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# Foreword

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It is a pleasure to write this foreword for the *Handbook of Research on International Entrepreneurial Strategy: Improving SME Performance Globally*, edited by my good friends V.H. Manek Kirpalani and Pervez N. Ghauri. This work makes an important contribution to the knowledge and literature of the international plans and activities of smaller-sized corporations. These smaller-sized firms are different from the larger players and deserve such specially focused research.<sup>1</sup>

We hear much about the growth of world trade, globalization and imbalanced distribution of incomes. Yet, how does one understand all the issues, thoughts and arguments involved? Who decides what information and approaches to use and how to use them? How does one develop a time frame and context for addressing entrenched or novel issues? Misunderstandings can be rife. Only a few decades ago, Bill Gates of Microsoft, on a visit to Georgetown University, pronounced that there was no need for his company to have a Washington office. Oh ye of little faith – today the firm has ‘seen the light’ and supports a major operation in Washington, DC.

In order to learn from the past, we must understand what was done before us, appreciating the context in which changes occur. Over the past half-century, international business and trade have mushroomed in importance, and, in the last two decades, have reached and passed a tipping point. Social and economic shifts have taken international business issues from the backroom discussions of experts to highly public and visible discussions around the world. From ignorance, we have often entered into the stage of too much information.<sup>2</sup> A new sense of transparency and accountability offers new directions to businesses and their executives.

The role of governments has changed drastically, first shrinking in the 1980s and 1990s, but now coming back with a vengeance, dictating the direction and strength of international business activities. After decades

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<sup>1</sup> Czinkota, M.R. and W. Johnston (1985), ‘Exporting: does sales volume make a difference – reply’, *Journal of International Business Studies*, 16(2), 157–61.

<sup>2</sup> Czinkota, M.R. (2015), ‘Marketing Management: TMI’, Summer, [www.ama.org/publications/MarketingNews/Pages/tmi.aspx](http://www.ama.org/publications/MarketingNews/Pages/tmi.aspx).

of aiming for more open markets, even the liberal trading nations and the trade-supporting politicians within them, develop a tendency to restrict imports and encourage exports. In blatant disregard to the fact that someone's export has to be someone else's import, governments expect to be able to protect home industries and keep their own economies stable and revitalized, without any repercussions from abroad.<sup>3</sup>

Over the long haul, we can distinguish patterns of ebb and flow in the international business and trade arena. Publicly, we are often told one thing – such as the need for the free flow of international trade – but when looking at actual decision patterns, actions often differ from pronouncement. Just like Saint Augustin who prayed in about 400 AD, 'Lord, make me chaste, but not yet', policy-makers and government executives often develop strong, non-transparent measures to delay or even defeat the easing of international trade flows and innovations. There are also times when change cannot happen quickly enough, when everyone aims to streamline and fast-track legislation and international accords by limiting the influence of insightful and deliberate legislative votes.

There are the subtle and not so subtle efforts at sanctions and disruptions of trade flows, yet they are often met by opposing interest levels, which try to negate such restrictions. Repeatedly we see one side that is losing contracts blaming it all on the corruption and nepotism of the winners. Particularly in the international arena, cultural differences can lead to very different ways of doing business. Just think of countries where competitiveness plays a key role, and compare them to nations where closeness to and support of family members is crucial for business. Business decisions and partners are likely to be evaluated in a very different fashion. In such instances, administrative actions and laws can be seen either as rigorous structural supports for economic development, or as substantial barriers to growth.

The use and meaning of terminology also has major effects. For example, for decades, the award of the term 'most favoured nation (MFN)' status in international trade negotiations has led to complaints, demonstrations and even street battles because it was seen (incorrectly) as special preferential treatment. In spite of no substantial changes, the problem has now gone away, since governments have changed the terminology and only speak of 'normal trade relations' (NTR), a goal that seems to be acceptable to all. Definitions that shape our understanding of core issues such as 'fairness', 'market gaps', 'dumping' and 'natural' can be

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<sup>3</sup> Czinkota, M.R. and I. Ronkainen (2012), *International Marketing* (10th edition), Cincinnati, OH: Cengage.

changed or amended, and thus present us with new realities. Terminology can also be used to demonize or alienate trading partners, with terms such as ‘freedom fries’ which, in years of US–French alienation substituted for ‘French fries’.

Nowadays, one discusses and often repositions the meaning of key business pillars such as risk, competition, profit and ownership, which perhaps gradually prepares us for a new environment. Many of today’s business executives discover that their activities are but one integral component of society. Politics, security and religion are only some of the other dimensions that historically, and maybe again in the future, are held in possibly higher esteem by society at large than economics and business. Those who neglect holistic perspectives and argue based on business principles alone may increasingly find themselves on the losing side.

We all need to work on including the context of the future in our considerations. Just consider how different things will be in a mere 25 or 50 years – keeping in mind that the ballpoint pen only came to the US market in 1945, the computer game Pong only entered the market in 1972, and email on personal computers only advanced in the late 1980s. Will we look as retro to our descendants as our ancestors appear to us today (if we bother to look)? Yet, at the same time we all are only a brief constant in a world of change, and even then we reserve the right to change our mind.

We complain about the new phenomenon of pirates in Somalia, though that profession was very popular during Roman times in Sicily (which is where Pompeius earned his early public spurs when he brought about the pirate’s demise). We highlight the disruptions from terrorism but neglect that in 1100 the Crusaders had been writing home about their fear of terror. We debate new approaches to teaching and communication, but don’t stop to think what effect Gutenberg’s printing press, wireless telegraphy or the introduction of radio had on monks, business and society respectively. We deplore the differentiation of groups based on religion, but conveniently forget the impact of Torquemada and the Inquisition, of Luther’s theses nailed on the church doors of Wittenberg, and of the persecution of Jews or Mormons.

One of former Secretary of Defense Donald Rumsfeld’s policy pronouncements was: ‘There are known knowns, which are things we know that we know. There are known unknowns; that is to say, there are things that we now know we don’t know. But there are also unknown unknowns; these are things of which we do not know that we don’t know’. For each individual the applicability of these categories depends on personal context, knowledge and exposure. This book by Ghauri and Kirpalani allows the reader to partake in all of these three categories, by providing insights into the structure and strategies of smaller-sized firms from a

policy, academic and business perspective. In addition, the perspectives presented are not unilaterally based on one nation alone, but are broad based to include countries such as Finland, Hungary, Italy, Scotland, Spain and South Korea. To paraphrase the philosopher Ludwig von Wittgenstein: 'If you are not part of the discussion you are like a boxer who never goes into the ring'. It is important to be in the ring. This very special book lets you view and understand the crucial nexus of international marketing, particularly market entry, growth and government activities, and allows you an opportunity to become part of the thinking, planning and discussion. Ghauri and Kirpalani have done very important work. The opportunities offered by this book are substantial and you can make them part of your personal sphere. Happy Reading!

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