

# Preface



This book grew out of the authors' strongly held belief that the best research in the academic fields of international business and cross-border management did more than capture the challenges, activities, perceptions, and best practices from the field. It also translated those findings into practical and relevant lessons for managers and students of management. That philosophy and commitment has remained at the core of the seven editions of this volume.

So in preparing this new edition, we have done all we can to ensure that the frameworks, concepts, and practical examples we have included are topical, relevant, and significant to practitioners working in today's global business environment. We believe that those are the issues that are described in the case studies, illuminated by the articles, and embedded in the conceptual chapters that provide the framework for this course-long voyage in transnational management.

In the 22 years since the first edition of *Transnational Management* appeared, much has changed in the field of cross-border business management—new external demands have emerged, new strategic responses have been developed, new organizational capabilities have evolved, and new managerial competencies have become necessary. But old international hands will insist that these differences are largely superficial. They make a fairly convincing case that beyond inevitable and never-ending adjustments, the basic challenges of managing a worldwide operation remain much as they have always been: understanding one's host-country environment, being sensitive to cross-cultural differences, seeing the world as an integrated strategic reality, and being able to deal with the complexities of managing operations separated by the barriers of distance, language, time, and culture.

In many ways, both views are correct, and we are reminded of that fact with each revision of this volume. On the one hand, we receive passionate input from teaching faculty anxious for fresh new material that reflects the vibrancy of the field and keeps up with the latest developments. But we also hear from those who recognize the importance of teaching the timeless international management issues that they believe are often best captured in their favorite classic cases and readings.

Based on input that we constantly receive from the users of this text, we have sought to maintain this balance: undertaking a major updating of the chapters while maintaining their intellectual integrity; adding new articles that reflect current thinking while maintaining the classics; and adding new case material that captures emerging issues to keep courses fresh, while retaining timeless cases that have proven ability to keep students challenged. The result is that, as in all the previous editions, all the chapters have been updated, and around half the cases and readings have been retained, and about half are new to the seventh edition.

## ■ Chapter Changes from the Sixth Edition

### INTRODUCTION: So What Is Transnational Management?

- A new introductory chapter outlining the overall agenda and objectives of the book.

### CHAPTER 1: Expanding Abroad

- Chapter text:
  - Chapter text significantly revised and updated
  - Table 1 updated
  - Two new tables regarding indicators of foreign direct investment (FDI) and internationalization statistics
  - New examples from companies including Dunkin' Donuts, Facebook, Google, GE Healthcare, and Sinopec
- Case studies:
  - Two new cases: “Sherwood-Hockey Sticks: Global Sourcing”; and “Mahindra & Mahindra in South Africa”
- Supplemental readings:
  - A new reading: “The Global Entrepreneur: A New Breed of Entrepreneur Is Thinking Across Borders—From Day One”

### CHAPTER 2: Understanding the International Context

- Chapter text:
  - Chapter text significantly revised and updated
  - New discussion of nationally owned corporations investing in other countries
  - New discussion about localization at the city level
  - New examples from companies including Procter & Gamble, GLOBE study, Unilever, the auto industry, the airline industry, Anheuser-Busch In-Bev, the U.N. Global Compact, and Hyundai
- Case studies:
  - A new case: “A Speed Race: Benelli and QJ Compete in the International Motorbike Arena”
- Supplemental readings:
  - A new reading: “Managing Risk in an Unstable World”

### CHAPTER 3: Developing Transnational Strategies

- Chapter text:
  - Chapter text significantly revised and updated
  - New figure and discussion regarding strategies to serve emerging market consumers
  - New examples from companies including Toyota, Irdeto, Kraft, Unilever, Canon, Apple, Electrolux, Dell, and Tata Motors

- Case studies:
  - A new case: “United Cereal: Lora Brill’s Eurobrand Challenge”
- Supplemental readings:
  - Two new readings: “Capturing the World’s Emerging Middle Class” and “New Business Models in Emerging Markets”

#### CHAPTER 4: Developing a Transnational Organization

- Chapter text:
  - Chapter text significantly revised and edited
  - Added reference to developing countries and high-tech industries
  - New examples from companies including Haier, General Electric, Google, Cisco, Procter & Gamble, and IBM
- Case studies:
  - Two new cases: “Lundbeck Korea: Managing an International Growth Engine” and “Kent Chemical: Organizing for International Growth”
- Supplemental readings:
  - Two new readings: “Have You Restructured for Global Success?” and “Organizing for an Emerging World”

#### CHAPTER 5: Creating Worldwide Innovation and Learning

- Chapter text:
  - Chapter text significantly revised and edited
  - Added reference to developing countries and knowledge-based industries such as telecom, biotech, and pharmaceuticals
  - A new section on the worldwide generation and distribution of patent and trademark data
  - New examples from companies including QUALCOMM, Sharp, Nokia, John Deere, and Mahindra & Mahindra
- Case studies:
  - A new case: “Applied Research Technologies, Inc.: Global Innovation’s Challenges”
- Supplemental readings:
  - Two new readings: “How GE is Disrupting Itself” and “How to Build Collaborative Advantage”

#### CHAPTER 6: Engaging in Cross-Border Collaboration

- Chapter text:
  - Chapter text significantly revised and updated
  - New discussion of governance in JVs

- New examples from companies including Unisys, energy technology JV, airline alliances, Lenovo-NEC, Dow Chemical, BMW and PSA-Peugeot-Citroen, Virgin Mobile and Tata Teleservices, Carlsberg and Scottish & Newcastle, Fiat and Nanjing Automotive, and John Hopkins Medicine International
- Case studies:
  - A new case: “Sharp Corporation: Beyond Japan”
  - The Nora-Sakari case was slightly condensed
- Supplemental readings:
  - A new reading: “How to Manage Alliances Better Than One at a Time”
  - Updated reading: “The Design and Management of International Joint Ventures”

## CHAPTER 7: Implementing the Strategy

- Chapter text:
  - Chapter text significantly revised and edited
  - Added references to developing countries and the alternative energy industry (solar, wind, etc.)
  - New examples from companies including Procter & Gamble, KFC, General Electric, BRL Hardy, Tsingtao Brewery, Apple Computer, and Nokia
- Case studies:
  - Three new cases: “Levendary Café: The China Challenge”; “Clayton Industries, Inc.: Peter Arnell, Country Manager for Italy”; “Managing a Global Team: Greg James at Sun Microsystems, Inc.”
- Supplemental readings:
  - Two new readings: “Managing Executive Attention in the Global Company” and “The Collaboration Imperative”

## CHAPTER 8: The Future of the Transnational

- Chapter text:
  - Chapter text significantly revised and edited.
  - Update information and data on the World Bank, the Foreign Corrupt Practices Act, and the Global Compact
  - New examples from companies including Wal-Mart, BP, British American Tobacco, Apple, Starbucks, Heineken, and Unilever
- Case studies:
  - A new case: “Barrick Gold Corporation—Tanzania”
- Supplemental readings:
  - A new reading: “A Global Leader’s Guide to Managing Business Conduct”

## ■ Acknowledgments

*Transnational Management* has greatly benefited from comments, suggestions, and insights generously offered by colleagues at the hundreds of institutions around the

world that have adopted this book. In particular, we would like to acknowledge the role played by our Editorial Advisory Board, whose members are listed on page xii. These faculty adopters have committed significant effort to providing a detailed critique of the sixth edition that helped us decide what to include and what to change in this edition.

We are also extraordinarily grateful to the researchers and colleagues who have contributed new materials to this edition. In addition to our own classroom materials, new case studies have been provided by Megan (Min) Zhang, Jean-Louis Schaan, Chandrasekhar Ramasastry, Francesca Spigarelli, Ilan Alon, William Wei, Carole Carlson, Michael Roberts, Laura Winig, Heather Beckham, Derek Lehmberg, Arar Han, Benjamin H. Barlow, Tsedal Neeley, Thomas J. DeLong, and Aloysius Newenham-Kahindi. Articles that bring important recent research to this edition for the first time have been contributed by Daniel J. Isenberg, Ian Bremmer, David Court, Laxman Narasimhan, Matthew J. Eyring, Mark W. Johnson, Hari Nair, Nirmalya Kumar, Phanish Puranam, Toby Gibbs, Suzanne Heywood, Leigh Weiss, Jeffrey R. Immelt, Vijay Govindarajan, Chris Trimble, Morten T. Hansen, Nitin Nohria, Ulrich Wassmer, Pierre Dussauge, Marcel Planellas, Rick Lash, Lynn S. Paine, Rohit Deshpandé, and Joshua D. Margolis.

We would also like to acknowledge the coordination undertaken by support staff at our respective institutions, who worked over many months to coordinate the flow of e-mails, phone calls, manuscripts, and other documents between the United States, Canada, and Australia. At Ivey, this includes PhD candidates Bassam Farah, Majid Eghbali-Zarch, Michael Sartor, Vanessa Hasse, and Megan Zhang. In particular, we would like to offer a special thanks to Mary Roberts for helping us through the long and arduous revision process.

To Anke Weekes, our sponsoring editor, and Heather Darr, our editorial coordinator, at McGraw-Hill, we thank you for your patience and tolerance through this long process and look forward to continuing our productive working relationship for many years to come.

Finally, we would like to acknowledge the lasting contribution of our good friend and colleague, the late Sumantra Ghoshal, who was a founding co-author of this book. Sumantra left an enduring imprint on the field of international management and beyond, and his wisdom and insights still glow brightly in this volume. But more than his brilliance, we miss his convivial, energetic company.

Despite the best efforts of all the contributors, however, we must accept responsibility for the shortcomings of the book that remain. Our only hope is that they are outweighed by the value that you'll find in these pages and the exciting challenges that they represent in the constantly changing field of transnational management.

**Christopher A. Bartlett**  
**Paul W. Beamish**

## ■ Editorial Advisory Board

Our sincere thanks to the following faculty, who provided detailed feedback and suggestions on the materials for this edition:

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