

Contents

<i>List of figures</i>	vi
<i>List of tables</i>	viii
<i>Preface and acknowledgements</i>	ix
1. Models of multinational enterprise: a new research agenda <i>with Peter J. Buckley</i>	1
2. Foreign market entry: a formal extension of internalization theory <i>with Peter J. Buckley</i>	31
3. The boundaries of firms: a global systems perspective	58
4. Bounded rationality, meta-rationality and the theory of international business <i>with Nigel Wadeson</i>	94
5. The organization of the multinational enterprise: an information cost approach	117
6. International joint ventures <i>with Peter J. Buckley</i>	161
7. Real options in international business <i>with Mohamed Azzim Gulamhussen</i>	189
8. Entrepreneurship and the international business system: developing the perspective of Schumpeter and the Austrian school	228
9. Networks in international business	254
10. Conclusion: methodological issues in international business <i>with Sarianna M. Lundan</i>	278
<i>Index</i>	309

Figures

2.1	Twelve entry strategies and their variants	43
3.1	Basic configuration of the system	67
3.2	Four distinctive linkage structures	73
3.3	Feasible triangular relationships	76
3.4	Optimal locational and ownership strategies for the simplified example	83
3.5	Optimal locational and ownership strategies for the full example	85
5.1	Relationship between information costs and transaction costs	121
6.1	Schematic illustration of four IJV configurations generated by the sharing of technology and marketing expertise contributed by two firms	164
6.2	Schematic illustration of IJV configurations 5–9 based on a single shared production facility	167
6.3	Schematic illustration of type 5 IJV as assumed in the formal model	168
6.4	Schematic illustration of a merger in which firm 1 takes over firm 2 and rationalizes R&D, as assumed in the formal model	169
6.5	Schematic illustration of a licensing arrangement as assumed in the formal model	170
6.6	Influence of market size on strategic choice	178
6.7	Influence of the volatility factor on strategic choice	179
6.8	Combined impact of market size and volatility on strategic choice	180
6.9	Impact of cultural heterogeneity, economies of scope and technological uncertainty on strategic choice	182
6.10	Comparative analysis of the international business environment in the 1960s and 1990s	183
7.1	Decision tree for appraisal of option purchase	197
7.2	Graphical solution of the financial option problem	199
7.3	Valuation of a financial option	200
7.4	Option to purchase a real asset with an uncertain future price but known value in use	203
7.5	Decision to defer investment when future demand is uncertain	206

7.6	Advantages of a small-scale reversible initial investment when future demand is uncertain	208
7.7	Role of a small-scale reversible investment for collecting information on demand conditions in a market	210
7.8	An international joint venture as a real option	213
7.9	A hub strategy as a real option	217
7.10	Optimization of production sourcing strategies with randomly varying production costs	222
8.1	Early stages in the evolution of an economic system: the emergence of local markets	237
8.2	The development of inland commerce	238
8.3	Long-distance maritime trade (1100–1350)	240
8.4	Mineral revolution (1560–1640) and oceanic revolution (1660–1760)	241
8.5	Industrial revolution (1780–1850)	242
8.6	Imperialism (1870–1914)	243
8.7	Mass production and manufacturing technology transfer (US 1918–1973; UK 1945–1973)	244
8.8	Globally rationalized production with global learning	245
9.1	Product flow in an international trading system	268
9.2	Information flows for the co-ordination of international trade	269
9.3	International trade: entrepreneurial networks	272

Tables

2.1	Twelve entry strategies and their variants	42
2.2	Costs of alternative strategies compared with the profit norm	44
2.3	Comparative static analysis of the effects of changes in the values of the explanatory variables on the choice between the three dominant strategies	49
2.4	Comparative static analysis of the effects of changes in the values of the explanatory variables on the propensity to adopt each possible entry mode	50
3.1	Factors influencing the components of linkage cost	68
3.2	Cost structure	72
3.3	Example of facilities costs	81
3.4	Example of linkage costs	81
3.5	Overall cost structure of the simplified example	82
3.6	Costs of alternative location strategies	82
5.1	Factors governing market-making in the PC industry	141
5.2	Influence of communication costs on organizational structure	155
6.1	Typology of IJVs according to the kind of knowledge shared	163
6.2	Key determinants of the costs of alternative strategies	171
6.3	Impact of market size and volatility on strategic choice	181
6.4	Impact of key explanatory factor on strategic choice	187
7.1	Classification of options by type of option and type of asset, with examples	194
7.2	Classification of non-tradable real options by source of uncertainty and type of asset, with examples	204
10.1	Summary evaluation of three alternative approaches to analysing international business behaviour in a global context	303