Preface

The global business environment today resonates with the reality of hypercompetition on an unprecedented level. This salient fact provides both incredible business opportunities and challenges that cannot be ignored by business (and governmental) organizations of all types and sizes. Regardless of whether a business is a Multinational Enterprise (MNE) or a Small- and Middle-Sized Enterprise (SME), the effects of contemporary globalism have created a number of issues that must be understood and effectively addressed by corporate leaders and managers worldwide. I will begin by listing some of the major issues in bullet-point form and then provide some integrated detail for them further below. First, in order of importance are selected major challenges facing businesses not necessarily considered on a regular basis that can have a significant, long-term impact on the financial “bottom-line” of firms today:

- Talent Flows and Talent Wars,
- Work-Family Conflict (WFC) and Employee “Burnout,”
- Environmental Concerns,
- Branding (Employer/Product) and Trust,
- Changing Global Demographics,
- National Debt, Inflation, and Wages,
- Corporate Cyber-Espionage,
- Corruption,
- Food and Water Shortages.

Second, the points below are positive matters that can provide unique opportunities and advantages for industry-specific endeavors that will be covered in this handbook:

- Innovation and Creativity,
- Global Market and Product Trends,
- Emerging Markets (Africa, CIVETS, MENA),
- Diversity Management (particularly of Third Culture Individuals),
- Cultural Intelligence (CQ) and Cultural Indoctrination (CI),
- Institutional Entrepreneurship,
- Global 500 Firm “Best Practices,”
- Education and Corporate Training.
Peter Drucker discussed “Five Certainties” in *Management Challenges of the 21st Century* that bear repeating here due to the nature of this publication: 1) collapsing birthrate in the developed world; 2) shifts in distribution of disposable income; 3) changing definition of (corporate) performance; 4) increasing global competition; and 5) growing incongruence between economic globalization and political splintering. These certainties form the foundation of all the points above, and their impact should not be underestimated. Therefore, a long-term perspective is required more than ever before for sustainable business success.

The current and future “Talent Wars” mentioned above are based on changing demographics worldwide in connection with education and training. There is a growing global “skills gap,” which means corporations of all sizes in most parts of the world shall have increasing trouble attracting and retaining (especially skilled) labor over time. This fact shall significantly impact business activity; therefore, firms will need to provide various corporate (re)training and employee retention programs, especially as much of the world population continues to age beyond the traditional retirement age of 65 in many nations, and global “replacement rates” remain low (e.g., Russia). Even nations such as China and India with very high populations face these Talent Wars, so no country or organization should consider itself immune from this reality. Work-Family Conflict (WFC) is connected to Talent Wars and is a primary catalyst for massive Talent Flows in this era of the mobile “Global Knowledge Worker.” Therefore, human resource management departments and managers must consider such issues seriously in WFC-related matters.

Global climate change is very obvious to everyone, so the reader must consider its impact on current and future business operations regardless of the location. Recent examples include the massive (and historic) flooding in the Balkans and the United Kingdom, the prolonged, severely frigid winter in much of the USA, and the extensive melting of the polar icecaps. All of these (un)natural events impact business everywhere in financial and non-financial ways.

Due to global hypercompetition, it is vitally important for companies to develop sustainable branding of their brands as well as corporate identity both domestically and internationally in many cases. While a traditional marketing function, this issue extends beyond this critical business field to include the issue of (public) trust. There are myriad brands today competing with each other for the “hearts and minds” of consumers everywhere, so branding represents both an opportunity and a challenge for business organizations.

Minimum wages, such as the recently proposed US$25 per hour wage in Switzerland (which would be the highest in the world), can negatively affect corporate business opportunities, as can cyber-espionage and corruption. Productivity remains the foundation of sustainable national prosperity, so business leaders who wish to expand into new markets and industries must consider these three realities in connection with the others listed above before embarking on any new projects. After all, multiple countries are competing against each other for limited resources in a so-called “new world order,” which is shifting from the traditional Anglo-American or American-European model to one that more fully encompasses other regions of the world, such as Asia and Latin America.

Within the realm of the seven positive factors listed earlier, four are particularly noteworthy: Innovation and Creativity, Emerging Markets, Diversity Management, and Cultural Intelligence. These are highlighted because I firmly believe they represent the most significant factors, and I have observed in over the 20 years in my private business practice that they are not often included in boardroom considerations, especially in SMEs. Creativity is a key factor behind effective innovation, and organizations embracing diversity management will be the leaders in those two areas since diversity management en-
hances creativity. Cultural Intelligence (CQ) is still an emerging field, which can have a definite impact on the corporate financial “bottom line.” Therefore, its importance cannot be underestimated due to the effects of global hypercompetition. Contemporary globalism highly encourages mobility of labor across cultural and national boundaries, but operating in different cultures is a major obstacle for most people. Therefore, CQ is of particular note as individuals with high CQ levels are more likely than others to engage in the intercultural interactions that all of us face increasingly both at home and abroad. In addition to CQ, executives and managers must consider the emerging academic field of Cultural Indoctrination (CI) with regards to its effects on business operations. More on this topic is covered in one of my other upcoming books, titled *Nationalism, Cultural Indoctrination, and Economic Prosperity in the Digital Age*.

Emerging markets are a self-explanatory topic regarding business opportunities, but I would like to highlight BRICs (Brazil, Russia, India, China), CIVETS (Colombia, Indonesia, Vietnam, Egypt, Turkey, South Africa), and MENA (Middle East and North Africa). These economic blocs form a significant opportunity for companies of all sizes; therefore, it is important for firms to engage in due diligence regarding these regions before starting business operations there. At some point during this century, the economic activity of all of these blocs will converge, resulting in several clear “winners” in the form of particular countries.

Although China, India, and the USA (possibly in that order) are seemingly those most likely to be at the top of that future list as of today, it would be wise to refrain from placing bets on this matter just yet since geopolitical and other factors of contemporary globalism will have extensive effects on the economic fortunes of these and other nations. Examples can include sustained water shortages in India, geopolitical realities of Turkey and the Ukraine, or recent events in Africa. As we have all learned by now, what occurs in a faraway land can (and does) have a lasting effect at home.

Based on the chapter outlines below, the reader will find a wide variety of topics covered, some of which may not be expected in a handbook such as this one. Specific examples from above include the teaching of Third Culture Kids (TCKs) in international schools, Work-Family Conflict (WFC), cultural management in multinational enterprises, and governance practices in Russia. The purpose of including them in this publication is to provide the reader with other aspects of global realities today that can have significant “hidden effects” on business operations. I trust this handbook will provide lasting benefits for sustainable business and job growth in an era of global hypercompetition.

Chapter 1 investigates the determinants of inward Foreign Direct Investment (FDI) in the Vietnamese economy and their connection to the rapid economic growth the country has experienced. Using the concepts drawn from the extant Ownership-Location-Internalization (OLI) paradigm and Institutional-Based View (IBV) literature, and adopting a quantitative research with the application of secondary data analysis, the study found seven significant locational factors determining FDI inflows into the Vietnamese economy, such as business freedom, market size, labor cost, trade freedom level, inflation rate, human capital, and the effectiveness of property rights. Political risk, monetary freedom, corruption, the country’s WTO accession, and the global financial crisis are found to be irrelevant to the inbound investments in the modern economy. A macro-level account and the policy implications are suggested for the promotion of FDI inflows into Vietnam to ensure the country’s continuous and sustainable economic development.

Chapter 2 covers global market trends. As the global market continues to change very rapidly, the key drivers underpinning global market changes include shifts in production and consumption patterns, new technological innovations, new ways of conducting business, and policy changes. Technology is a key driver of these changes, and new technology has tremendously improved transport and communications
anchoring the fast integration of the world into a single market. Trade and Foreign Direct Investment (FDI), together with a greater geographical spread of income growth and opportunity, will further integrate a growing number of countries into more extensive international exchange.

Chapter 3 investigates business opportunities in the geopolitically important nation of Turkey. This chapter outlines 12 disruptive industries that can play a major role in Turkey’s future economic development by providing business and job opportunities from project-based export-import activities. The chapter also covers other important subjects such as human resource management, building global Turkish brands, and education/training. The chapter concludes with some suggestions for future research directions regarding research and development, diversity management, English as a Foreign Language training, and cultural intelligence.

Chapter 4 discusses cultural management within Multinational Enterprises (MNEs). Due to the dynamics in international business, it has become increasingly complex for the MNE to find a balance between worldwide standardisation of operational processes and the usage of local advantages. The foreign subsidiary’s managers and employees are stuck in the middle of environmental requirements, defined by the parent company on the one hand and the local social environment on the other hand. To ensure organizational efficiency in foreign subsidiaries, the rising conflict between corporate and country cultural characteristics can be solved through active cultural management. This chapter describes fundamentals of culture on corporate and country level and deduces a framework for cultural management. Furthermore, strategies are presented to close the gap between a subsidiary’s external requirements and the internal implementation.

Chapter 5 explores the globalization of latecomer Asian multinationals and the theory of multinational enterprises. The fast globalization of latecomer multinationals from Asian emerging economies with impetus has appeared to challenge the established theories of Multinational Enterprise (MNE). This chapter reviews extant theories of MNE and provides areas of refinement and extension to these theories to reflect highly contextualized and unique internal and external conditions of these MNEs. In particular, this chapter provides an analysis of the key theoretical perspectives of MNE and highlights four areas that extend existing theories. These areas include country-of-origin effects, ownership advantages, learning processes, as well as global and industry context for internationalization. These areas of refinement are then illustrated by seven case studies of MNEs from mainland China and Taiwan in their accelerated internationalization and their focus on acquisitive growth strategy in terms of speed of internationalization, target countries, and mode of entry. Based on theoretical perspectives and case studies, this chapter provides implications for managers of MNEs from emerging and advanced economies in the pursuit of their globalization, as well as relevant policymakers.

Chapter 6 provides insights on the dynamics of the space industry, which, despite its remarkable potential, tends to remain an under-studied sector within the field of business studies. By drawing on our existing work on the space industry, this chapter investigates the leveraging of innovative business models in the industry utilizing three case studies. The findings demonstrate that all three companies (Virgin Galactic, Mars One, and Unilever with the Axe/Lynx Apollo campaign) have extensively relied on business model innovation by leveraging specific design elements: content, structure, and governance. The findings highlight that business model innovation is an imperative to operate successfully in the space industry. Furthermore, a wide variety of private actors appear to be particularly resourceful in adopting novel business models that address the involvement of non-space actors and rely on non-space revenues.
Chapter 7 studies International Joint Ventures (IJVs) and leadership. While leading theorists, researchers, and practitioners are currently engaged in the discussion of global leadership, the perspective has been in terms of case studies of multi-country or multi-company approaches. This chapter frames the role of competencies by introducing a new model of shared leadership called the Five Lenses of Shared Leadership. The model uses grounded theoretical foundations to support its components and provides implications for use across various partnership and business relationships. The collaborative structure of an International Joint Venture (IJV) is defined in terms of market share and a competitive advantage. Critical discussion on the development of global leaders, organizational conflicts and culture, and embedded effectiveness across borders and boundaries serves as a methodology for understanding knowledge transfer.

Chapter 8 compares success factors and failure factors of small businesses. In an attempt to determine the relative importance of these factors, the two sets are compared. Thus, each failure factor is related to a corresponding success factor. A discussion of the aspects related to small business success and failure sets the context for the comparison. The relatively more important success factor involves aspects related to administration. Unfortunately, this is the one aspect that most small business owners/managers either lack the skills to perform or the time to allocate to this function. Within the administration, function leadership emerged as a relatively important skill contributing to small business success.

Chapter 9 conceptually explores various types of export promotion programmes offered in sub-Saharan Africa and contributes to literature created by the absence of attention in international business. The global marketplace is much more developed than it was two decades ago, and is indifferent to national borders. Therefore, export promotion programmes are provided by governments in different forms to enhance the development of export growth. Firms in many countries have lost most of their control and capability due to global competitiveness of their national markets. The increasing amalgamation of international markets as well as the growth of global competition necessitates the adoption of export promotion programmes as an imperative strategy in planning international business. This chapter enriches our understanding of EPPs and how public policymakers have expanded export capacity development programmes to impact knowledge in sub-Saharan Africa. The chapter underscores specific EPPs for utilization to improve export performance of firms in foreign markets and provides practical implications for exporters and public policymakers in Africa.

Chapter 10 the effects of work-family conflict on the employees’ attitudes towards their jobs and their behaviours in the workplace within the framework of job stress, job satisfaction, and organizational commitment concepts in the Turkish Pharmaceutical Industry. The data used in this study were obtained by the questionnaire survey method. One of the results of this study reveals that work-family conflict and work to family conflict have positive effects on job stress. However, family to work conflict has no effect on job stress. Secondly, work-family conflict and work to family conflict have positive effects on job satisfaction, while no evidence has been found regarding the effects of family to work conflict on job satisfaction. Thirdly, work-family conflict and work to family conflict have negative effects on organizational commitment while no evidence has been found regarding the effects of work to family conflict on organizational commitment. Only the main findings are presented in the chapter due to a large data set.

Chapter 11 focuses on the role of culture, which increases its effect along with globalization on service failures and improvements. The study is a type of literature review formed by compilation of previous studies in the extant literature. According to the primary findings of such studies, the approach of consumers to service failures and improvements vary depending on their culture. Different
satisfaction levels, re-purchase tendency, word-of-mouth communication and its structure (positive or negative), seeing liable for failure, loyalty, replacement, and emotional response against service failures and improvements are seen between different cultures. The authors expect this study to provide clues to service marketing applications and future studies about the effect of culture.

Chapter 12 considers the institutional environment in Russia, its potential impact upon governance practices, and the attitudes of Russian executives towards the alignment of governance processes relative to international standards. Focusing on corporate board directorship, the research addresses the extent that the harmonization of governance to international standards may assist boards of directors to improve their corporate development. Using a survey questionnaire, the authors explore perceptions of directors of public companies concerning the challenges of corporate governance development in the country. The study illustrates unanimity among the respondents about the reforms needed for international convergence of corporate governance standards. The results reveal that institutional alignment with good governance principles will foster strategic corporate development in the Russian economy. The study offers insights to policymakers in terms of enhancing legitimacy of corporate governance in the Russian context and provides a perspective for executives of foreign companies considering investment in the country.

Chapter 13 studies the effects of national culture on the development of international business in the Sultanate of Oman. The extant business literature often ignores links between national culture and technology development and international business, although in reality all three are interdependent or at least they are characterized by a cyclical codependence and coinfluence. In the modern world, superior technologies enhance economic development, and technology transfer allows many emerging markets to grow significantly as seen in Asia or the Persian Gulf. Simultaneously, different cultures exhibit different levels of technological development, and the Arab world, commonly referred to as the Gulf, has its own unique, yet enthralling culture. Among the Gulf, the Sultanate of Oman occupies a prime position in terms of the economic, social, and developmental strides made in the last three decades. How the Sultanate’s national culture has played a significant role for development of international business is the core of this chapter.

Chapter 14 provides a cultural view of corporate debt financing. This study enhances the growing research field of Cultural Finance by analyzing the relationship between cultural value types—in particular, Autonomy and Embeddedness—and the corporate debt choice of either bank or bond financing. The authors derive their hypotheses from a slight modification and re-interpretation of the Chemmanur and Fulghieri approach of “relationship lending.” Referring to the importance of specific human capital investments and individuals’ future orientation, they show that firms in autonomy cultures tend toward bank finance, whereas firms in embeddedness cultures show a preference for financing by issuing bonds. In a cross-country analysis with 71 countries, the authors find empirical evidence for their established hypotheses.

Chapter 15 presents a study on so-called “Small Islands economies” by investigating loyalty strategies in the telecommunications sector. The extant literature presents antecedents of loyalty into four groups: characteristics of the environment, characteristics of the dyadic relationship, characteristics of the consumer, and consumer perceptions of the relationship with the marketing firm. However, it pays little to no attention to the antecedents of loyalty in small island economies. Prior research on small island economies is heavily focused on cultural, environmental, and macro-economic issues. Thus, the focus of this chapter is to capture antecedents that are cognizant of the distinct market conditions that
potentially impact customer loyalty within the telecommunications sector. It seeks to advance understanding of loyalty in Business-to-Business (B2B) relationships in the context of a small island economy and identify triggers and determinants to convert passively loyal customers into actively loyal customers.

Chapter 16 examines the often-ignored legal issue of eminent domain. All states cherish eminent domain, which is the power to assert dominion over the resources in their territory. How eminent domain is exercised in a region may be used as a test to gauge the attitude of a state to business. Eminent domain also has deeper influence on the economy of a state beyond direct percepts. Invoking eminent domain scintillates social crisis. How a state manages its social crisis marks the difference between continued growth and economic collapse. This chapter anatomizes a few relevant and recent eminent domain developments in the Latin American states of Argentina, Brazil, and Mexico, contrasting it with the scenario in the USA wherever appropriate.

Chapter 17 draws on an exploratory qualitative study of 20 teaching staff at an international school in Singapore to examine the professional development needs of international school teachers in response to the needs of Third Culture Kids (TCKs). It explores what the needs of TCKs are, whether teachers at an international school in Singapore have the skills and competencies to be responsive to these needs, and where gaps in professional development for international schoolteachers may exist. Evidence shows that no professional development training in relation to TCKs is provided specific to the international context in which teachers are employed. Issues that are poorly addressed include staff induction, student transitions and identity issues, language support, pastoral care, and curriculum training. Findings contribute to the educational leadership and management of international schoolteachers by contextualizing professional development as a facet of organizational leadership. This research is salient in informing the professional development agenda for teachers in the international school context, both in Singapore and further afield wherever international schoolteachers may be employed.

Chapter 18 researches strategic global development trends and competitiveness in the world pharmaceutical industry. Globalization is strongly related to increased mobility and competition, and the author states the most important and influential drivers of globalization are transnational or multinational companies. The author also stipulates that the following characteristics are significant for their performance, especially by taking into consideration activities, business strategies, and performances of multinational companies in the world pharmaceutical industry, which the author researches and presents in more detail: multinational pharmaceutical companies have had a strong market position on the most important and strategic world markets with holding of their considerable and major market shares; they globally integrate and connect their business performance, so national identity is no longer important; they have a flexible purchasing management strategy; they have a global network structure of production; they have a global network organisation of research and development activities; and they have built a global marketing organization structure, which supports a dedicated market orientation and a strategic priority focus to global customers.

Chapter 19 researches the marketplace for e-cigarettes. Tobacco companies have long been on the defensive, but a new product, digital vapor cigarettes, offers what seems to be a social compromise: smoke-free smoking or “vaping.” This chapter explains and examines how this controversial product, new to the U.S. and European markets as of 2007, has affected the retail tobacco industry, both reinvigorating its sales and reviving some of its best integrative marketing strategies. The only adversaries strong enough to hinder its success are laws and regulatory action.
Chapter 20 examines eco-innovation enablers and typology in green furniture manufacturing using Indonesia as a case study. Fierce competition has forced firms to be more creative and innovative to increase market share. Differentiating between green products or services with conventional products or services is one of the ways for firms to improve their business sustainability. The objective of this chapter is to explore the eco-innovation enablers and design its typology to measure the current green business practices in industry. Although there are many well-documented enablers or practices of eco-innovation that have been researched, this chapter focuses on practices that contribute towards the successful adoption of eco-innovation by one SME in green furniture manufacturing. This chapter uses the case study method as a source of data collection. Eco-innovation typology has been found in this study to define the effort of green company by looking at the target of eco-innovation versus the mechanism of eco-innovation.

Chapter 21 summarizes the problems faced by hospitals when measuring the costs of healthcare treatments by explaining how an Activity-Based Costing (ABC) framework can be successfully adopted in healthcare settings. After describing the theoretical foundations of cost control and cost management, the chapter continues with the analysis of three real-life applications of ABC in a hospital, drawn from the process analysis and activity-based costing experience developed at the Azienda Ospedaliero-Universitaria (AOU – University Hospital) “Ospedali Riuniti” (Joint Hospitals) of Trieste, Italy. In particular, the cases are about cost measurement in cardiology, odontostomatology, and radiology, and describe the technical solutions applied for computing the costs of selected therapeutic and diagnostic treatments. A particular emphasis is placed on how these measures have been subsequently used by hospital managers and medical personnel in order to gain insights and to improve the efficiency of the processes developed within the organization.

Chapter 22 reviews causes of corruption, including the macro- and micro-level determinants of corruption, such as leadership, management, and organizational culture. Various subjective and objective measures of corruption are discussed. Transparency International’s Corruption Perception Index (CPI) and Heritage Foundation’s Economic Freedom Index (EFI) are reviewed. The World Bank’s Business Environment and Enterprise Performance Survey (BEEPS), Doing Business Indicator (DBI), and World Bank Institute’s Governance Indicator (WBI-GI) are also reviewed, as is the role of global anti-corruption agencies and various instruments. Additionally, the relationship between corruption and foreign domestic investment, economic growth, and economic and political institutions are considered, as are anti-corruption intervention strategies for corruption and business ethics training.

Chapter 23 is a case study of an international business failure due to cross-cultural differences. Since the second half of the 20th century, the dominant trend has been toward the reduction of barriers to international trade. The liberalization of world trade agreements, beginning with formation of the General Agreement on Tariffs and Trade (GATT) in 1945, the creation of regional free trade agreements such as the European Union (EU) and the North American Free Trade Agreement (NAFTA), and the formation of the World Trade Organization (WTO) facilitated a broad transition. Companies expand their operations internationally for different reasons, such as diversifying the risks and uncertainties of the domestic market, securing key supplies, increasing sales, reducing costs, and increasing competitiveness. This chapter explores the failure of a Turkish business in Belgium by asking the research question, Can cultural differences between Belgium and Turkey impact business success?
Chapter 24 examines if non-performing assets alone affect bank performance. The post-crisis period in India witnessed economic slowdown consequent upon economy wide loan default in the infrastructure, real estate, and construction sectors. The asset quality problem of the Indian commercial banks became so acute that many of the weak banks were to be merged with strong banks in the interest of the depositors in order to arrest any contagion effect. The old generation private sector banks in India do not have government patronage or continuing support of the founder communities. This chapter analyzes the key financial ratios of these banks and tries to find out whether nonperforming assets are the sole determinants of the performances of these banks.

Chapter 25 is an empirical case study on the Italian wine cluster examining the relationship between the innovation scope of a firm and its performance. The study is based on empirical research carried out in a sample of 74 firms belonging to the Friuli Wine Cluster located in northeastern Italy. Empirical results support the view that the most successful winemakers are those who have a wider innovation scope and who, in the last years, have considerably revised their innovation-related processes in a more market- and experience-related way.

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