadu Bello University, Zaria Nigeria, his MBA from Rutgers University and his Doctorate in

International Business and Economics from Rutgers University, US. Before academia, Professor Narula worked as an Engineer in Nigeria, and later as a Planning Analyst at IBM Asia/Pacific Headquarters in Hong Kong.

Until his untimely death in July 2014, **Dr Alan M. Rugman** was Professor of International Business at the Henley Business School and Head of School, International Business and Strategy at the University of Reading, UK. Previously he was L. Leslie Waters Chair of International Business at the Kelley School of Business, Indiana University, from 2002 to 2009. He was Thames Water Fellow in Strategic Management at Templeton College, University of Oxford, from 1998 to 2001 and an Associate Fellow of Green Templeton College. Previously, he was Professor of International Business at the University of Toronto, Dalhousie University, and the University of Winnipeg. He was also a visiting professor at Columbia Business School, London Business School, Harvard University, UCLA, MIT, Warwick Business School, the University of Paris–La Sorbonne, University of Sydney, Saint Louis University, and the University of Lyon.

He earned his BA in economics from Leeds University in 1966, his M.Sc. in economic development from London University's School of Oriental and African Studies (SOAS) in 1967, and his Ph.D. in economics from Simon Fraser University in 1974. He was elected to an MA (Oxon) in 1998.

Dr Rugman published over 300 articles dealing with the economic, managerial, and strategic aspects of multinational enterprises and with trade and investment policy. These have appeared in such leading refereed journals as: *Journal of International Business Studies*, *Management International Review*, *The American Economic Review*, *Strategic Management Journal*, *Journal of Management Studies*, and *Journal of Business Ethics*. He is recognized as one of the ten most-cited scholars in the field of international business worldwide. (His Google Scholar Citations count is over 21,000 and his h-index 67.)

His books include: *Inside the Multinationals* (Columbia University Press, 1981 and Palgrave, 2006); *International Business* (McGraw-Hill, 1995); *Environmental Regulations and Corporate Strategy* (Oxford University Press, 1999); *Multinationals as Flagship Firms* (Oxford University Press, 2000); *The End of Globalization* (Random House, 2000); *The Oxford Handbook of International Business* (Oxford University Press, 2001, 2009); *The Regional Multinationals* (Cambridge University Press, 2005);

Regional Aspects of Multinationality and Performance (Elsevier, 2007); *Rugman Reviews International Business* (Palgrave Macmillan, 2009); and *Multinationals and Development* (Yale University Press, 2009).

As a leading authority in international business, Dr Rugman served as President of the Academy of International Business from 2004 to 2006, was elected a Fellow of the Academy in 1991, and served as Dean of the Fellows. He was also a Fellow of the Royal Society of Arts, elected 1998. He served on the Editorial Board of the *Journal of International Business Studies* and was the Editor-in-Chief of the *Multinational Business Review*.

In 2004 he received the Booz Allen Hamilton Award as Eminent Scholar in International Management,

Academy of Management. He was also honored at a special plenary session of the European International Business Association annual meetings, Slovenia, December 2004 for the 25th Anniversary of his 1979 book, *International Diversification and the Multinational Enterprise*. In 2011, he received the Simon Fraser University Outstanding Alumni Award for Academic Achievement. His final plenary was at the Academy of International Business (AIB) conference in Vancouver, June 2014, fittingly an AIB Fellows Plenary with his peer group. A number of special issues of journals have been published in his honor, most recently a special section in *Journal of World Business*, edited by Rajneesh Narula and Alain Verbeke.¹ <http://henley.ac.uk/news/news-item/in-memoriam-professor-alan-rugman/>

¹ Narula, R., and Verbeke, A. (2015). Making internalization theory good for practice: The essence of Alan Rugman's contributions to international business. *Journal of World Business*, 50(4), 612–22.

GUIDE TO THE CASE STUDIES

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Chapter 8 Multinational Strategy	■ Active Learning Case	Vodafone and the triad telecom market	EU	Revised	256
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