GLOBAL BUSINESS

Fourth Edition

Mike W. Peng, Ph.D.

Jindal Chair of Global Business Strategy
University of Texas at Dallas
Fellow, Academy of International Business (2012)
The Only International Business Textbook Author Listed in
The World’s Most Influential Scientific Minds (2015)
To Agnes, Grace, and James
Preface ix
About the Author xiv

Part 1 Laying Foundations 1
Chapter 1: Globalizing Business 2
Chapter 2: Understanding Formal Institutions: Politics, Laws, and Economics 34
Chapter 3: Emphasizing Informal Institutions: Cultures, Ethics, and Norms 64
Chapter 4: Leveraging Resources and Capabilities 96
Part 1 PengAtlas 120
Part 1 Integrative Cases 126

Part 2 Acquiring Tools 147
Chapter 5: Trading Internationally 148
Chapter 6: Investing Abroad Directly 180
Chapter 7: Dealing with Foreign Exchange 208
Chapter 8: Capitalizing on Global and Regional Integration 236
Part 2 PengAtlas 266
Part 2 Integrative Cases 272

Part 3 Strategizing Around the Globe 295
Chapter 9: Growing and Internationalizing the Entrepreneurial Firm 296
Chapter 10: Entering Foreign Markets 318
Chapter 11: Managing Global Competitive Dynamics 342
Chapter 12: Making Alliances and Acquisitions Work 372
Chapter 13: Strategizing, Structuring, and Learning Around the World 402
Part 3 PengAtlas 432
Part 3 Integrative Cases 436

Part 4 Building Functional Excellence 455
Chapter 14: Competing on Marketing and Supply Chain Management 456
Chapter 15: Managing Human Resources Globally 482
Brief Contents

Chapter 16: Financing and Governing the Corporation Globally 508
Chapter 17: Managing Corporate Social Responsibility Globally 536
Part 4 PengAtlas 562
Part 4 Integrative Cases 566
Glossary 585
Name Index 595
Organization Index 600
Subject Index 600

© 2014 Cengage Learning. All Rights Reserved. This content is not yet final and Cengage Learning does not guarantee any page will contain current material or match the published product.
Table of Contents

Preface ix
About the Author xiv

Part 1 Laying Foundations 1
Chapter 1: Globalizing Business 2
What Is Global Business? 4
Why Study Global Business? 10
A Unified Framework 13
What Is Globalization? 18
Global Business and Globalization at a Crossroads 22
Organization of the Book 25

Chapter 2: Understanding Formal Institutions: Politics, Laws, and Economics 34
Understanding Institutions 37
What Do Institutions Do? 39
An Institution-Based View of Global Business 40
Political Systems 44
Legal Systems 46
Economic Systems 50
Debates and Extensions 51
Management Savvy 55

Chapter 3: Emphasizing Informal Institutions: Cultures, Ethics, and Norms 64
Where Do Informal Institutions Come From? 66
Culture 67
Cultural Differences 71
Ethics 78
Norms and Ethical Challenges 82
Debates and Extensions 83
Management Savvy 86

Chapter 4: Leveraging Resources and Capabilities 96
Understanding Resources and Capabilities 98
Resources, Capabilities, and the Value Chain 101
From SWOT to VRIO 105
Debates and Extensions 108
Management Savvy 112

Part 1 PengAtlas 120

Part 1 Integrative Cases 126
1.1 Indigenous Reverse Innovation from the Base of the Pyramid 126
1.2 The Future of Cuba 130
1.3 Political Risk of Doing Business in Thailand 132
1.4 An Institution-Based View of IPR Protection 134
1.5 Bank Scandals: Bad Apples versus Bad Barrels 138
1.6 Occidental Petroleum (Oxy): From Also-Ran to Segment Leader 140
1.7 Ostnor’s Offshoring and Reshoring 145

Part 2 Acquiring Tools 147

Chapter 5: Trading Internationally 148
Why Do Nations Trade? 150
Theories of International Trade 153
Realities of International Trade 164
Debates and Extensions 171
Management Savvy 173

Chapter 6: Investing Abroad Directly 180
Understanding the FDI Vocabulary 182
Why Do Firms Become MNEs by Engaging in FDI? 186
# Table of Contents

Ownership Advantages 188  
Location Advantages 189  
Internalization Advantages 192  
Realities of FDI 194  
How MNES and Host Governments Bargain 197  
Debates and Extensions 198  
Management Savvy 201  
**Chapter 7: Dealing with Foreign Exchange** 208  
What Determines Foreign Exchange Rates? 210  
Evolution of the International Monetary System 219  
Strategic Responses to Foreign Exchange Movements 223  
Debates and Extensions 225  
Management Savvy 229  
**Chapter 8: Capitalizing on Global and Regional Integration** 236  
Global Economic Integration 238  
Organizing World Trade 240  
Regional Economic Integration 244  
Regional Economic Integration in Europe 246  
Regional Economic Integration in the Americas 252  
Regional Economic Integration in the Asia Pacific 254  
Regional Economic Integration in Africa 257  
Debates and Extensions 257  
Management Savvy 259  
**Part 2 PengAtlas** 266  
**Part 2 Integrative Cases** 272  
2.1 Brazil's Quest for Comparative Advantage 272  
2.2 Twelve Recommendations to Enhance UK Export Competitiveness 274  
2.3 Would You Invest in Turkey? 281  
2.4 The Myth Behind China's Outward Foreign Direct Investment 284  
2.5 The Korea-US Free Trade Agreement (KORUS) 288  
**Part 3 Strategizing Around the Globe** 295  
**Chapter 9: Growing and Internationalizing the Entrepreneurial Firm** 296  
Entrepreneurship and Entrepreneurial Firms 298  
Institutions, Resources, and Entrepreneurship 299  
Growing the Entrepreneurial Firm 303  
Internationalizing the Entrepreneurial Firm 305  
Debates and Extensions 309  
Management Savvy 312  
**Chapter 10: Entering Foreign Markets** 318  
Overcoming the Liability of Foreignness 320  
Where to Enter? 321  
When to Enter? 325  
How to Enter? 327  
Debates and Extensions 334  
Management Savvy 336  
**Chapter 11: Managing Global Competitive Dynamics** 342  
Competition, Cooperation, and Collusion 345  
Institutions Governing Domestic and International Competition 350  
Resources Influencing Competitive Dynamics 353  
Attack, Counterattack, and Signaling 356  
Local Firms versus Multinational Enterprises 358  
Debates and Extensions 360  
Management Savvy 364  
**Chapter 12: Making Alliances and Acquisitions Work** 372  
Defining Alliances and Acquisitions 374  
Institutions, Resources, Alliances, and Acquisitions 376  
Formation of Alliances 383  
Evolution and Dissolution of Alliances 385  
Performance of Alliances 387  
Motives for Acquisitions 388  
Performance of Acquisitions 389  
Debates and Extensions 392  
Management Savvy 393
<table>
<thead>
<tr>
<th>Chapter 13: Strategizing, Structuring, and Learning Around the World</th>
<th>402</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multinational Strategies and Structures</td>
<td>404</td>
</tr>
<tr>
<td>How Institutions and Resources Affect Multinational Strategies, Structures, and Learning</td>
<td>412</td>
</tr>
<tr>
<td>Worldwide Learning, Innovation, and Knowledge Management</td>
<td>417</td>
</tr>
<tr>
<td>Debates and Extensions</td>
<td>422</td>
</tr>
<tr>
<td>Management Savvy</td>
<td>424</td>
</tr>
<tr>
<td>Part 3 PengAtlas</td>
<td>432</td>
</tr>
<tr>
<td>Part 3 Integrative Cases</td>
<td>436</td>
</tr>
<tr>
<td>3.1 Farmacias Similares: Innovating in the Mexican Healthcare Industry</td>
<td>436</td>
</tr>
<tr>
<td>3.2 Wikimart: Building a Russian Version of Amazon</td>
<td>441</td>
</tr>
<tr>
<td>3.3 Business Jet Makers Eye China</td>
<td>444</td>
</tr>
<tr>
<td>3.4 The Antitrust Case on the AT&amp;T–T-Mobile Merger</td>
<td>446</td>
</tr>
<tr>
<td>3.5 Teliasonea’s Alliances and Acquisitions in Eurasia</td>
<td>449</td>
</tr>
<tr>
<td>3.6 China Merchants Group’s Acquisition of the Newcastle Port</td>
<td>451</td>
</tr>
<tr>
<td>3.7 Japanese Multinationals in Emerging Economies</td>
<td>453</td>
</tr>
<tr>
<td>Part 4 Building Functional Excellence</td>
<td>455</td>
</tr>
<tr>
<td>Chapter 14: Competing on Marketing and Supply Chain Management</td>
<td>456</td>
</tr>
<tr>
<td>Three of the Four Ps in Marketing</td>
<td>459</td>
</tr>
<tr>
<td>From Distribution Channel to Supply Chain Management</td>
<td>464</td>
</tr>
<tr>
<td>Triple A’s in Supply Chain Management</td>
<td>465</td>
</tr>
<tr>
<td>How Institutions and Resources Affect Marketing and Supply Chain Management</td>
<td>468</td>
</tr>
<tr>
<td>Debates and Extensions</td>
<td>471</td>
</tr>
<tr>
<td>Management Savvy</td>
<td>473</td>
</tr>
<tr>
<td>Chapter 15: Managing Human Resources Globally</td>
<td>482</td>
</tr>
<tr>
<td>Staffing</td>
<td>484</td>
</tr>
<tr>
<td>Training and Development</td>
<td>488</td>
</tr>
<tr>
<td>Compensation and Performance Appraisal</td>
<td>490</td>
</tr>
<tr>
<td>Labor Relations</td>
<td>494</td>
</tr>
<tr>
<td>Institutions, Resources, and Human Resource Management</td>
<td>495</td>
</tr>
<tr>
<td>Debates and Extensions</td>
<td>499</td>
</tr>
<tr>
<td>Management Savvy</td>
<td>500</td>
</tr>
<tr>
<td>Chapter 16: Financing and Governing the Corporation Globally</td>
<td>508</td>
</tr>
<tr>
<td>Financing Decisions</td>
<td>511</td>
</tr>
<tr>
<td>Owners</td>
<td>512</td>
</tr>
<tr>
<td>Managers</td>
<td>514</td>
</tr>
<tr>
<td>Board of Directors</td>
<td>517</td>
</tr>
<tr>
<td>Governance Mechanisms as a Package</td>
<td>519</td>
</tr>
<tr>
<td>A Global Perspective</td>
<td>522</td>
</tr>
<tr>
<td>Institutions, Resources, and Corporate Finance and Governance</td>
<td>523</td>
</tr>
<tr>
<td>Debates and Extensions</td>
<td>526</td>
</tr>
<tr>
<td>Management Savvy</td>
<td>527</td>
</tr>
<tr>
<td>Chapter 17: Managing Corporate Social Responsibility Globally</td>
<td>536</td>
</tr>
<tr>
<td>A Stakeholder View of the Firm</td>
<td>539</td>
</tr>
<tr>
<td>Institutions, Resources, and Corporate Social Responsibility</td>
<td>546</td>
</tr>
<tr>
<td>Debates and Extensions</td>
<td>553</td>
</tr>
<tr>
<td>Management Savvy</td>
<td>554</td>
</tr>
<tr>
<td>Part 4 PengAtlas</td>
<td>562</td>
</tr>
<tr>
<td>Part 4 Integrative Cases</td>
<td>566</td>
</tr>
<tr>
<td>4.1 ESET: From a “Living-Room” Firm to a Global Player in the Antivirus Software Industry</td>
<td>566</td>
</tr>
<tr>
<td>4.2 Employee Retention and Institutional Change at PIGAMU</td>
<td>570</td>
</tr>
<tr>
<td>4.3 Sino Iron: Engaging Stakeholders in Australia</td>
<td>578</td>
</tr>
<tr>
<td>Glossary</td>
<td>585</td>
</tr>
<tr>
<td>Name Index</td>
<td>595</td>
</tr>
<tr>
<td>Organization Index</td>
<td>600</td>
</tr>
<tr>
<td>Subject Index</td>
<td>600</td>
</tr>
</tbody>
</table>
Preface

The first three editions of *Global Business* aspired to set a new standard for international business (IB) textbooks. They have been widely used in Australia, Austria, Brazil, Britain, Canada, China, Denmark, Egypt, France, Hong Kong, India, Indonesia, Ireland, Israel, Lithuania, Macau, Malaysia, Mexico, the Netherlands, Netherlands Antilles, New Zealand, Puerto Rico, Russia, Slovenia, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand, and the United States. Based on the enthusiastic support from more than 30 countries, the first three editions achieved unprecedented success. Available in Chinese and Spanish, *Global Business* has also launched a European adaptation (with Klaus Meyer) and an Indian adaptation (with Deepak Srivastava). In short, *Global Business* is global.

The fourth edition aspires to achieve even more. It continues the market-winning framework centered on one big question and two core perspectives, and has been thoroughly updated to capture the rapidly moving recent research and events. Written for undergraduate and MBA students around the world, the fourth edition will continue to make IB teaching and learning (1) more engaging, (2) more comprehensive, (3) more fun, and (4) more relevant.

More Engaging

As an innovation in IB textbooks, a unified framework integrates all chapters. Given the wide range of topics in IB, most textbooks present the discipline in a fashion that “Today is Tuesday, it must be Luxembourg.” Very rarely do authors address: “Why Luxembourg today?” More important, why IB? What is the big question in IB? Our unified framework suggests that the discipline can be united by one big question and two core perspectives. The big question is: What determines the success and failure of firms around the globe? To address this question, *Global Business* introduces two core perspectives—(1) the institution-based view and (2) the resource-based view—in all chapters.¹ It is this relentless focus on our big question and core perspectives that enables this book to engage a variety of topics in an integrated fashion. This provides unparalleled continuity in the learning process.

*Global Business* further engages readers through an evidence-based approach. I have endeavored to draw on the latest research, as opposed to the latest fads. As an active researcher myself, I have developed the unified framework not because it just popped up in my head when I wrote the book. Rather, this is an extension of my own research that consistently takes on the big question and leverages the two core perspectives.²

Another vehicle to engage students is debates. Most textbooks present knowledge “as is” and ignore debates. But, obviously, our field has no shortage of debates. It is the responsibility of textbook authors to engage students by introducing cutting-edge debates. Thus, I have written a beefy “Debates and Extensions” section for every chapter.

More Comprehensive

*Global Business* offers the most comprehensive and innovative coverage of IB topics available on the market. Unique chapters not found in other IB textbooks are: Chapter 9 (entrepreneurship and small firms’ internationalization), Chapter 11 (global competitive dynamics), and Chapter 16 (corporate finance and governance).

The most comprehensive topical coverage is made possible by drawing on the latest and most comprehensive range of the research literature. I have accelerated my own

---


research, publishing a total of 30 articles after I finished the third edition.3 Some of these recent articles appear in top-tier outlets in IB, such as the Academy of Management Journal (2012), Journal of International Business Studies (2014 and 2016), Journal of Management Studies (2012, 2013, and 2015), Journal of World Business (2012, 2014, and 2015), and Strategic Management Journal (2013, 2015, and 2016). Writing Global Business has also enabled me to broaden the scope of my research, publishing recently in top-tier journals in operations (Journal of Operations Management), ethics (Journal of Business Ethics), entrepreneurship (Journal of Business Venturing and Entrepreneurship Theory and Practice), and human resources (International Journal of Human Resource Management). In addition to my own work, I have also drawn on the latest research of numerous colleagues. The end result is the unparalleled, most comprehensive set of evidence-based insights on the IB market. While citing every article is not possible, I am confident that I have left no major streams of research untouched. Feel free to check the Name Index to verify this claim. (Unfortunately, a number of older references have to be deleted to make room for more recent research.)

Finally, the fourth edition of Global Business continues to have a global set of cases contributed by scholars around the world—an innovation on the IB market. Virtually all other IB textbooks have cases written by book authors. In comparison, this book has been blessed by a global community of case contributors who are based in Australia, Austria, Canada, China, Mexico, and the United States. Many are experts who are located in or are from the countries in which the cases take place. For example, we now have a Mexico case penned by two Mexico-based authors (see Integrative Case on Farmacias Similares), and a China case written by a China-based author (see Integrative Case on Ostnor). This edition also features a Russia case contributed by the world’s top two leading experts on Russian management (see Integrative Case on Wikimart).

More Fun

If you fear this book must be boring because it draws so heavily on latest research, you are wrong. I have used a clear, engaging, conversational style to tell the “story.” Relative to rival books, my chapters are shorter and more lively. Some earlier users commented that reading Global Business is like reading a “good magazine.” A large number of interesting anecdotes have been woven into the text. Non-traditional (“outside-the-box”) examples range from ancient Chinese military writings to mutually assured destruction (MAD) strategy during the Cold War, from LEGO toys to Tolstoy’s Anna Karenina. Check out the following fun-filled features that spice up the book:

- The rebirth of the East India Company (Chapter 1 Opening Case)
- Testing the Dell theory of peace in East Asia (Emerging Markets 2.2)
- LEGO’s secrets (Chapter 4 Opening Case)
- ANA: Refreshing the parts other airlines cannot reach (In Focus 4.1)
- Why are US exports so competitive? (Chapter 5 Closing Case)
- One multinational versus many national companies (In Focus 6.1)
- Sriracha spices up American food (Chapter 9 Opening Case)
- Mickey goes to Shanghai (Chapter 10 Closing Case)
- Patent wars and shark attacks (Chapter 11 Opening Case)
- Is a diamond (cartel) forever? (In Focus 11.1)
- Can mergers of equals work? (In Focus 12.2)
- Marketing Aflac in the United States and Japan (Chapter 14 Opening Case)
- Dallas versus Delhi (Chapter 15 Closing Case)
- High drama at Hewlett-Packard (HP) (Chapter 16 Opening Case)
- Professor Michael Jensen as an outside director (In Focus 16.2)
- Global warming and Arctic boom (In Focus 17.1)

Finally, the PengAtlas allows you to conduct IB research using informative maps and other geographic tools to enhance your learning. In addition, a series of new videos enhance the multi-media, fun aspects of learning (see below).

More Relevant

So what? Most textbooks leave students to figure out the crucial “so what?” question for themselves. In contrast, I conclude every chapter with an action-packed section titled “Management Savvy.” Each section has at least one table (or slide) to summarize key learning points from a practical standpoint. No other IB book is so savvy and so relevant.

As a theme, ethics cuts through the book, with at least one “Ethical Dilemma” feature and a series of Critical

3 All my articles are listed at www.mikepeng.com and www.utdallas.edu/~mikepeng. Go to “Journal Articles.”
Discussion Questions on ethics in each chapter. Finally, many chapters offer career advice for students. For example, Chapter 4 develops a resource-based view of the individual—that is, about you, the student. The upshot? You want to make yourself into an “untouchable,” someone who adds valuable, rare, and hard-to-imitate capabilities indispensable to an organization. In other words, you want to make sure your job cannot be outsourced.

What’s New in the Fourth Edition?

In addition to the completely updated content, the fourth edition has (1) created a new video package, (2) dedicated more space to emerging economies, (3) enhanced the quantity and variety of cases, and (4) drawn directly on the author’s consulting experience.

First, a new video package has been created that is tightly coupled with the content of the Opening and Closing Cases for every chapter. Instructors can ask students to watch such videos before class and answer questions online, or to watch videos as a way to open or close class sessions. In short, students can “watch TV” and gain knowledge.

Second, this edition builds on Global Business’ previous strengths by more prominently highlighting emerging economies. At least one Emerging Markets feature is launched in every chapter. Many of the Integrative Cases deal with emerging economies, such as Brazil, China, Cuba, Mexico, Russia, Slovakia, Thailand, and Turkey. Numerous in-chapter features (Opening/Closing Cases, In Focus, and Emerging Markets) deal with emerging economies other than those mentioned previously, such as the Czech Republic, Greenland, Guinea, India, Kenya, Liberia, Nigeria, Poland, Senegal, Sierra Leone, South Africa, Taiwan, Tanzania, and the United Arab Emirates.

Third, in response to students’ and instructors’ enthusiasm about the wide-ranging and globally relevant cases in previous editions, the fourth edition has further enhanced the quantity and variety of cases. The variety has also been enhanced not only in terms of the geographic diversity noted above, but also in terms of the mix of longer cases and shorter cases. In addition, I have pushed myself to more actively participate in case writing. Finally, users of the online MindTap version of the product will have access to Media Cases that pair the Opening and Closing chapter cases with news articles from sources such as the New York Times, The Economist, and other leading publications, as well as videos from sources such as the BBC and CBS and access to additional information from Business Insights. More information on the MindTap product is discussed later in this Preface.

Finally, I have directly drawn on my recent consulting experience to inject new insights. Chapter 1 Closing Case (“Two Scenarios of the Global Economy in 2050”) is adapted from a major consulting engagement I completed for the UK Government Office for Science as part of its two-year Future of Manufacturing project. Integrative Case 2.2 (“Twelve Recommendations to Enhance UK Export Competitiveness”) is a direct excerpt from the final report submitted (coauthored with Klaus Meyer). Table 3.4 (“Texas Instruments Guidelines on Gifts in China,” which is in the public domain) is shared with me by a consulting client at TI. Overall, I am confident that students can directly benefit from such new insights gained from my consulting engagements with multinationals and governments.

MindTap

Online resources are transforming many aspects of everyday life and learning is not immune to the impact of technology. Rather than simply take the book pages of Global Business and place them on a screen to be accessed via a PC, tablet, or smartphone, we have reset the content and have adapted it to fully utilize the potential that the medium allows. Students can highlight passages, take notes in the MindTap content, and compile their notes for review in the EverNotes app. We have embedded assessments for each chapter as well as provide Flash Cards for all of the key terms that provide feedback to students and provide guidance so that they can address gaps in the course requirements. Faculty can use the results from the quizzes as well as using the Media Cases for assignments (see above) and utilize the assigned student work outside the classroom to benefit from a “flipped learning” approach that can result in more favorable outcomes and more rewarding experiences for students and faculty. Additional apps such as ConnectYard allow faculty to integrate social media capabilities into their course and are especially useful in online and hybrid course delivery.

As part of the MindTap product, we are not limited to the page length limitation of a physical book. Students certainly don’t enjoy carrying 1,000-page volumes, and are also frustrated when material included in the book is not assigned by the instructor. Since we are not limited by length online, faculty will also have
access to numerous additional cases that they can select and add to their course. We have also included additional homework assessments and unique pre- and postcourse Global Literacy assessments that can be used to demonstrate student awareness of global business knowledge. We want to thank Anne Magi of the University of Illinois at Chicago for her work on the homework and Global Literacy assessments.

Finally, users of MindTap will also have access to Business Insights: Global from Gale, which provides a rich online research tool.

Support Materials
A full set of support materials is available for students and adopting instructors:

- Product Support Website
- Instructor’s Manual
- Test Bank
- PowerPoint Slides
- MindTap (see above)
- Peng DVD

Acknowledgments

As Global Business celebrates the launch of its fourth edition, I first want to thank all the customers— instructors and students around the world who have made the book’s success possible. A special thank you goes to Klaus Meyer (China Europe International Business School, China) and Deepak Srivastava (Nirma University, India), who respectively spearheaded the adaptation of the European, Middle Eastern, and African (EMEA) edition and the Indian edition. In China, a big thanks goes to Liu Yi (Shanghai Jiao Tong University), Xie En and Wang Longwei (Xi’an Jiaotong University), and Yi Jingtao (Renmin University of China). In Mexico, my heart-felt appreciation goes to two groups of colleagues: (1) professional translators Ma. del Pilar Carril Villarreal and Magda Elizabeth Treviño Rosales and (2) faculty colleagues who engaged in technical revisions Claudia P. Gutiérrez Rojas (Tecnológico de Monterrey, Campus Estado de México), Mercedes Muñoz (Tecnológico de Monterrey, Campus Santa Fe y Estado de México), and Enrique Benjamín Franklin Fincowski (Facultad de Contaduría y Administración, Universidad Nacional Autónoma de México). They loved the book so much that they were willing to endure the pain of translating it into Chinese and Spanish. My kudos to these colleagues who have made Global Business more global.

At the Jindal School at UT Dallas, I appreciate Naveen Jindal’s generous support to fund the Jindal Chair. I thank my colleagues Shawn Carrher, Larry Chasteen, Emily Choi, Tev Dalgic, Van Dam, Greg Dess, Dave Ford, Richard Harrison, Maria Hasenhuettl, Charlie Hazzard, Jeff Hicks, Shalonda Hill, Seung-Hyun Lee, Sheen Levin, John Lin, Ginny Lopez-Kidwell, Livia Markóczy, Toyah Miller, Joe Picken, Orlando Richard, Jane Salk, Rajiv Shah, Eric Tsang, Habte Woldu, and Jun Xia—as well as Hasan Pirkul (dean) and Varghese Jacob (associate dean). I also thank my PhD students (Sergey Lebedev, Canan Mutlu, and Cristina Vlas) for their assistance. One colleague (Charlie Hazzard), three PhD students (Paynee Changphao, Sergey Lebedev, and Canan Mutlu), and an EMBA student (Nagaraj Savithri) contributed excellent case materials.

At Cengage Learning, I thank the “Peng team” that not only publishes Global Business, but also Global Strategy: Erin Joyner, Vice President, Social Sciences and Qualitative Business; Jason Fremder, Product Director; Mike Roche, Senior Product Manager; John Sarantakis, Content and Media Developer; Kristen Hurd, Marketing Director; Emily Horowitz, Marketing Manager; Chris Walz, Marketing Coordinator; Kim Kusnerak, Senior Content Production Manager.

In the academic community, I appreciate the meticulous and excellent comments from the reviewers and many colleagues and students who provided informal feedback to me on the book. It is especially gratifying to receive unsolicited correspondence from students. Space constraints force me to only acknowledge those who wrote me since the third edition, since those who wrote me earlier were thanked in earlier editions. (If you wrote me but I failed to mention your name here, my apologies—blame this on the volume of such emails.)

Rosemary Bernal (Del Mar College, USA)
Santanu Borah (University of North Alabama, USA)
Thierry Brusselle (Chaffey College, USA)
Lauren Carey (University of Miami, USA)
Limin Chen (Wuhan University, China)
John Clarry (Rutgers University, USA)
Ping Deng (Cleveland State University, USA)
Robert Eberhart (Santa Clara University, USA)
Gwyneth Edwards (HEC Montréal, Canada)
Felipe Fiuza (Florida Gulf Coast University, USA)
Kenneth Fox (The Citadel, USA)
Mike Geringer (Ohio University, USA)
C. Gopinath (O. P. Jindal Global University, India)
Steve Hurst (Mount Hood Community College, USA)
Anisul Islam (University of Houston, USA)
Michael Jacobsen (Copenhagen Business School, Denmark)
Sajal Kabiraj (Dongbei University of Finance and Economics, China)
Ann Langlois (Palm Beach Atlantic University, USA)
Yumei Li (Southwest University, China)
Lianlian Lin (California State Polytechnic University, USA)
Leonid Lisenco (University of Southern Denmark, Denmark)
Dong Liu (Georgia Institute of Technology, USA)
David Liu (George Fox University, USA)
Donna Lubrano (Newbury College, USA)
David Lucero (Yantai University, China)
Charles Mambula (Langston University, USA)
Asmat Nizam (Universiti Utara, Malaysia)
Eydis Olsen (Drexel University, USA)
Jung-Min Park (University of Ulsan, South Korea)
Gongming Qian (Chinese University of Hong Kong, China)
Surekha Rao (Indiana University Northwest, USA)
Pradeep Ray (University of New South Wales, Australia)
Daniel Rottig (Florida Gulf Coast University, USA)
Henryk Sterniczuk (University of New Brunswick, Canada)
David Stiles (University of Canterbury, New Zealand)
Anne Smith (University of Tennessee, USA)
Clyde Stoltenberg (Wichita State University, USA)
Steve Strombeck (Azusa Pacific University, USA)
Vas Taras (University of North Carolina at Greensboro, USA)
Rajaram Veliyath (Kennesaw State University, USA)
Jose Vargas-Hernandez (Universidad de Guadalajara, Mexico)
Loren Vickery (Western Oregon University, USA)
George White (University of Michigan at Flint, USA)
Phil Wilton (University of Liverpool, UK)
Xiaohua Yang (University of San Francisco, USA)
Andrey Yukhanaev (Northumbria University, UK)
Wu Zhan (University of Sydney, Australia)
Man Zhang (Bowling Green State University, USA)

For the fourth edition, my gratitude goes to 23 colleagues who graciously contributed excellent case materials:

Ruth Ann Althaus (Ohio University, USA)
Dirk Michael Boehe (University of Adelaide, Australia)
Charles Byles (Virginia Commonwealth University, USA)
Mauricio Cervantes (Tecnológico de Monterrey, Mexico)
Pawinee Changphao (University of Texas at Dallas, USA)
Zhu Chen (SIA Energy, China)
Charles Hazzard (University of Texas at Dallas, USA)
Sergey Lebedev (University of Texas at Dallas, USA)
Daniel McCarthy (Northeastern University, USA)
Klaus Meyer (China Europe International Business School, China)—two cases
Miguel Montoya (Tecnológico de Monterrey, Mexico)
Canan Mutlu (Kennesaw State University, USA)
Sheila Puffer (Northeastern University, USA)
Alfred Rosenbloom (Dominican University, USA)
Nagaraj Savithri (University of Texas at Dallas, USA)
Arnold Schuh (Vienna University of Economics and Business, Austria)
Weilei (Stone) Shi (Baruch College, City University of New York, USA)
Pek-Hooi Soh (Simon Fraser University, Canada)
Sunny Li Sun (University of Missouri at Kansas City, USA)
Hao Tan (University of Newcastle, Australia)
Yanli Zhang (Montclair State University, USA)
Yanmei Zhu (Tongji University, China)
David Zoogah (Morgan State University, USA)

Last, but by no means least, I thank my wife Agnes, my daughter Grace, and my son James—to whom this book is dedicated. When the first edition was conceived, Grace was three and James one. Now my 13-year-old Grace is already a voracious reader and a prolific writer of young-adult novels, and my 11-year-old James can beat me in chess. Both are competitive swimmers and world travelers, having been to more than 30 countries. As a third-generation professor in my family, I can’t help but wonder whether one (or both) of them will become a fourth-generation professor. To all of you, my thanks and my love.
About the Author

Mike W. Peng is the Jindal Chair of Global Business Strategy at the Jindal School of Management, University of Texas at Dallas. He is also a National Science Foundation (NSF) CAREER Award winner and a Fellow of the Academy of International Business (AIB). At UT Dallas, he has been the number-one contributor to the list of 45 top journals tracked by Financial Times, which consistently ranked UT Dallas as a top 20 school in research worldwide.

Professor Peng holds a bachelor’s degree from Winona State University, Minnesota, and a PhD degree from the University of Washington, Seattle. He had previously served on the faculty at the Ohio State University, University of Hawaii, and Chinese University of Hong Kong. He has taught in five states in the United States (Hawaii, Ohio, Tennessee, Texas, and Washington), as well as in China, Hong Kong, and Vietnam. He has also held visiting or courtesy appointments in Australia, Britain, China, Denmark, Hong Kong, and the United States, and lectured around the world.

Professor Peng is one of the most prolific and most influential scholars in international business (IB). Both the United Nations and the World Bank have cited his work. During the decade 1996–2006, he was the top seven contributor to IB’s number-one premier outlet: Journal of International Business Studies. In 2015, he received the Journal of International Business Studies Decade Award. A Journal of Management article found him to be among the top 65 most widely cited management scholars, and an Academy of Management Perspectives study reported that he is the fourth most influential management scholar among professors who obtained their PhD since 1991. Overall, Professor Peng has published more than 120 articles in leading journals, more than 30 pieces in nonrefereed outlets, and five books. Since the launch of Global Business’s third edition, he has not only published in top IB journals, such as the Academy of Management Journal, Journal of International Business Studies, Journal of World Business, and Strategic Management Journal, but also in leading outlets in entrepreneurship (Entrepreneurship Theory and Practice), ethics (Journal of Business Ethics), and human resources (International Journal of Human Resource Management).

Used in more than 30 countries, Professor Peng’s best-selling textbooks, Global Business, Global Strategy, and GLOBAL, are global market leaders that have been translated into Chinese, Portuguese, and Spanish. A European adaptation (with Klaus Meyer) and an Indian adaptation (with Deepak Srivastava) have been successfully launched.

Truly global in scope, Professor Peng’s research has investigated firm strategies in Africa, Asia Pacific, Central and Eastern Europe, and North America. He is best known for his development of the institution-based view of strategy and his insights about the rise of emerging economies such as China in global business. With more than 18,000 Google citations and an H-index of 57, he is listed among The World’s Most Influential Scientific Minds (compiled by Thomson Reuters based on citations covering 21 fields)—in the field of economics and business, he is one of the only 95 world-class scholars listed and the only IB textbook author listed.

Professor Peng is active in leadership positions. He has served on the editorial boards of the AMJ, AMP, AMR, JIBS, JMS, JWB, and SMJ; and guest-edited a special issue for the JMS. At AIB, he co-chaired the AIB/JIBS Frontiers Conference in San Diego (2006), guest-edited a JIBS special issue (2010), chaired the Emerging and Transition Economies track for the Nagoya conference (2011), and chaired the Richard Farmer Best Dissertation Award Committee for the Washington conference (2012). At the Strategic Management Society (SMS), he was elected to be the Global Strategy Interest Group Chair (2008). He also co-chaired the SMS Special
Conferences in Shanghai (2007) and in Sydney (2014). He served one term as Editor-in-Chief of the *Asia Pacific Journal of Management*. He managed the successful bid to enter the Social Sciences Citation Index (SSCI), which reported *APJM*’s first citation impact to be 3.4 and rated it as the top 18 among 140 management journals (by citation impact factor) for 2010. In recognition of his significant contributions, *APJM* has named its best paper award the Mike Peng Best Paper Award. Currently, he is a Senior Editor at the *Journal of World Business*.

Professor Peng is also an active consultant, trainer, and keynote speaker. He has provided on-the-job training to more than 400 professors. He has consulted and been a keynote speaker for multinational enterprises (such as AstraZeneca, Berlitz, Nationwide, SAFRAN, and Texas Instruments), nonprofit organizations (such as World Affairs Council of Dallas-Fort Worth), educational and funding organizations (such as Canada Research Chair, Harvard Kennedy School of Government, National Science Foundation of the United States, and Natural Science Foundation of China), and national and international organizations (such as the UK Government Office for Science, US-China Business Council, US Navy, and World Bank).

Professor Peng has received numerous honors, including an NSF CAREER Grant ($423,000), a US Small Business Administration Best Paper Award, a *JIBS* Decade Award, a (lifetime) Distinguished Scholar Award from the Southwestern Academy of Management, a (lifetime) Scholarly Contribution Award from the International Association for Chinese Management Research (IACMR), and a Best Paper Award named after him. He has been quoted by *The Economist*, *Newsweek*, *Dallas Morning News*, *Smart Business Dallas*, *Atlanta Journal-Constitution*, *The Exporter Magazine*, *The World Journal*, *Business Times* (Singapore), *CEO-CIO* (Beijing), *Sing Tao Daily* (Vancouver), and *Brasil Econômico* (São Paulo), as well as on the Voice of America.