

Module 1: The Challenging Context of International Business

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Summary

This module provides an overview of international business (IB) and some of the ways that IB differs from domestic business, including the three environments of IB: domestic, foreign, and international. Although the kinds of forces are the same in the domestic and foreign environments, their values often differ and changes in the values of the foreign forces, at times, can be more difficult to assess. In addition to providing a brief review of the history of IB, the module discusses the internationalization of business in recent decades and the driving forces that are leading firms to internationalize their operations. The increasing internationalization of business requires managers to have a global perspective gained through experience and education. Because global competition continues to increase at a rapid pace, both in terms of trade and foreign direct investment, we also present key arguments for and against the globalization of business, helping to foster a more balanced view on this important topic.

Learning Objectives

- LO 1-1** Show how international business differs from domestic business.
- LO 1-2** Describe the history and future of international business.
- LO 1-3** Discuss the dramatic internationalization of business.
- LO 1-4** Identify the kinds of drivers that are leading firms to internationalize their operations.
- LO 1-5** Compare the key arguments for and against the globalization of business.

Key Terms and Definitions

controllable forces	Internal forces that management administers to adapt to changes in the uncontrollable forces
domestic environment	All the uncontrollable forces originating in the home country that surround and influence the life and development of the firm
economic globalization	The tendency toward an international integration and interdependency of goods, technology, information, labor and capital, or the process of making this integration happen
environment	All the forces influencing the life and development of the firm
exporting	The transportation of any domestic good or service to a destination outside a country or region
foreign affiliate	A company controlled by another company that is located

in a foreign land, and this control may be exercised by a variety of means, both those involving stock ownership and those involving nonownership mechanisms

foreign business

The operations of a company outside its home or domestic market

foreign direct investment (FDI)

Direct investments in equipment, structures, and organizations in a foreign country at a level sufficient to obtain significant management control; does not include mere foreign investment in stock markets

foreign environment

All the uncontrollable forces originating outside the home country that surround and influence the firm

importing

The transportation of any good or service into a country or region, from a foreign origination point

international business

Business that is carried out across national borders

international environment

Interaction between domestic and foreign environmental forces, as well as interactions between the foreign environmental forces of two countries

multinational company (MNC)

A company with operations in multiple nations

multinational corporation (MNC)

A corporation that owns or controls the production of goods or services in at least one nation outside its home nation

multinational enterprise (MNE)

An enterprise made up of entities in more than one nation, operating under a decision-making system that allows a common strategy and coherent policies

self-reference criterion

Unconscious reference to your own cultural values when judging behaviors of others in a new and different environment

uncontrollable forces

The external forces that management has no direct control over

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Content Outline

The following section provides the flow of information using the **Learning Objectives** as a guide, **Key Terms** learners will need to take away from the course, and **Lecture Notes** to drive home teaching points.

LO 1-1	Show how international business differs from domestic business • Introduction • What Is International Business and What Is Different about It? • The Influence of External and Internal Environmental Forces • The Domestic Environment • The Foreign Environment • The International Environment	Key Terms: • international business • foreign business • multinational company (MNC) • multinational enterprise (MNE) • environment • uncontrollable forces • controllable forces • foreign affiliate • domestic environment • foreign environment • international environment • self-reference criterion
I.	II. Introduction A. Our lives are fundamentally intertwined with international business (IB), and all managers need to have a basic knowledge of IB in order to meet the growing challenges of global competition. III. What Is International Business and What Is Different About It? A. Introduction 1. IB is business that is carried out across national borders, including international trade, foreign manufacturing, and the growing service industries. 2. Foreign business refers to the operations of a company outside its home or domestic market. 3. A multinational company is a company with operations in multiple nations. 4. IB differs from domestic business because firms operating across borders must deal with forces of three kinds of environments—domestic, foreign, and	

international.

5. Although firms that only operate within the domestic environment must essentially be concerned with the domestic environment, no domestic firm is entirely free from foreign or international forces due to the potential for competition from foreign imports or foreign competitors setting up operations in the firm's domestic market.

B. The Influence of External and Internal Environmental Forces

1. Environment includes all forces influencing the firm, both external and internal.
2. External forces, commonly called uncontrollable forces, are those forces outside the firm that management has no direct control over, including:
 - a. competitive
 - b. distributive
 - c. economic
 - d. financial
 - e. socioeconomic
 - f. labor
 - g. sociocultural
 - h. political
 - i. legal
 - j. technological
 - k. physical
3. Internal forces, called controllable forces, are the forces that management does have some control over, such as factors of production and activities of the organization.
4. Changes in an external force, such as the political force associated with the expansion, or contraction, of the European Union (EU), can affect all of the controllable forces of firms that do business in or with the 27 EU nations.

C. The Domestic Environment

1. The domestic environment includes all the uncontrollable forces originating in the home country that surround and influence the firm's life and development.
2. Even if a domestic force, it can still affect foreign operations, such as when a domestic labor strike disrupts the supply of parts to a company's assembly operations in another nation.

D. The Foreign Environment

1. The foreign environment includes all the uncontrollable forces originating outside the home country that surround and influence the firm.
2. The same forces as those in the domestic environment, except they occur outside

the firm's home country.

- a. Although forces in the domestic and foreign environment are identical, their values often differ widely and can even be completely opposed to each other.
- b. Foreign forces are frequently difficult to assess, especially for legal and political forces.
- c. The forces are often interrelated. Although this can happen also for domestic settings, in foreign situations the kinds of interaction that occur and the outcomes that result may differ.

E. The International Environment

1. The international environment consists of interactions between the domestic environmental forces and the foreign environmental forces, as well as interactions between the foreign environmental forces of two countries.
2. International organizations whose actions affect the international environment are also properly part of the international environment, such as worldwide bodies (e.g., World Bank), regional economic groupings of nations (e.g., European Union), and organizations bound by industry agreements (e.g., OPEC).
3. Decision making is more complex in the international environment; managers in a home office overseeing affiliates in 10 different nations must consider not only domestic forces but also the influence of 10 foreign national environments, both individually and collectively since there may be some interaction.
4. Self-reference criterion is another common cause of added complexity of foreign environments.
 - a. Due to managers' unfamiliarity with other cultures, some managers will ascribe to others their own preferences and reactions.
 - b. Unconscious references to a manager's own cultural values is probably the biggest cause of international business blunders.
 - c. In IB, the international manager has three choices in deciding what to do with a concept or technique employed in domestic operations: (a) transfer it intact, (b) adapt it to local conditions, or (c) not use it overseas.
- d. Relationships among the different IB environments are shown in Figure 1.1.

LO 1-2	Describe the history and future of international business. • Is Internationalization of Business a New Trend, and Will It Continue?	Key Terms: • multinational corporation
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IV. Is Internationalization of Business a New Trend, and Will It Continue?

A. Although IB is a relatively new discipline, it is not a new business practice

1. Greek and Phoenician merchants traded abroad during the Hellenistic Age (323 BC and 31 BC). Expansion of agricultural and industrial production in China

stimulated the emergence of an internationally integrated trading system, with China as the world's leading manufacturing country for about 1,800 years, until Britain replaced it around 1840.

2. Emergence of international trading extensively impacted other areas of human life, such as politics, arts, agriculture, industry, and public health.
3. The Ottoman Empire's emergence before 1300, ultimately spanning Europe, North Africa, and the Middle East, profoundly influenced emerging trade routes for people, goods, money, animals, and microorganisms, raised the cost of Asian trade for Europeans, and drove a search for sea routes to Asia, including expeditions that discovered the Americas.
4. In 1600, Great Britain's British East India Company began establishing foreign branches throughout Asia, and other nations soon imitated this in an effort to exploit trade opportunities for national advantage.
5. In 1602, the Dutch East India Company was formed to engage in colonial activities in Asia and open ocean trade routes to that region.
6. By the end of the 1600s, ships commissioned by European trading companies traveled regularly to Asian markets via government-protected trade routes linking the Atlantic, Indian, and Pacific oceans, bringing valuable cargoes back to Europe in the hope of gaining significant profits.
7. The 17th and 18th centuries have frequently been termed the "age of mercantilism" because the power of nations depended directly on the sponsorship and control of merchant capital operating internationally, which expanded under the direct subsidization and protection of national governments.
8. A number of MNCs existed in the late 1800s, such as Singer Manufacturing Company, J&P Coats, Ford Motor Company, and Bayer.
9. The level of intracompany trade of multinationals in 1930, as a percentage of overall world trade, may have exceeded the proportion at the beginning of the 21st century.
10. While most multinationals are based in developed nations, there has been a recent surge in the number arising in emerging economies.
11. The rapid urbanization of populations combined with industrialization in the emerging markets is quickly shifting the world's economic center of gravity from Europe and the Americas and back to Asia, as shown in Figure 1.2.

LO 1-3	Discuss the dramatic internationalization of business. • The Growth of International Firms and International Business • Expanding Number of Multinational	Key Terms: • foreign direct investment (FDI) • exporting
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	Companies Foreign Direct Investment and Exporting Are Growing Rapidly	importing
V. The Growth of International Firms and International Business A. Expanding Number of Multinational Companies - Although the number of multinational companies is unknown, there are over 150,000 MNCs operating in European countries alone in 2021, employing over 45 million people. - MNCs account for more than half of world trade. - While the vast majority of MNCs are privately owned, government ownership also represents an important element. - The assets of the 400 largest state-owned firms are equivalent to about 50% of the world's global domestic product. - Affiliates of foreign companies are an increasingly important element in industrial and economic life in many nations. Although these affiliates can be perceived as a threat to the autonomy of governments, policies and attitudes toward foreign investment have markedly liberalized in recent years in both developed and developing nations. - Although critics may compare multinational companies' revenues with gross national income, these comparisons inaccurately compare the relative value added of MNCs versus countries. B. Foreign Direct Investment and Exporting Are Growing Rapidly - Foreign direct investment (FDI) refers to the direct investments in equipment, structures, and organizations in a foreign country at a level sufficient to obtain significant management control; it does not include mere foreign investment in stock markets. - The world stock of outward FDI was \$39.9 trillion in 2023, more than five times larger than in 2000. - Exporting is the transportation of any domestic good or service to a destination outside a country or region, while importing is the transportation of any good or service into a country or region from a foreign origination point. - Merchandise exports grew from \$2 trillion in 1980 to \$6.5 trillion in 2000, \$17.7 trillion in 2020, and \$24.9 trillion in 2022. - Service exports worldwide grew at a more rapid pace than merchandise exports, from \$396 billion in 1980 to \$1.5 trillion in 2000, \$4.2 trillion in 2020, and \$7.1 trillion in 2022. - Figure 1.3 shows the growth in outward FDI and in services and merchandise		

exports from 1990 to 2022.

LO 1-4	Identify the kinds of drivers that are leading firms to internationalize their operations. • What Is Driving the Internationalization of Business? ○ Technological Drivers ○ Market Drivers ○ Cost Drivers ○ Political Drivers ○ Competitive Drivers	Key Terms:
VI. What Is Driving the internationalization of Business? A. Five major kinds of drivers, all based on change, are leading international companies to internationalize their operations: technological, market, cost, political, and competitive drivers. B. Technological Drivers 1. Advances in computers and communications technology permit an increased flow of ideas and information across borders, enabling customers to learn about foreign goods and enhancing potential for international business. 2. Smaller companies may find barriers reduced for being able to communicate and serve customers abroad. 3. Computer-based communication may enhance virtual integration, allowing firms to move the location of various activities to other parts of the world that are more attractive. C. Market Drivers 1. As firms internationalize, they also become global customers. 2. Firms may go abroad to protect business in their home market, so that foreign suppliers do not replace them with customers. 3. Mature home country markets may encourage companies to consider nations with rising disposable income per capita, population growth, and higher rates of GDP growth. D. Cost Drivers 1. Improved economies of scale, shared costs of research and development, lower labor costs, investment incentives, and so forth. E. Political Drivers 1. Trends toward the unification and socialization of the global community, such as preferential trading arrangements that group several nations into a single market, combined with the progressive reduction of barriers to trade and foreign investment by most governments and the privatization of much of the industry in		

former communist nations as well as many developing nations that have had high level of state ownership in their economies, have encouraged firms to internationalize activities to gain access to these new, larger markets.

2. Potential protectionism by host country markets, including import barriers, may encourage exporters to invest in production facilities in the importing nation.

F. Competitive Drivers

1. New competitors from developing nations, entry of foreign firms into a company's home market, access to supplies, and entry into downstream activities to preserve markets for product.

LO 1-5	Compare the key arguments for and against the globalization of business. • What Are the Arguments for and Against the Globalization of Business? • Concerns with Globalization • Arguments Supporting Globalization	Key Terms: • economic globalization
VII. What Are the Arguments for and Against the Globalization of Business? A. Globalization has implications across broad ranges of activity, such as political, social, environmental, historical, geographic, cultural, and technological. B. The most common definition of globalization is economic globalization—the tendency toward an international integration and interdependency of goods, technology, information, labor and capital, or the process of making this integration happen. C. There are many strong feelings about globalization, and it is important to understand the key considerations in the debate. D. Concerns with Globalization 1. While many critics concede that globalization increases the size of the pie, they also claim that globalization is accompanied by a broad array of injurious social implications. 2. Globalization has produced uneven results across nations and people. 3. Export-led growth has failed to materialize in several places; Latin America, for example, has not replicated Asia's success despite efforts to liberalize, privatize, and deregulate its economies, and sub-Saharan Africa has received only limited benefits. 4. The recipe for achieving economic development through opening of world markets is neither easy to do nor universal in its outcomes. 5. The gap between rich and poor in the world has increased due to globalization, according to critics, though the evidence is not clear in this regard. 6. Globalization has had deleterious effects on labor and labor standards.		

7. Companies can move more readily to other nations with lower standards and costs, in a “race to the bottom.”
 8. Multinationals investing in developing nations may contribute to higher wages, improved standards, faster job creation, and enhanced R&D.
 9. Some host countries may feel that lower standards are necessary in order to enhance competitiveness and improve prospects for investment and economic development.
 10. Globalization has contributed to a decline in environmental and health conditions.
 11. Increased air, water, and ground pollution along the Mexico–U.S. border due to production facilities built there and migration of workers to take jobs in these plants.
 12. Some rules on international trade may result in the weakening of environmental standards in order to comply with these new rules, such as allowing higher polluting Mexican trucks to haul freight on U.S. highways.
 13. Businesses may have an incentive to move their highest polluting activities to nations with the least rigorous environmental regulations or lower risk of liability.
 14. Economic growth fostered by globalization may help generate and distribute additional resources for protecting the environment and better technologies and best practices for use in developing nations.
 15. Globalization reduces national sovereignty.
 16. Nations become dependent on other nations for critical resources, technologies, or manufacturing capacity.
 17. This concern was manifest in the COVID-19 pandemic in which countries faced shortages of key medical equipment and pharmaceuticals.
 18. Some critics have proposed moves toward increased isolation or “de-globalization” to reduce a nation’s vulnerability to negative implications or international organizations and global trade and investment, limit challenges resulting from complex global supply chains, enhance privacy and data protection, and enhance national sovereignty.
- E. Arguments supporting globalization
1. Free trade enhances socioeconomic development.
 - a. One of the few propositions on which almost all economists agree is that free trade is the best strategy for advancing the world’s economic development.
 - b. Data show a clear and definitive link between liberalization of trade and economic growth, across a broad range of measures such as poverty, education, health, and life expectancy.

- c. Countries that have rejected globalization are among the most impoverished countries in the world.
- 2. Free trade promotes more and better jobs.
 - a. Expanded trade is linked with the creation of more and better jobs. Between 1991 and 2020, about 42 million more nonfarm jobs were created than destroyed in the United States, an increase of 40%.
 - i. Openness to trade may cause some sectors to be uncompetitive and some jobs will be lost, but trade creates new jobs that tend to be better than the old ones.
 - ii. The key is not to block change but to manage the costs of trade adjustment and to support the transition of workers to more competitive employment.

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Engagement and Application

Boxed Case Discussion Questions with Suggested Answers

Opening Case: Improve Job Opportunities by Getting International Experience

This is a short case discussing the importance of international experience for career advancement. It highlights how such experience benefits both new hires and mid-career professionals by developing global acumen, cross-cultural communication skills, and a better understanding of diverse leadership styles. The case underscores that companies, including top executives, value international business education and skills for managers at all levels, not just senior positions. It also suggests ways individuals can pursue international experience, such as taking relevant courses, studying abroad, and expressing interest in foreign assignments.

Access the Teaching Note that includes:

- Potential case discussion questions to promote student engagement, along with corresponding detailed responses.
- Tailored teaching strategies featuring structured activities such as group work and collaborative projects for in-person, online, and hybrid formats.

 See Teaching Note under Case Teaching Notes menu in the Instructor Resources online.

IB in Practice: Are You Really Buying American?

This case examines the misconceptions about buying American-made products, emphasizing how globalization has blurred national product boundaries. Using a car as an example, it illustrates how key components—such as engines, transmissions, and electronics—often come from countries like Japan, Germany, or Mexico, despite U.S. assembly. The case highlights the role of multinational companies in global supply chains and notes that even “Made in America” products often rely on foreign suppliers. It also explores the economic impact of these purchasing decisions, arguing that factors like quality, price, and value should outweigh national origin. Ultimately, this IB in Practice challenges the traditional view of American-made goods by revealing the complexities of international business and modern manufacturing.

Access the Teaching Note that includes:

- Detailed responses to the case’s critical thinking questions.
- Follow-up and engagement questions (where applicable) to deepen classroom discussions.
- Tailored teaching strategies featuring structured activities such as group work and collaborative projects for in-person, online, and hybrid formats.

 See Teaching Note under Case Teaching Notes menu in the Instructor Resources online.

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Global Debate: The COVID-19 Pandemic: Temporary Hiccup or Permanent Change for International Business?

This case examines the COVID-19 pandemic's impact on international business, questioning whether disruptions are temporary or signal a lasting shift. It explores immediate effects like supply chain disruptions, travel restrictions, and the shift to remote work, highlighting how businesses adapted through digital solutions and alternative suppliers. The case then considers long-term implications, such as accelerated digital transformation, e-commerce growth, and efforts to build more resilient, diversified supply chains. It also discusses the trend of “deglobalization,” as some companies refocus on local markets for greater control. Despite these shifts, international business remains vital to the global economy. Ultimately, the case provides insights into both the challenges and opportunities emerging from the pandemic's global impact.

Access the Teaching Note that includes:

- Detailed responses to the case's critical thinking questions.
- Follow-up and engagement questions (where applicable) to deepen classroom discussions.
- Tailored teaching strategies featuring structured activities such as debates, group work, and collaborative projects for in-person, online, and hybrid formats.

 See Teaching Note under Case Teaching Notes menu in the Instructor Resources online.

Get That Job! From Backpack to Briefcase: Lily DeNoma in Arequipa, Peru: Go Abroad to Gain New Perspectives

Lily DeNoma describes her experience working as a volunteer in Peru for seven weeks, the challenges she faced, and how this experience benefited her.

Online and Hybrid: Virtual teams discuss DeNoma's recommendation for an international experience related to their own career development and their ability to understand and adapt to life in another culture, particularly one that is quite different from one's home culture. Share conclusions with class, either online or in an in-person setting.

In-Person: Students evaluate their own career strategy in light of DeNoma's recommendation for an international experience.

1. According to DeNoma, what benefits are gained by engaging in a foreign experience?

DeNoma discussed how the experience gave her new perspectives on how to confront any obstacle, and to be optimistic when facing challenges. Her foreign experience better prepared her for the challenges of domestic internships and taking leadership positions on campus.

2. How do you think DeNoma overcame the many challenges she described while working in Peru?

Students will have various answers to this question, and many may draw on their own experiences going abroad or as foreign students. Some may discuss culture shock and overcoming it. Stress the importance of a positive attitude and a willingness to be flexible in your perspectives when working in a foreign country.

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*End of Module Exercises***Critical Thinking Questions**

1. **Business is business, and every firm has to find ways to produce and market its goods. Why, then, might managers be unable to successfully apply the techniques and concepts they have learned in their own country to other areas of the world?**

The answers to this question may vary but the following provides a general overview:

- a. *Different Environmental Forces*: International business involves dealing with three kinds of environments: domestic, foreign, and international. Each environment has its own set of uncontrollable forces such as competitive, distributive, economic, financial, socioeconomic, labor, sociocultural, political, legal, technological, and physical forces. These forces can vary significantly from one country to another, making it difficult for managers to apply the same techniques universally.
- b. *Cultural Differences*: Managers often face unfamiliarity with other cultures, which can lead to misunderstandings and misapplications of business techniques. For example, a manager might offer extra pay for overtime, expecting workers to show up, but in some cultures, workers might prefer time off over extra money. This unconscious reference to one's own cultural values, known as the self-reference criterion, is a common cause of international business blunders.
- c. *Complex Decision Making*: Decision making in the international environment is more complex than in a purely domestic environment. Managers must consider the influence of multiple foreign national environments in addition to their domestic environment. This complexity can lead to challenges in applying domestic business techniques abroad.
- d. *Legal and Political Differences*: Legal and political forces can be difficult to assess and may vary widely between countries. For instance, a law that appears to discourage foreign investment actually might be part of a strategy to attract it under certain conditions. Managers need to navigate these differences carefully to avoid missteps.
- e. *Interrelated Forces*: The forces in the domestic and foreign environments are often interrelated, and their interactions can differ significantly. For example, high-cost capital and an abundance of unskilled labor in developing countries might lead to the use of less advanced technology compared to industrialized nations. Managers need to adapt their techniques to these varying conditions.

These factors highlight the importance of understanding and adapting to the unique environmental forces, cultural differences, and legal and political landscapes of each country when conducting international business.

2. **Give examples to show how a manager of a multinational corporation might manipulate one of the controllable forces in answer to a change in the uncontrollable forces.**

Managers of multinational corporations often need to adapt their strategies in response to changes in uncontrollable forces by manipulating controllable forces. Here are some examples based on the textbook:

- a. *Political Forces*: When the European Union expanded by adding new member nations, some companies relocated parts of their operations to countries like Poland to take advantage of lower-wage labor. This is an example of manipulating the controllable force of *production location* in response to the uncontrollable political force of EU expansion.
- b. *Economic Forces*: In response to high-cost capital and an abundance of unskilled labor in developing countries, managers might choose to use less advanced technology that requires more labor. This is an example of manipulating the controllable force of *technology* in response to the uncontrollable economic force of labor availability and cost.
- c. *Legal Forces*: Companies like HSBC and JPMorgan relocated jobs and assets from the United Kingdom to other EU countries to avoid complications from Brexit. This is an example of manipulating the controllable force of *organizational structure* in response to the uncontrollable legal force of changing regulations due to Brexit.
- d. *Sociocultural Forces*: When faced with cultural differences, such as preferences for time off over extra pay, managers might adjust their *human resource policies* to offer more flexible working hours instead of monetary incentives. This is an example of manipulating the controllable force of *human resources* in response to the uncontrollable sociocultural force of local worker preferences.

These examples illustrate how managers can strategically adjust controllable forces like production location, technology, organizational structure, and human resources to effectively respond to changes in uncontrollable forces such as political, economic, legal, and sociocultural factors.

3. Although forces in the foreign environment are the same as those in the domestic environment, they operate differently. Why is this so?

Although the forces in the foreign environment are the same as those in the domestic environment, they operate differently for several reasons:

- a. *Different Values*: Even though the types of forces may be identical, their values often differ widely. For example, political forces can have diametrically opposed values in different countries, creating confusion for multinational managers. A classic example is the sanctions placed on Russia by various countries, which led to retaliatory sanctions by Russia.
- b. *Assessment Challenges*: Foreign forces are often difficult to assess, especially legal and political forces. For instance, a law that appears to discourage foreign investment actually might be part of a strategy to attract it under certain conditions. This complexity can make it challenging for managers to understand and navigate these forces.
- c. *Interrelated Forces*: The forces in the foreign environment are often interrelated in ways that differ from the domestic environment. For example, the combination of high-cost capital and an abundance of unskilled labor in many developing countries may lead to the use of less advanced technology compared to industrialized nations.

These factors highlight the importance of understanding the unique characteristics and interactions of forces in the foreign environment when conducting international business.

4. Why, in your opinion, do the authors regard the use of the self-reference criterion as “probably the biggest cause of international business blunders”? Can you think of an example?

The authors regard the use of the self-reference criterion as “probably the biggest cause of international business blunders” because it involves an unconscious reference to one’s own cultural values when making decisions in a foreign context. This can lead to misunderstandings and misapplications of business techniques, as managers may assume that what works in their own culture will work similarly in another, without considering local cultural differences.

For example, a foreign production manager might offer extra pay for overtime to workers, expecting them to show up because, in their home country, workers always want to earn more money. However, in some cultures, workers might prefer time off over extra pay, leading to confusion and ineffective management decisions. This unconscious bias can result in significant business blunders, as it fails to account for the local cultural traits and preferences.

An example of this could be a U.S.-based company expanding into Japan and implementing the same aggressive sales tactics that work well in the U.S. In Japan, however, such tactics might be seen as pushy and disrespectful, leading to a negative perception of the company and poor sales performance. This illustrates how the self-reference criterion can cause international business blunders by not adapting to local cultural norms and values.

5. Discuss some possible conflicts between host governments and foreign-owned companies.

Some possible conflicts between host governments and foreign-owned companies:

- a. *Regulatory Compliance*: Foreign-owned companies must comply with the host country’s laws and regulations. If they fail to do so, they can face legal action or even government seizure. This can create conflicts, especially if the foreign company is used to different regulatory standards in its home country.
- b. *Economic Impact*: The expanding importance of foreign-owned firms in local economies can be viewed by host governments as a threat to their autonomy. This can lead to conflicts over issues such as taxation, employment practices, and the extent of foreign control over local resources.
- c. *Political and Legal Forces*: Host governments may pass laws that appear to discourage foreign investment to appease local populations, even if they secretly encourage it. This can create uncertainty and conflict for foreign companies trying to navigate these complex legal and political landscapes.
- d. *Cultural Differences*: Differences in cultural practices and business ethics can lead to misunderstandings and conflicts between foreign-owned companies and host governments. For example, practices that are acceptable in the company’s home country may be frowned upon or even illegal in the host country.

These conflicts highlight the importance of understanding and adapting to the unique regulatory, economic, political, and cultural environments of each host country when conducting international business.

6. What examples of globalization can you identify within your community? How would you classify each of these examples (as international investment, international trade, other)?

Some examples of globalization within a community and their classifications:

- a. *Consumption of Foreign Products*: The textbook mentions various products and brands that people use daily, such as Samsung smartphones, IKEA furniture, Red Bull energy drinks, Nintendo Switch, Toshiba televisions, Dove shower gel, Close-Up toothpaste, Lululemon athletic wear, Adidas running shoes, Honda cars, Firestone tires, and Shell gasoline. These are examples of *international trade*, as these products are manufactured in different countries and imported for local consumption.
- b. *Foreign-Owned Companies*: The presence of foreign-owned companies like McDonald's, Starbucks, and Apple in the community is another example. These companies operate globally and have physical locations in various countries. This can be classified as *international investment*, as these companies invest in setting up and running operations in foreign markets.
- c. *Cultural Exchange*: The textbook also highlights cultural exchanges, such as South Korean students consuming products from foreign-owned companies like Nike, Apple, and McDonald's. This is an example of *other* forms of globalization, where cultural influences and consumer behaviors are shared and adopted across borders.

These examples illustrate how globalization manifests in everyday life through international trade, investment, and cultural exchange.

7. Why is there opposition to globalization of trade and integration of the world's economy? Is there a way the debate can move beyond a simplistic argument for or against globalization and toward how best to strengthen the working of the global economy in order to enhance the welfare of the world and its inhabitants? What might this require?

Some insights into the opposition to globalization and how the debate can move beyond a simplistic argument:

- a. *Opposition to Globalization*: There is opposition to globalization of trade and integration of the world's economy for several reasons. Critics argue that globalization can lead to job losses in certain industries, wage suppression, and a race to the bottom in labor and environmental standards. Additionally, there are concerns about the loss of cultural identity and the increasing power of multinational corporations, which can overshadow local businesses and governments.
- b. *Moving Beyond Simplistic Arguments*: To move beyond a simplistic argument for or against globalization, it is essential to focus on how best to strengthen the working of the

global economy to enhance the welfare of the world and its inhabitants. This requires a nuanced approach that considers both the benefits and challenges of globalization.

- c. *What This Requires:* Strengthening the global economy to enhance welfare might require several key actions:
- *Inclusive Policies:* Implementing policies that ensure the benefits of globalization are shared more equitably among all segments of society. This includes investing in education and training programs to help workers adapt to changing job markets.
 - *Regulatory Frameworks:* Establishing robust regulatory frameworks to protect labor rights, environmental standards, and fair competition. This can help mitigate the negative impacts of globalization while promoting sustainable development.
 - *International Cooperation:* Enhancing international cooperation to address global challenges such as climate change, economic inequality, and health crises. Collaborative efforts can lead to more effective solutions that benefit all countries.
 - *Cultural Sensitivity:* Promoting cultural sensitivity and understanding to preserve cultural identities while embracing the positive aspects of cultural exchange.

By adopting these measures, the debate on globalization can shift towards finding balanced and sustainable ways to integrate the world's economy, ultimately enhancing the welfare of the global population.

8. You have decided to take a job in your hometown after graduation. Why should you study international business?

Studying international business is valuable even if you plan to take a job in your hometown after graduation. Here are some reasons based on the textbook:

- a. *Global Economy Integration:* The global economy is highly interconnected, and even local businesses are influenced by international trade and investment. Understanding international business helps you navigate these influences and make informed decisions.
- b. *Competitive Advantage:* Knowledge of international business provides a competitive edge. It equips you with the skills to handle global competition, which is essential as many local businesses face competition from foreign companies.
- c. *Cultural Awareness:* Studying international business enhances your cultural awareness and sensitivity. This is crucial for effective communication and collaboration in a diverse workplace, which is increasingly common even in local settings.
- d. *Career Opportunities:* It opens up a broader range of career opportunities. Many companies value employees who understand international markets and can contribute to their global strategies.
- e. *Adaptability:* The skills and knowledge gained from studying international business make you more adaptable to changes in the business environment, whether they are local or global.

These points highlight the importance of studying international business to succeed in today's interconnected world, regardless of where you work.

9. How can international issues, such as COVID-19, demonstrate arguments both for and against globalization?

International issues like COVID-19 can demonstrate arguments both for and against globalization in several ways:

Arguments for Globalization:

- *Global Cooperation:* The COVID-19 pandemic highlighted the importance of global cooperation in addressing health crises. Countries shared information, resources, and expertise to combat the virus, demonstrating the benefits of a connected world.
- *Supply Chain Resilience:* Globalization allows for diversified supply chains, which can help mitigate the impact of disruptions. For example, if one country faces a shortage of medical supplies, other countries can step in to provide the necessary resources.
- *Innovation and Technology Sharing:* The rapid development and distribution of vaccines were made possible through international collaboration and the sharing of scientific knowledge and technology.

Arguments against Globalization:

- *Spread of Disease:* Globalization can facilitate the rapid spread of diseases across borders. The COVID-19 pandemic spread quickly due to international travel and trade, highlighting the vulnerabilities of a highly interconnected world.
- *Economic Disparities:* The pandemic exposed and exacerbated economic inequalities between countries. Wealthier nations were able to secure vaccines and medical supplies more quickly, while poorer countries struggled to access these resources.
- *Supply Chain Disruptions:* Global supply chains can be fragile and susceptible to disruptions. The pandemic caused significant disruptions in global supply chains, leading to shortages of essential goods and highlighting the risks of over-reliance on international trade.

These points illustrate how international issues like COVID-19 can both support and challenge the concept of globalization, emphasizing the need for a balanced approach to managing global interconnections.

10. How could certain skills, like critical thinking, teamwork, and problem solving, be learned differently through an international internship or other work experience vs. through a domestic internship or other work experience?

Some insights into how skills like critical thinking, teamwork, and problem solving can be learned differently through an international internship or other work experience compared to a domestic one:

- *Critical Thinking:* An international internship exposes you to different business practices, regulatory environments, and cultural norms. This diversity requires you to think critically about how to adapt and apply your knowledge in various contexts. For example,

you might encounter different legal and political forces that are difficult to assess, requiring you to analyze and interpret complex situations more deeply.

- *Teamwork*: Working in an international environment often involves collaborating with people from diverse cultural backgrounds. This experience can enhance your ability to work effectively in multicultural teams, understand different communication styles, and appreciate various perspectives. For instance, understanding cultural differences, such as the preference for time off over extra pay in some cultures, can improve your teamwork skills by fostering better communication and mutual respect.
- *Problem Solving*: International internships present unique challenges that require innovative problem-solving approaches. You might need to navigate unfamiliar socio-cultural, economic, and technological environments, which can enhance your ability to develop creative solutions. For example, adapting to high-cost capital and an abundance of unskilled labor in developing countries might lead you to use less advanced technology, requiring you to solve problems with limited resources.

These experiences can provide a broader perspective and a more comprehensive skill set compared to a domestic internship, where the environment and challenges might be more familiar and predictable.

11. How do you think the recent COVID-19 pandemic has affected the external forces influencing the operations and development of international firms? Give examples of how different types of external forces, such as competitive, distributive, or economic, have changed or challenged the way international firms operate in the global market.

The COVID-19 pandemic has significantly affected the external forces influencing the operations and development of international firms. Here are some examples based on the textbook:

- *Competitive Forces*: The pandemic has intensified competition among firms as they adapt to new market conditions. Companies have had to innovate rapidly to stay competitive, such as by enhancing their online presence and digital capabilities to meet the increased demand for e-commerce.
- *Distributive Forces*: The pandemic disrupted global supply chains, leading to delays and shortages of goods. International firms had to find alternative distribution channels and suppliers to maintain their operations. For example, some companies shifted their production to different countries to avoid supply chain bottlenecks.
- *Economic Forces*: The economic impact of the pandemic has been profound, with many countries experiencing recessions and reduced consumer spending. International firms faced challenges in maintaining their revenue streams and had to implement cost-cutting measures. Additionally, fluctuations in currency exchange rates affected the financial stability of multinational companies.

These examples illustrate how the COVID-19 pandemic has changed or challenged the way international firms operate in the global market by affecting competitive, distributive, and economic forces.

12. How do you think the recent advances in artificial intelligence (AI) have affected the external forces influencing the operations and development of international firms? Give examples of how different types of external forces, such as competitive, distributive, or economic, have changed or challenged the way international firms operate in the digital age.

Recent advances in artificial intelligence (AI) have significantly impacted the external forces influencing the operations and development of international firms. Here are some insights based on the textbook:

- *Competitive Forces:* AI has intensified competition by enabling firms to innovate and optimize their operations. Companies can use AI to analyze market trends, predict consumer behavior, and develop new products more efficiently. This has led to a more dynamic and competitive market environment.
- *Distributive Forces:* AI has transformed distribution channels by improving logistics and supply chain management. AI-powered systems can optimize routes, predict demand, and manage inventory more effectively, reducing costs and improving delivery times. This has challenged traditional distribution methods and forced companies to adopt new technologies to stay competitive.
- *Economic Forces:* AI has influenced economic forces by driving productivity and economic growth. AI technologies can automate repetitive tasks, enhance decision-making, and improve overall efficiency. However, this also poses challenges, such as the potential displacement of jobs and the need for workers to acquire new skills to adapt to the changing job market.

These examples illustrate how AI has changed or challenged the way international firms operate in the digital age by affecting competitive, distributive, and economic forces.

globalEDGE Research Task

Exercise 1

globalEDGE “Global Insights” offers profiles of trade blocs, countries, U.S. states, and industries. To access a country profile as described in the exercise:

1. Navigate to globalEDGE > Global Insights > by Country > “country of choice.”
2. On each country’s profile page, locate the “Indices” subsection in the left column menu.

From here, you can find the KOF Index of Globalization, which measures three main aspects of globalization: economic, social, and political globalization. Clicking the external source link provided on the profile page will direct you to the [KOF Globalization Index](#) page. Here, you can:

- Use the drop-down menus under the graph to explore different dimensions used to measure these aspects of globalization.

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- Access the “Variables” file under the “Further Information” section to examine the specific indicators used to calculate these dimensions.

For example, the number of McDonald’s restaurants and IKEA stores are indicators used to calculate the cultural globalization dimension. While these provide tangible proxies for cultural globalization, their relevance can be critically evaluated. Modern trends, such as digital connectivity or cross-border collaborations, could serve as alternative or complementary indicators to better capture globalization trends.

Search Phrase: KOF Index of Globalization

Resource Name: KOF Index of Globalization

Resource Links:

- <https://globaledge.msu.edu/global-insights/by/country>
- <https://kof.ethz.ch/en/forecasts-and-indicators/indicators/kof-globalisation-index.html>

Exercise 2

Understanding the Relationship Between the KOF Globalization Index and the Economic Complexity Index (ECI)

1. *Accessing Country Profiles and Indices:*

Navigate to globalEDGE > Global Insights > by Country > “country of choice.” On each country’s profile page, locate the “Indices” subsection in the left column menu.

- Under Indices, find both the KOF Globalization Index and the Economic Complexity Index (ECI).
- Click the external source link for each index:
 - For the KOF Globalization Index, visit the [KOF Globalization Index](#).
 - For the Economic Complexity Index, visit Growth lab and see the [Atlas of Economic Complexity](#).

2. *Summarizing Definitions and Measures:*

- On the KOF Globalization Index page, explore and record the latest available globalization scores for at least eight countries (e.g., U.S., UK, Germany, China, India, Brazil, Japan, France, Canada, and Australia).
- On the Atlas of Economic Complexity page, locate the definition of ECI and summarize what it measures. The ECI assesses the complexity of a country’s economy by analyzing the diversity and sophistication of exported products.

3. *Data Collection:*

- Using the external sources, note the KOF Globalization Index and ECI scores for the selected countries.

- Create a table to organize this data, listing each country and their respective scores for both indices.
4. *Data Visualization:*
- Plot the data on a scatter plot:
 - X-axis: KOF Globalization Index scores.
 - Y-axis: ECI scores.
 - Analyze the scatter plot for any patterns or correlations (positive, negative, or none).
5. *Analysis and Discussion:*
- Discuss potential reasons for the observed relationship (or lack thereof) between globalization and economic complexity. Consider factors such as:
 - Trade policies.
 - Industrial diversification.
 - Levels of technological advancement in the assessed countries.
 - Reflect on any anomalies or outliers in your data. For example, why might certain countries not fit the general trend?
6. *Summarize Your Findings:*
- Provide a brief conclusion regarding the relationship between globalization and economic complexity based on your analysis.

Search Phrases:

- KOF Globalization Index
- Economic Complexity Index (ECI)

Resource Names and Links:

- KOF Globalization Index: <https://kof.ethz.ch/en/forecasts-and-indicators/indicators/kof-globalisation-index.html>
- Atlas of Economic Complexity: <https://atlas.hks.harvard.edu/rankings>
- globalEDGE by Country: <https://globaledge.msu.edu/global-insights/by/country>

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Closing Mini Case: Are Globalization and Technology Causing Greater Inequality?

This mini case examines how globalization and technology shape economies, often widening wealth and opportunity gaps. While they drive growth, productivity, and access to information, their benefits are unevenly distributed. The case explores the *digital divide*, where wealthier individuals and nations have better access to technology, reinforcing existing inequalities. It also discusses the role of MNCs in maximizing profits while sometimes exploiting labor in developing countries. Additionally, it highlights how *automation* and *artificial intelligence* (AI) create productivity gains but also displace low-skilled jobs, increasing unemployment risks. Ultimately, it underscores the need for policies to bridge the digital divide, promote fair labor practices, and support workers impacted by automation.

Access the Teaching Note that includes:

- Detailed responses to the case's critical thinking questions.
- Follow-up and engagement questions (where applicable) to deepen classroom discussions.
- Tailored teaching strategies featuring structured activities such as debates, group work, and collaborative projects for in-person, online, and hybrid formats.

 See Teaching Note under Case Teaching Notes menu in the Instructor Resources online.

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Bonus Activities

This section provides you with support for your course above and beyond what is found in the text. We have developed these resources to support your course, to support your traditional, hybrid, online, or flipped class.

Video Suggestions

- McGraw Hill's collection of international business videos is available at <http://bit.ly/MHEIBVideo>. The Impact of Globalization board is rich and varied and is updated monthly.
- See www.wsj.com/video/why-tesla-is-betting-big-in-china-with-a-shanghai-gigafactory/50D3AD38-2836-4CA9-B6BF-88AF0A24326E.html for a video of why Tesla decided to build a factory in China.
- The Academy of International Business provides links to a number of organizations that offer videos about international business. You can find these links at <https://www.aib.world/resources/video-depositories/>.
- YouTube has many international business-related videos in its collection. For example, you can find a 31-min video on How Beneficial Is World Trade at <https://youtu.be/xRJZWfqWcs0?list=PL9E6D9764746EA546>.

Team Exercises

These may be done individually or in groups or teams, either in or out of class, for later class presentation. Some are also appropriate for hybrid and online courses.

1. International Business Project

One popular team exercise is to prepare a foreign market assessment and entry business plan, which can be done on a stand-alone basis or in multiple stages during the international business course. While the project could be done individually, we have tended to assign them to teams of three to five students to help promote diversity of perspectives and to spread the workload.

Objective: To create a foreign market entry business plan for taking an American consumer product into a foreign country.

Project Outline:

1. Size of market (demographics, socioeconomic state, urban/rural).
2. Sociocultural acceptance of product—is adaptation necessary?
3. Legal/bureaucratic environment (imports, local manufacture, taxation).
4. Competition in market.
5. Economic and political climate for foreign business.
6. Methods for marketing and distribution.

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7. Managerial and labor climate.
8. Financial viability (profit margin, currency translation, profit repatriation).

Project Report: The report may essentially cover all topics in the outline plus an executive summary, introduction (country and product), and recommendations. The report will be word-processed, about 20 pages (double-spaced) and will have an Appendix that contains exhibits and a complete bibliography of sources. Examples are maps of the country, tables, and charts.

Project Presentation: The project may be presented to the class either through a taped session posted online (most appropriate for online classes) or through in-person presentation to the class (more appropriate for hybrid or in-person sessions). Thirty minutes will typically be allotted to each team, including 15–20 min for presentation followed by question and answer. Each member of the team will typically participate in the presentation and for online submission, it may make sense to tape each individual's section separately to keep the file size manageable. Teams should develop appropriate visual supports for their presentations (e.g., PowerPoint slides, video segments from YouTube, flipcharts).

2. Debate on Globalization

Conduct a debate on issues in support of and opposing globalization. The text hints at a range of issues regarding the pros and cons of globalization, which can serve as a starting point for a stimulating debate and class discussion on globalization. Consider assigning students to “for” and “against” positions and ask them to research their positions and provide a clear and compelling argument in favor of their assigned role, with these positions either presented in written form to serve as a base for an online debate or presented orally through a video clip posted on the class learning platform or directly in an in-person context. Using these differing positions as a starting point, you can follow up with an online or in-person discussion. For example, ask students to discuss how they view globalization and the reasons for their views. Potential discussion questions can include: “Discuss the benefits of globalization and the concerns regarding the globalization of markets as outlined in the module? Are you concerned with the internationalization of markets? If so, why?” or “If international business is not a new topic, what about the globalization of international business is new? What are the roots of globalization? Is globalization accelerating? Why or why not?” or “How have you benefited personally or been negatively impacted by the forces of globalization? Please be specific in your response.” A summary of the class discussion would offer an appreciation of the many issues related to globalization and the many views on this complex issue in which we are all involved.

3. American Brands

Following up on the IB in Practice “Are You Really Buying American?” ask students to research other American brands and businesses that are owned by foreign companies. They might be surprised who really owns what in the United States and how brand identification and ownership may be different. You might stimulate some of this discussion by putting the following companies/brands onto individual PowerPoint slides and asking students to identify the nationality of the owners of the brand, providing a good basis for discussing the internationalization of business in our everyday lives.

- 7-Eleven Stores (owned by Seven and I Holdings Co. of Japan)

- Chesebrough-Pond (Vaseline) (owned by Unilever of the Netherlands)
- Maybelline cosmetics (owned by L'Oréal of France)
- Diesel clothing (produced by Diesel S.p.A. of Italy)
- Baby Ruth candy bars (produced by Ferrero of Italy)
- Holiday Inn motels (owned by IHG Hotels & Resorts of the United Kingdom)
- Cheerios cereal (owned by Nestle of Switzerland)
- Nerds candy (owned by Ferrero of Italy)
- Popsicle frozen treats (owned by Unilever, a British-Dutch multinational)
- Random House publishing (owned by Bertelsmann of Germany)
- Ralston Purina pet foods (owned by Nestle of Switzerland)
- Motel 6 (owned by Oyo Rooms of India)
- Pinkerton security company (owned by Securitas AB of Sweden)
- Ban deodorant (owned by Kao Corporation of Japan)
- RCA Records (owned by Sony of Japan)
- Thinkpad laptop computers (owned by Lenovo of China)
- Norelco electric shavers (owned by Philips of the Netherlands)
- Advil pain reliever (owned by Haleon plc of the United Kingdom)
- Gerber baby food (owned by Nestle of Switzerland)

Supplemental Activities

Case Studies

Case studies that focus on globalization issues and their effects in business environments are available through Ivey Publishing and Harvard Business School. Ivey's catalog is available for browsing (www.iveycases.com); the cases are downloadable for review. Harvard Business Publishing (<https://hbsp.harvard.edu/cases/>) requires an account and offers downloadable review copies for educators.

Harvard Cases

"Planet Starbucks (A)" details efforts made by Starbucks to act in a socially responsible manner and the pressures placed on the Starbucks Coffee company by the anti-globalization movement. This is a case study by Arizona State University.

"The Productivity Decline: Demographics, Robots, or Globalization," examines the trend of declining productivity growth in the 21st century and the sources and drivers of productivity decline.

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“Everything Is Connected: A New Era of Sustainability at Li & Fung” describes efforts to address rising expectations on environmental, social, and working standards associated with internationalization and sustainability of supply chains. This is a case study by Stanford Business School.

“Environment and International Trade” describes the conflicts present between environmental values and international trade as manifested in various multilateral treaties and institutions, such as GATT, NAFTA, and the European community.

“Worker Rights and Global Trade: The U.S.–Cambodia Bilateral Textile Trade Agreement” examines the political and economic dimensions of the campaign to improve workers’ rights around the world, through inclusion of labor standards in international trade agreements and with a specific focus on the U.S.–Cambodia Textile Trade Agreement. The latter agreement was the first to link increased access to U.S. markets with improvements in working conditions in an exporting nation.

Controversial Issues

1. Global Debate: Is the “Bottom of the Pyramid” a Market Worth Serving?

Professor C. K. Prahalad popularized the term “Bottom of the Pyramid” to refer to the approximately 3 billion people who survive on less than \$2 per day, where basic survival needs are just barely met. Prahalad suggested that this large mass of humanity should be viewed as having tremendous market potential with untapped purchasing power, if only appropriate ways were found to service them. In addition to being a large market for multinationals, serving these consumers could benefit them and help alleviate poverty. However, although the absolute number of such consumers might be large, critics questioned whether the economics associated with serving these consumers would prove to be sufficiently compelling, and whether a profit-oriented focus on the world’s most impoverished people was appropriate from an ethical perspective, especially when marketing products that might be viewed as lower priority for health and development, for example.

This “Bottom of the Pyramid” concept provides an excellent foundation for debating some of the issues raised in the text. Possible questions (and associated answers) follow:

A. Do you think the base of the pyramid represents an attractive and appropriate market for multinational corporations? Why or why not? For which products or services might this market be most appropriate?

The answer to this question will vary, and it is intended to help people think through the issue. Certainly, students are likely to focus on products that are basic needs, such as those related to food, clothing, shelter, education, and health care. While there may be a tendency to look at very low-priced items, there may be some discussion about exceptions to this. For example, products associated with water treatment (e.g., filtration systems) might have somewhat high costs relative to daily income levels, but they might have substantial benefits when allocated across long periods of usefulness. Similarly, although cell phones might be expensive on an initial basis, they may be justifiable due to the broad range of potential uses and benefits that they may provide to the user and their family and other key stakeholders.

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B. If customers at the base of the pyramid could be convinced to allocate some of their meager income to products such as cigarettes, alcoholic beverages, or cosmetics, would it be socially responsible for multinationals to pursue such opportunities? Why or why not?

This question raises an issue that almost always generates strong opinions and a variety of perspectives. Some students may feel that these products are luxuries for people at the base of the pyramid, or perhaps that they are fundamentally undesirable products not only for the base of the pyramid but perhaps for all humans. The potentially addictive nature of products such as cigarettes and alcohol raises additional concerns, from a social responsibility standpoint, since it can exploit inherited or other tendencies to become reliant on such substances. Other students will often raise the notion of allowing people to make their own choices about what represents the best options for them to spend their meager resources, and that effort to discourage or regulate such commercial efforts is inappropriate. Exploring the variety of perspectives and allowing the debate to blossom can yield a rich and insightful learning experience for the participants.

Online and Hybrid: Virtual teams can be assigned questions and submit their work as a group. Alternatively, virtual teams can be assigned to take different roles or perspectives to argue for (or against), and these assignments can be submitted as a group and then opened up to discussion and debate on an online class discussion site or blog, or presented and debated in a face-to-face setting.

In-Person: Students develop responses to the questions in class in teams/groups or else assign perspectives and conduct an in-person debate and discussion.

2. Debate on Globalization

The debate on globalization elements described earlier in this module's instructor guide provides an excellent foundation to lever the content from the text's discussion of this topic into a lively and insightful debate among the class participants. The solution and teaching suggestions are available in its **Teaching Note**. Conduct a debate on issues in support of and opposing globalization. The text hints at a range of issues regarding the pros and cons of globalization, which can serve as a starting point for a stimulating debate and class discussion on globalization. Consider assigning students to "for" and "against" positions and ask them to research their positions and provide a clear and compelling argument in favor of their assigned role, with these positions either presented in written form to serve as a base for an online debate or presented orally through a video clip posted on the class learning platform or directly in an in-person context. Using these differing positions as a starting point, you can follow up with an online or in-person discussion. For example, ask students to discuss how they view globalization and the reasons for their views. Potential discussion questions can include: "Discuss the benefits of globalization and the concerns regarding the globalization of markets as outlined in the module? Are you concerned with the internationalization of markets? If so, why?" or "If international business is not a new topic, what about the globalization of international business is new? What are the roots of globalization? Is globalization accelerating? Why or why not?" or "How have you benefited personally or been negatively impacted by the forces of globalization? Please be specific in your response." A summary of the class discussion would offer an appreciation of the

many issues related to globalization and the many views on this complex issue in which we are all involved.

Online and Hybrid: Virtual teams can be assigned to take different perspectives to argue for or against globalization, and these assignments can be submitted as a group and then opened up to discussion and debate on an online class discussion site or blog, or presented and debated in a face-to-face setting.

In-Person: Students can be assigned to take different perspectives to argue for or against globalization and then they can be asked to argue about their positions within an in-person debate and discussion.

3. Current Events

A focus on current events that are relevant to the module's topics is a good way to bring home the concepts, review their application, and build news-review habits. Ask everyone to come prepared with an article for every meeting. If a meaningful percentage of the final grade is allocated to discussion (10–15), motivation is there. Devote 5 minutes at the beginning of class to discussion of current events. Recent relevant current events include the ongoing controversy in the United States about whether free trade agreements such as USMCA or the trade “war” with China and other nations will promote domestic job creation and improved economic prosperity, or whether they send jobs abroad and harm American workers and the overall economy. Depending on the online interface, this activity may be done in chat forums (Blackboard, Canvas) or discussion boards, before class begins. This activity also works well in large lecture classes.

Teaching Suggestions

1. Students find the definitions in this module helpful. Stress that building, understanding, and correctly using the terms associated with international business helps them move toward understanding and being able to articulate IB's complexity. This will assist them in comprehending and being able to perform effectively within a world that is increasingly international in its context and forces.
2. Focusing on the boxed case studies will help students achieve the objectives of the module. A brief discussion of the case studies is provided in this module's Instructor Guide, while the solution, along with teaching suggestions, is available in the **Teaching Note** for each case.
3. The Critical Thinking Questions at the end of the module will help in understanding module content. These topics may be assigned as an outside class assignment. One of the problems in giving textbook questions as outside assignments is that students frequently do not do the assignments and wait for the instructor to give them the answers. Instructors can avoid these problems in several ways: (1) collect assignments at random and assign a grade; (2) occasionally give some of the same questions as a quiz, thus rewarding students who have done their assignments; (3) have students hand in assignments and give credit for work submitted; and (4) call on students at random to answer specific questions (giving a small number of points for correct answers or counting this as part of participation).

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4. Guest lecturers willing to discuss the challenges presented by the rapidly changing aspects of international business, such as by discussing the pace of change in their own industry, are a way to underscore the importance of the information in this module. Possible guests include:
 - Personnel managers who staff the overseas affiliates and international divisions for a local firm to talk about job possibilities.
 - Retired executives who have worked as expatriates.
 - Bankers from the international division of a local bank. Often, they share leads to firms in your area that are engaged in international business.
 - Executives from a local international or multinational company.
 - You might also be able to contact a foreign exchange student in advance and ask them to discuss the nature of their home country and some of the differences that they have observed here.
5. Students tend to be aware marginally of their consumer-level dependence on international business. To arouse their early interest in the importance of this course, we use one or more of the student involvement exercises listed in the following section.
 - Start the course by asking students this question: “If I snapped my finger (snap your finger) and every piece of clothing we are wearing today that was NOT manufactured in the United States disappeared, how we would be dressed?” The obvious answer is “naked.” Then move into a discussion of our dependence on foreign manufactured goods as a segue into your orientation for this course.
 - Hold up a common object such as a lead pencil. Where do the materials come from? Rubber comes from the Far East, the copper and tin from which the brass ferrule is made may come from Chile and Malaysia respectively, and so forth.
 - Ask if anyone in class is influenced by international business. The response is often negative, except for foreign students. This can open up a discussion to show our dependence on imports (smartphones, tablets, laptop computers, Blu-ray, flat screen HDTVs, clothing, food and beverages, cars, etc.), outsourcing, and foreign direct investment. For example, foreign ownership of grocery chains in the United States has grown significantly in recent years (e.g., Trader Joe’s, Stop & Shop, Aldi, Food Lion, Hannaford).

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Connect Tools for Assessment of Learning

Connect Content Matrix

For every module, please refer to the Connect Content Matrix to see what application activities are available and what Learning Objectives they help reinforce/assess.

Title	Assignment Type	Topic(s)	Learning Objective(s)	AACSB Accreditation Tagging	Bloom's Taxonomy
What Is International Business?	Labeling	Why Study International Business?	01-01	Analytical Thinking	Understand
Drivers of Globalization	Multiple Choice	Drivers of Globalization	01-01	Reflective Thinking	Understand
The Globalization Debate	Grouping	The Globalization Debate	01-05	Analytical Thinking	Understand
Growth of International Business	Grouping	What Is Globalization?	01-04	Reflective Thinking	Understand
Is the Future of Globalization in Doubt?	Video Case Multiple Choice	The Globalization Debate; Drivers of Globalization	01-05	Reflective Thinking, Knowledge Application, Analytical Thinking	Remember, Understand
The Growth of Coffee Culture in China	Video Case Multiple Choice	Identify the Kinds of Drivers that are Leading Firms to Internationalize Their Operations	01-01, 01-04	Knowledge Application, Reflective Thinking, Analytical Thinking, Diversity	Understand, Analyze, Evaluate, Apply
Identify the Uncontrollable Forces in the International Environment	Matching	Internal and External Forces	01-01	Analytical Thinking	Analyze
Evolution of International Business	Labeling	History of International Business	01-02	Knowledge Application	Analyze

History of International Business	Grouping	History of International Business	01-02	Analytical Thinking	Understand
International Business Concepts	Grouping	Overview of Foreign Direct Investment; Overview of Importing and Exporting	01-03	Knowledge Application	Understand
Opening Case: Improve Job Opportunities by Getting International Experience	Case Analysis Multiple Choice	How International Experience Improves Career Advancement	01-01	Knowledge Application	Understand, Remember, Apply, Analyze
Closing Mini Case: Are Globalization and Technology Causing Greater Inequality?	Case Analysis Multiple Choice Short Answer	Economic Inequality	01-05	Knowledge Application, Analytical Thinking, Reflective Thinking, Technology	Understand, Analyze, Evaluate, Apply

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Connect Activities

1. What Is International Business?

Activity Summary: In this labeling activity, boxes of general characteristics are matched to the correct international business term.

How to Use Activity: For online and hybrid classes, assign this as part of the module's homework. For an in-person assignment, divide the class into small groups and have them do the assignment as a team. Monitor the team discussions to clarify any confusing terms. Or have students do this individually and then in class discuss any choices that were confusing and why.

2. Drivers of Globalization

Activity Summary: This is a multiple-choice matching activity in which statements about international activities and implications for business are matched to one of the five driving forces of globalization—political, technological, market, cost, or competitive.

How to Use Activity: This can be assigned for homework. For an in-class assignment, divide the class into small groups and have them do the assignment as a team. After the teams have completed the assignment, discuss the answers with the entire class.

3. The Globalization Debate

Activity Summary: This is a grouping activity in which arguments related to globalization are dragged to the corresponding issue. Then students are to indicate whether the argument is for or against globalization.

How to Use Activity: For online and hybrid classes, assign this as part of the module homework. For an in-person assignment, divide the class into small groups and have them do the assignment as a team. Walk around the class to listen to what the teams are discussing and use that to launch into a broader discussion on the topic.

4. Growth of International Business

Activity Summary: In this grouping activity, general characteristics on the left are dragged to the corresponding driver of globalization on the right.

How to Use Activity: This can be assigned as part of the module homework. Have in-person teams complete this during class. After the teams finish the assignment, review and discuss the answers with the entire class.

5. Is the Future of Globalization in Doubt?

Activity Summary: This video case shows a short interview that discusses forces, especially in the United States and the United Kingdom, that are pushing against globalization. Then, they answer one or more multiple-choice questions on the topic.

How to Use Activity: Have students do this individually for online asynchronous courses. For in-person classes, have students do this before class and then discuss the issues related to globalization. Have students vote if they think that globalization will expand or shrink in the next 10 years. Then have students discuss why they voted the way they did.

6. The Growth of Coffee Culture in China

Activity Summary: This video case discusses the growth of coffee culture in China and factors influencing this growth. Then, they answer one or more multiple-choice questions on the topic.

How to Use Activity: Have students do this individually for online asynchronous courses. For in-person classes, have students do this before class and then discuss the issues related to globalization. Have students vote if they think that coffee culture in China will expand or shrink in the next 10 years. Then have students discuss why they voted the way they did.

7. Identify the Uncontrollable Forces in the International Environment

Activity Summary: This is a matching activity in which external (uncontrollable) forces are matched against various business scenarios. Then students are to indicate which uncontrollable forces best match each business scenario.

How to Use Activity: For online and hybrid classes, assign this as part of the module homework. For an in-person assignment, divide the class into small groups and have them do the assignment as a team. Walk around the class to listen to what the teams are discussing and use that to launch into a broader discussion on the topic.

8. Evolution of International Business

Activity Summary: In this labelling activity, elements in the history of international business must be dragged into their correct positions on a historical timeline.

How to Use Activity: This can be assigned as part of the module homework. Have in-person teams complete this during class. After the teams have completed the assignment, discuss the answers with the entire class to help them understand and remember significant events that have shaped international business.

9. History of International Business

Activity Summary: In this grouping activity, elements in the history of international business must be dragged into their correct positions on a historical timeline.

How to Use Activity: This can be assigned as part of the module homework. Have in-person teams complete this during class. After the teams have completed the assignment, discuss the answers with the entire class to help them understand and remember significant events that have shaped international business.

10. International Business Concepts

Activity Summary: In this grouping activity, international business concepts are matched against various business scenarios. Then students are to indicate which international business concepts best match each business scenario.

How to Use Activity: For online and hybrid classes, assign this as part of the module homework. For an in-person assignment, divide the class into small groups and have them do the assignment as a team. Walk around the class to listen to what the teams are discussing and use that to launch into a broader discussion on the topic.

11. Opening Case: Improve Job Opportunities by Getting International Experience

Activity Summary: This case analysis discusses the importance of international experience for career advancement. Then, they answer one or more multiple-choice questions on the topic.

How to Use Activity: Have students do this individually for online asynchronous courses. For in-person classes, have students do this before class and then discuss the issues related to globalization. Have students vote if they think that the importance of international experience for career advancement will expand or shrink in the next 10 years. Then have students discuss why they voted the way they did.

12. Closing Mini Case: Are Globalization and Technology Causing Greater Inequality?

Activity Summary: This case analysis explores the complex relationship between economic inequality, globalization, and technological advancements. Then, they answer one or more multiple-choice or short answer questions on the topic.

How to Use Activity: Have students do this individually for online asynchronous courses. For in-person classes, have students do this before class and then discuss the issues related to globalization, technology, and inequality. Have students vote if they think that inequality will expand or shrink in the next 10 years. Then have students discuss why they voted the way they did.

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