

# Index

---

- Abadie, A. 324
- Alan Rugman's methodology 260–61
- bounded rationality 262
  - contradictions
    - flagship firm concept 274–6
    - and Hymer 273–4
  - economic efficiency 265–6
  - economic principles 261–4
  - economic theories 267–8
  - endogenous and exogenous variables 262
  - equity 265–6
  - evolution from trade-offs to heuristics 268–70
  - external markets 268–70
  - FDI 262
  - good and bad theory 276
  - internalization theory 262–4
  - key features of 261
  - neoclassical economic models 261–2
  - policy relevance 265–7
  - quality of evidence collection 267
  - role in defining the field 265
  - as a scholar
    - bibliophile 272
    - birthdays with publication of book 271–2
    - development of younger scholars 272
    - oral tradition 270–71
- Alchian, A.A. 213
- algebraic models, supply chains 145–6
- Allen, M.T. 323
- Alliance Assurance 319, 331–2
- Anglo-Iranian's risk-management strategies 321
- Anti-Apartheid movement 323
- Apollinaire 128
- appropriation of profit 33, 35
- Argentina, trademark registration 128
- asset-seeking investment 151, 171, 196, 200
- avoidance, as risk management strategy 291, 292, 314
- Babbage, C. 218
- backward integration 84, 170–71, 186, 190, 327
- bailouts 247
- bandits, effect on FDI 325
- barrier to entry 328
- Basque terrorism 324
- Bass beer 125–6
- Bass v. Wendell* 126
- Bass v. Wielemans-Ceuppens* 126
- Beiersdorf 322
- benefits of internalization 190, 194, 197, 202, 222, 231, 235, 236, 245, 246, 262
- Bhopal explosion 333
- 'Black Bass' label 129
- Black, E. 323
- Black & White whisky 127–8
- Borsumij 318
- bottom-level decisions 18–19
- boundaries of firms 20–21, 23, 35–6, 39, 99, 101, 177, 223, 225
- bounded rationality 262
- Bowie & Co. Brewery 129
- fraudulent labelling 326–7
- brand protection, imitation and 121–2
- defensive strategies of brand owners 124–7
  - imitators' strategies 122–4
  - long-term strategies 127–9
- brands
- sample of 115
  - and trademarks 116
- British business, globalization of
- brand protection *see* brand protection, imitation and

- counterfeiting 117, 130
- imitation *see* imitation
- trademark *see* trademark
- British, MNEs 317–18
- British Petroleum (BP) 321
- Buchanan, J. 127–8
- Buckley, P.J. 3, 4, 79, 210, 264, 268–70
  - internalization theory 218–23
- ‘Burke’s Bottled Guinness Stout’ 123–4
- business failure, and MNEs 246–8
- business risks 334, 337
  - controlling competition by preventing entry 328
  - infringements of IPRs 325–7
  - supply chain coordination problems 327–8
- see also specific risks*
- Calles, Plutarco Elias 319
- capital flow 215
- capital market 269
- cartels 11
- Casson, M. 50, 63, 65, 79, 147, 178–9, 210, 218, 221, 268–70
  - internalization theory 218–23
- Chandler, A. 327
- channel leader 85–7, 104
- Chao, L. 58
- cheating 33–4, 35
- classical economics 8, 11
- Coase, R.H. 7, 8, 38, 79, 177–8, 231, 235, 238, 240, 242, 268–9, 273–4
  - critical appraisal of analysis of 213–15
  - early IB applications of 215–18
  - international business theory 211–13
- Coca-Cola 325, 326
- Colman’s mustard labels 123
- competition 59, 266
  - of firms 17, 25–6, 35
  - in global industry 54–6
  - imperfect 236–8
  - oligopolistic 40
  - in technologies 66–7
- comprador* system 318
- constant returns to scale 65
- contact-making 91
- contracts 31, 288–9
  - as a coordinating mechanism 31
- cooperation in firms 129
- coordination 14, 30–31, 212–13
  - of facilities 81–3
  - firms and governments compared 235–6
  - markets versus firms 234–5
  - markets versus governments 234
  - supply chain 140, 153
- coordination costs 46, 47, 48, 94, 153, 154, 181, 182
- COPEC (Compania de Petroleos de Chile) 320
- cost advantage of location 187
- cost components 155–6
  - factors impact on 164–6
- cost structures 94–6
  - of undominated strategies 185
- costs
  - classification of 46–8, 95, 181–2
  - deception 242
  - of doing business abroad 7, 14, 45, 95, 154, 182, 210, 224
  - of foreign marketing 56–8, 161, 165, 185
  - of foreign ownership 157, 160, 185
  - of foreign production 159, 160
  - of imitation 303
  - of internalization 242–6
  - of licensing 57, 156–8, 165, 167–8, 185, 222
  - of mitigation 296, 298–301
  - of political risk 69
  - of prevention 296–301
  - supply chain model 146–7, 153–4
  - of transacting 218
- costs offshoring 165
- counterfeiting 117, 130
- covert cheating 33
- cultural homogenization 165
- cumulative probability distribution
  - function 296–7
- Danzon, P.M. 58
- D’Cruz, Joseph 274–5
- decentralization 33
- deception 240–43
- decision process 295, 296
- Decker, S. 317
- decolonization 317–19, 334
- deliberate deception 240
- demand information 90

- Demsetz, H. 213  
 Dicken, P. 223  
 Diewert, W.E. 262  
 discrimination, against foreign investors 316  
 diseconomies, managerial 243  
 dishonest buyer 240  
 dishonest seller 240  
 distribution facilities 90, 102, 180  
   ownership decisions for 183–4  
 distribution, internalization of 219–21  
 division of labour 97, 141–2, 213, 219, 220  
   complexity of 244  
   in global economy 232–3  
   intermediate product flow 233  
 divisionalization 244–5, 245  
 doing business abroad, costs of 7, 14, 45, 95, 154, 182, 210, 224  
 dollar shortage of 1950s 6  
 dominated strategies 185  
 downstream production 83, 101, 245  
 Dunning, J. 6, 186, 210, 271, 274  
   eclectic theory 78, 199, 265  
 DuPont 320  
 Dutch, MNEs 318
- E. & J. Burke 123, 129  
 economic analysis of supply chains,  
   internalization theory  
     division of labour 141–2  
     formal modelling 144–7  
     overview 139–41  
   strategy: role of service-only subcontracting 143–4, 147  
 economic efficiency 265–6  
 economic geography 11  
 economic opportunities 31  
 economic rents 66  
 economic theory  
   of firm as foundation for IB theory  
     business failure and MNEs 246–8  
     coordination methods 234–6  
     costs of internalization 242–6  
     deception 240–42  
     heterogeneity 238–40  
     imperfect competition 236–8  
     importance 230–31  
     price discrimination 236–8  
     spatial division of labour 232–3  
   importance of 230–31  
   of international business, supply chain model  
     ambiguities 150–52  
     choice of foreign entry mode 152–63  
     dynamics of IB strategy 163–8  
     extensions of theory 170–71  
     wider implications 168–70  
   of international supply chains  
     applications and extensions 200–201  
     cost 180–82  
     dualistic view of strategy 197–9  
     inward and outward FDI 195–7  
     modelling 179–80  
     offshoring of R&D 193–5  
     outsourcing of R&D 193–5  
     ownership and location of production 189–90  
     principle of 177–8  
     solution of the model 182–9
- Eden, L. 264  
 Elect beer 125  
 endogenous firm 19, 21, 192  
 endogenous variables 262  
 ETA (Euskadi ta Askatasuna) terrorism 324  
 exogenous variables 262  
 exporting 157, 160  
 expository models, supply chains 145  
 external markets 268–70  
 external risks 287  
 external threats, failure of MNEs 247
- facilities  
   coordination of 81–3  
   costs 47, 182  
 failure of business 246–8  
 FDI *see* foreign direct investment (FDI)  
 financial risks 311, 328–9, 337  
 firm-specific advantage 232  
 firm-specific effects 52–3  
 firms  
   boundaries of 19–23, 34, 35–6, 39, 99, 101, 177, 223, 225  
   cooperation between 129  
   coordination 235–6  
   endogeneity 192

- as foundation for international
  - business theory 211–13
  - innovation decision 41
  - marketing knowledge 249–50
  - nature of 32
  - new entry 40
  - sample of 115
  - size 244
  - supply chain strategy 198–9
  - typology of 66
  - unit cost of supply 42
- fixed costs 46, 48, 68
- flagship firms 104, 107, 274–6
- foreign direct investment (FDI) 4–6, 158, 160, 165, 197, 216, 222–4
  - backward integration 170–71
  - endogenous variable 262
  - forward integration 170–71
  - in high-risk environments, history
    - classification 309–13
    - institutional risk management 316–29
    - management 314–16
    - meat export trade 332
    - natural hazards 330–33
    - risk-management strategies 333–7
  - in high-risk environments, theory
    - avoiding risky situations 285–6
    - basic model 294–301
    - extended model 304–7
    - human agency 289
    - incompetence 291
    - institutional risks 288–91
    - limited range of risks 285
    - motivations for 289–90
    - random factor 294–8
    - risk management strategies 291–4
    - sources of risk 286, 288–9
    - types of risk 286–8, 290
    - uncertainty of firms 286–8, 294
  - offshore licensing 160–62
  - resource-seeking 170–72
  - service-only subcontracting 143–4
  - supply chain model 168
  - see also* mitigation; prevention
- Foreman-Peck, J. 200
- form of imitation 122
- formal model
  - of MNE 252–7
  - of supply chains 144–7
- forward integration 170–71, 239, 327
- franchising 6, 15, 18, 222–3
- free enterprise 30
- free-standing firms 195
- functional division of labour 232
- Gardeazabal, J. 324
- geographical dispersal, of production and research capabilities 164, 165
- German, MNEs, 321–3
- global competition 59, 67
- global economy 12, 21, 23
  - division of labour in 232–3
  - ownership configuration in 97–101
- global factory 104
- global industry 12, 15, 16
  - analysing prices trends 54–6
  - competition in 58
  - sunk costs and competition in 54–6
- global knowledge 10–11
- globalization of British business
  - brand protection *see* brand protection, imitation and counterfeiting 117, 130
  - imitation *see* imitation
  - trademark *see* trademark
- government regulations 276–7
- governments, coordination 235–6
- Guinness beer 123, 129
- headquarters 64
  - location 42, 48, 56–8, 72–4
- Heckscher-Ohlin factor-intensity theory 93
- Heide, L. 323
- Hennessy cognac 122
- heterogeneity of product 238–41
- high-risk environments, foreign direct investment (FDI) in
  - history
    - classification 309–13
    - institutional risk management 316–29
    - management 314–16
    - meat export trade 332
    - natural hazards 330–33
    - risk-management strategies 333–7
  - theory
    - avoiding risky situations 285–6
    - basic model 294–301

- extended model 304–7
- human agency 289
- incompetence 291
- institutional risks 288–91
- limited range of risks 285
- motivations for 289–90
- random factor 294–8
- risk management strategies 291–4
- sources of risk 286, 288–9
- types of risk 286–8, 290
- uncertainty of firms 286–8, 294  
*see also* mitigation; prevention
- hollow firms 103, 104–5, 107
- holograms 128
- honest buyer 240
- honest seller 240
- horizontal intellectual division of  
labour 142
- host-government policy 316
- human agency, risks from 288, 289
- Huntley & Palmers biscuits 124
- Hymer, Stephen 8, 25, 215–18, 273–4  
licensing decision 221
- Iammarino, S. 223
- IB strategy *see* international business  
(IB) strategy
- IB theory *see* international business  
(IB) theory
- IBM 322–3
- imitation 114, 116–18
  - and brand protection 121–2
  - defensive strategies of brand  
owners 124–7
  - imitators' strategies 122–4
  - long-term strategies 127–9
- imitator's reputation, damaging  
126–7
- imperfect competition 236–8
- import-substitution 289
- incentives 288
- incompetence, risks of 291
- incremental innovation 54–5
- 'Indonesianization' 318
- industrial division of labour 233
- industrial organization (IO) 40
- Industrial Union Society Against  
Counterfeiting 128
- industry competition 39
- industry evolution 52–3
- industry model
  - costs and prices 41
  - developing 41
  - economics literature 46–52
  - feature of 42
  - IB theory 41
  - innovation decision 41
  - motivation for 40–42
  - practical applications 52–8
  - profits and prices 42
  - solution of 46–52
  - structure of 42–3
  - summary of 42–5
  - technology in 42–5
- industry-specific effects 52–3
- inflationary risk in Brazil 329
- information costs 88
- innovation decision 45, 67, 74  
firms 41
- innovation decisions 18–19, 21
- institutional risks 288–91, 311, 314  
management
  - business 325–8
  - financial 328–9
  - political 316–23
  - social 324–5
- intangible flows of knowledge 219
- integrated subcontracting 85–7, 96
- intellectual division of labour 142
- intellectual property (IPR) 162, 164,  
237
  - infringements of 325–7
  - risk 285, 290, 304
- interdependent facilities 83
  - global economy view of 79–81
- intermediate product flows 141–2, 144,  
212–13, 219–20, 233
  - coordination 214, 235
  - prices of 212
- intermediate product markets 38–9,  
222
  - competition 237
- intermediation 239–40
- intermediator 239–41
- internalization 239
  - benefits of 95–6, 190, 194, 197, 202,  
222, 231, 235, 236, 245, 246, 262
  - costs 242–6
  - modelling of 252
- decisions 22

- first-order condition for 255–6
- intermediate product flows 39
- and location decisions 41–2
- of market 32–3
- Internalization Plus 15–23, 26, 27, 28
  - development of 27–8
  - exogenous parameter changes 21–3
  - innovation decision of firms 18–19
  - issues 26
  - see also* internalization theory
- internalization theory 230–31
  - Coase's analysis 38
  - costs of survival: oversimplification 23–5
  - deception 241–2
  - economic analysis of supply chains
    - division of labour 141–2
    - formal modelling 144–7
    - overview 139–41
    - strategy: role of service-only subcontracting 143–4
  - fundamental framework 30–36
  - integrated subcontracting 85–7
  - integrating into location theory
    - cost structure 94–6
    - location and ownership of facilities 93
    - multicountry world 92–3
    - profit-maximizing supply chain configuration 96–7
    - role of headquarters 93–4
  - knowledge flows 87–92
  - logical structure 7–11
  - and marketing, future research 105–9
  - modelling the production system 12–15
  - offshoring 101–5, 140
  - origin and early context 5–7
  - outsourcing 101–5, 140
  - ownership configuration in global economy 97–101
  - proprietary knowledge 139–40
  - and systems view of international business
    - clarifications and qualifications 83–5
    - global systems view of interdependent facilities 79–81
    - as theory of boundaries of firms 19–21
- internal threats, failure of MNEs 247
- international business (IB) strategy
  - dynamics 163–8
    - cost of foreign marketing 165
    - cost of licensing 165, 167–8
    - costs offshoring 165
    - factors impact on cost 164–6
- international business (IB) theory 4–5, 24, 209–11
  - critical appraisal of Coase's analysis 213–15
  - early applications of Coase 215–18
  - economic theory of firm *see* economic theory, of firm as foundation for IB theory
  - firm as foundation for 211–13
  - political risk 314
  - research 224–6
  - supply chain model
    - ambiguities 150–52
    - choice of foreign entry mode 152–63
    - extensions of theory 170–71
    - wider implications 168–70
  - view of Buckley and Casson 218–23
  - years of consolidation 223–4
- international sanctions 323
- international standards 164
- international supply chains, economic theory of
  - applications and extensions 200–201
  - cost 180–82
  - dualistic view of strategy 197–9
  - inward and outward FDI 195–7
  - modelling 179–80
  - offshoring of R&D 193–5
  - outsourcing R&D 193–5
  - ownership and location of production 189–90
  - principle of 177–8
  - solution of the model 182–9
- International Telephone & Telegraph Inc. (ITT) 317
- interplant coordination 81
- interplant division of labour 141, 142
- interplant versus intraplant coordination 34
- intraplant coordination costs 94–5

- intraplant division of labour 213  
 inward FDI 195–7  
 IPR *see* intellectual property (IPR)  
 Iran, political risks 320–21
- J. & J. Colman 123  
 John Swire & Sons 318  
 Johnnie Walker 129  
 Johnstown flood 330  
 Jones, G. 329  
*Journal of International Business Studies* (JIBS) 4
- Kemp, Murray 5  
 Knight, F.H. 214, 215  
 knowledge 10–11  
 knowledge flows 44–5, 87–92, 98–9, 102, 233  
   marketing 105–8  
   R&D 219  
 knowledge-based products 39  
 Kojima, K. 223
- labour, division of 97, 141–2  
   in global economy 232–3  
   intermediate product flow 233  
 large growth firms 163  
 large-scale market entry 306  
 least-cost strategy 157–8, 167, 187, 188  
 liability of foreignness 45  
 liberalization  
   of investment 164  
   of trade 164  
 licensees 66  
 licensing 6, 7, 11, 15, 18, 197, 199  
   agreement 142  
   costs 68, 154  
   decision, Hymer's analysis of 221  
   strategy 66  
   proprietary knowledge 241  
   service-only subcontracting 144  
   technology 43, 45  
 linkage costs 47, 153, 154, 182  
 litigation, for trademark protection 125–6  
 lobbying 314  
   to manage risk of imitation 304  
   to prevent political hostility 302–3  
   trademark protection 128  
 location decisions 144–5  
   location of headquarters, role of 93–4  
   location of plants 93, 144–7, 225  
   location of production 152–5, 157, 160, 168, 189–91  
   location strategy 155  
   location theory, integrating  
     internalization theory and 92–7  
   long-run global competition 37  
   long-term contracts 34, 84  
   low production costs 161  
   Lundan, S.M. 186
- MacDougall, Donald 5  
 management experience 244  
 management/managerial capability 212, 247–8, 249  
 managerial diseconomies 243  
 Manila Railway Company 331  
 marginal costs 212, 237, 238, 249, 253, 254, 256  
 marker seeking 289  
 market size 305–6  
 market-seeking investment 151, 171, 196, 200  
 market-sourcing costs 253–4  
 market-sourcing decision 18, 19, 20, 23  
 marketing  
   costs 68  
   future research 105–9  
   knowledge flows 87–92, 105–8, 249–50  
   and R&D 78, 91–2, 98–100, 102, 105–7  
   regionalism 108  
   *see also* internalization theory  
 marketing-led firms 102, 106–8  
   ownership in global economy 97–101  
 markets  
   efficiency 32  
   imperfection 236, 238  
   and supply chains 65  
 markets versus firms, coordination 234–5  
 markets versus governments, coordination 234  
 Markusen, J.R. 223, 262  
 McCann, P. 223  
 McKinsey 329  
 McManus, J. 215–18  
 methodological individualism 30

- Mexico, trademark registration 128
- middle-level decisions 18
- mitigation
  - applications 301–4
  - costs of 296, 298–301
  - responsiveness 302, 306
  - as risk management strategy 291–2, 304–7, 314, 316, 319, 334–6
  - see also* prevention
- monopolistic price discrimination 237
- monopoly 236, 296
  - market failure 237
  - of product 169
  - role of 217
  - theory 8, 11
- Moreno, J. 319
- motivations, for foreign direct investment 289–90
- Mudambi, R. 200
- multicountry world 92–3
- Multinationals as Flagship Firms* (Rugman and D’Cruz) 275
- multiplant firms 7–8
- multistage production 141, 214
- Nash equilibrium 67, 74
- natural forces, risks from 288
- natural hazards
  - disease 332–3
  - earthquakes and fires 331–2
  - floods 330–31
  - industrial disasters 333
  - storms and hurricanes 330
- Nazi regime 322–3
- negotiation, for trademark protection 126
- neoclassical economics 235, 261–2
- neoclassical theory 7, 8
- new economic geography 93
- newly industrializing country (NIC) 161–2, 164
- NIC *see* newly industrializing country (NIC)
- objective risks 309, 334
- offshore licensing 155, 157, 160–63, 167, 169, 170, 171, 179, 186
  - examples of 162
  - feature of 160–61
  - low costs of foreign production 162
- offshoring 101–5, 139, 140
- oil crisis of 1970s 319–20
- OLI approach 168–9, 210
- oligopolistic competition 40
- oligopoly theories 40
- opportunity recognition 32
- optimizing supply strategy 69–71
- outsourcing 101–5, 107, 139, 140
- outward FDI 195–7
- overall coordination costs 253–5, 257
- overt cheating 33–4
- ownership 31
- ownership advantage 232, 247, 249
- ownership configuration in global economy 97–101
- ownership of facilities 93, 225
- ownership of product 144–5
- ownership of production 152–5, 157, 160, 168, 189–91
- ownership permutations 97
- ‘Panama Disease’ 332
- parallel production 80
- Paris Convention and the Madrid Agreement 119
- Paris Convention for the Protection of Industrial Property 119
- parsimony in theory 264–5
- patent infringement 325
- patent protection 107
- pay-offs 46
- Pears soap, counterfeiting of 127
- Pennsylvania Railway 330
- Pepsi 325
- perfect competition 217
- pharmaceutical industry 58
- phyloxera 332
- planning versus prices 34
- plans 33
- political relations improvement 165
- political risks 285, 314, 334
  - cost of 69
  - institutional risks management 316–23
  - decolonization 317–19
  - international sanctions 323
  - radicalism 319
  - totalitarian states 319–21
  - wars 321–3
- Polyacryl Iran Corporation (PIC) 320



- Porter, Michael 260, 263
- pre-emptive trademark registration 127–8
- prevention
- applications 301–4
  - costs of 296–301
  - incentives 302–3
  - of political hostility 302–3
  - as risk management strategy 291–4, 304–5, 314, 316, 318, 334–6
- price determination 16, 17, 18, 65, 71–2
- price discrimination 236–8
- monopolistic 237
- price mechanism 212
- prices trends, in global industry 54–6
- private institutions 289
- product development 104
- product dimension 244
- product distribution 219
- product flow 45
- product heterogeneity 238–40
- production
- costs 65, 68
  - decisions 45
  - geographical dispersal of 164
  - internalization of 219–21
  - ownership and location of 45
  - stages 12–13
- production facilities 102, 180
- ownership decisions for 183–4
- production system modelling 12–15
- productivity of plant 81
- profit distribution 169
- profit maximization 152–3, 180
- profit-maximizing supply chain configuration 96–7
- profits 42
- projects 31–2
- property rights 31, 266
- proprietary knowledge 41, 87–90, 139–40, 209, 241, 245, 248, 269
- R&D 219
- public institutions 289
- quality of imitation 122
- radical innovation 54–5
- radicalism 319
- Railway companies, floods effects on 330–31
- random factor, risks from 294–8
- rational action modelling 262
- rational innovation decision 45
- rational multistage decision-making 295
- R&D 180
- capabilities, geographical dispersal 164
  - facilities 64
  - internalization analysis 12, 14
  - location of 18, 19, 20, 42, 48, 56, 57, 72–4, 225
  - marketing and 78, 91–2, 98–100, 102, 104, 105–7
  - offshoring of 193–5
  - outsourcing of 193–5
  - ownership and location of 45
  - ownership decisions for 183–4
  - production and 189–90
  - proprietary knowledge 219, 221
- Read, R.A. 200
- regionalism, in marketing 108
- regional MNEs 56–8
- relative prices 54
- resource costs 47, 53, 94, 95, 153, 154, 181
- of production 186
- resource-seeking investment 170
- responsive strategies, risk management 292
- returns to scale 65
- risk
- classification of 309–13
  - problems faced by foreign investors 311–13
  - external 287
  - high-risk *see* foreign direct investment (FDI), in high-risk environments, history; foreign direct investment (FDI), in high-risk environments, theory
  - of imitation 303–4
  - of incompetence 291
  - institutional *see* institutional risks
  - intellectual property 285, 290, 304
- risk management strategies 314–16
- acquiescent behaviour 337
  - aggressive behaviour 337
  - applications 301–4
  - assessment 333–7

- avoidance 291, 292
- mitigation 291–2, 314, 316, 319, 334–6
  - costs of 296, 298–301
  - prevention 291–4, 314, 316, 318, 334–6
    - costs of 296–301
- risk of failure 246–7
- rival firms 41
- Rowntree 124
- Royal Dutch Shell 318, 320
- Royal Exchange Assurance 331–2
- Rugman, A. *see* Alan Rugman's methodology
- Russian terrorism and bandits 324–5
- San Francisco earthquake of 1906 331
- Schering AG 322
- Schumpeterian entrepreneurs 32
- search costs, heterogeneity of product 238–9, 241
- Sears 319
- service-only subcontracting 143–4, 147
- shareholders 85
- short-run local competition 37
- shrinking of distance 164, 165
- Silk Association of America (SAA) 317
- Sluyterman, K.E. 318
- small firms 163
- small-scale market entry 306
- Smith, Adam 141, 212
- social risks 337
  - bandits and terrorists 324–5
  - strikes, riots and boycotts 324
- sources of risk 286, 288–9
- South Africa, business risk 323
- spatial division of labour 232–3
- specific right 31
- Stackelberg game 295–6
- Standard Fruit 333
- Strange, Susan 264
- subcontracting 6, 15, 18, 19, 25, 65–6, 68–9, 84–7, 103, 145, 222–3
- subcontractors 44, 49, 66, 81, 85, 143, 144
- subjective risks 309
- subsidiary autonomy 245
- substitution, in capital and labour 268, 270, 277
- suitable baseline cost 186
- sunk costs 41, 48, 58, 305
  - in global industry 54–6
- supply chain coordination problems, business risks 327–8
- supply chain model 151–2
  - coordinating 65–6
  - costs 153–4
  - economic analysis of, internalization theory
    - division of labour 141–2
    - formal modelling 144–7
    - overview 139–41
    - strategy: role of service-only subcontracting 143–4
  - economic theory of
    - applications and extensions 200–201
    - cost 180–82
    - dualistic view of strategy 197–9
    - inward and outward FDI 195–7
    - modelling 179–80
    - offshoring of R&D 195–7
    - outsourcing of R&D 193–5
    - ownership and location of production 189–90
    - principle of 177–8
    - solution of the model 182–9
  - facilities 80
  - FDI 168, 170–72
  - foreign entry mode
    - limitations 168–70
    - offshore licensing 160–63
    - solution 155–60
    - specification 152–5
  - markets and 65
  - offshore licensing 155, 157, 160–63, 167, 169, 170, 171
  - OLI approach 168–9
  - role of knowledge 87, 88
  - role of marketing 89
  - strategies 100–101
  - wider implications 168–70
- switching strategies, risk management 292, 304, 306
- systems view of international business
  - clarifications and qualifications 83–5
  - global view of interdependent facilities 79–81

- supply chain model
  - ambiguities 150–52
  - choice of foreign entry mode 152–63
  - dynamics of IB strategy 163–8
  - extensions of theory 170–71
  - wider implications 168–70
- tariffs 161, 162
- teamwork 34
- technology
  - innovation decisions 45, 67, 74
  - knowledge flow 44–5
  - licensing 43, 45
  - ownership and location of R&D 45
  - product flow 45
  - rivalry in 42–3
- technology-led firms 107–8
- technology-owners 66, 67
- technology-seeking investments 56–8
- terrorism effect on FDI
  - in Malaysia and Singapore 325
  - Russia 324–5
- top-level decisions 18, 20, 48
- totalitarian states 319–21
- trade costs 47, 68
- trade liberalization 140, 164
- trade-offs 190–91, 200
  - to heuristics, evolution from 268–70
- trademark
  - defined 116
  - foreign registrations 119, 125
  - history 119–21
  - imitation and brand protection 121–9
  - infringement 117–18, 130
  - Japanese law for 127
  - litigation 125–6
  - negotiation 126
  - pre-emptive 127–8
  - propensity to register 124–5
  - protection 116, 118, 326
  - transaction costs 177, 210–11, 218, 241–2
  - transfer prices 245
  - transport costs 161, 162
  - Treaty of Madrid of 1891 119
  - trust 35
  - two country world, resource flows in 97–8
- UK trademark law of 1875 119
- undominated strategies 185
- Unilever
  - business risks 329
  - financial risks 329
  - political risks 323
- uninational firms 8
- Union Carbide 333
- unit cost of supply 42
- United Africa Company (UAC) 317
- United Fruit 319, 332–3
- ‘Unscented Colonial transparent soap’
  - case of 1916 127
- upstream production 83, 101, 245
- value chain analysis 176
- variable costs 46, 68, 154, 182
- vertical integration 83, 213
- vertical intellectual division of labour 142
- Wadeson, N.S. 50, 63, 178–9
- wars, institutional risks management 321–3
- Wilkins, M. 327, 328
- Williamson, O.E. 241
- World War I 322
- World War II 322

