

> Glossary

Absolute advantage principle A country benefits by producing only those products in which it has absolute advantage, or can produce using fewer resources than another country.

Acculturation The process of adjusting and adapting to a culture other than one's own.

Acquisition Direct investment to purchase an existing company or facility.

Adaptation Firm efforts to modify one or more elements of its international marketing program to accommodate specific customer requirements in a particular market.

Advanced economies Post-industrial countries characterized by high per-capita income, highly competitive industries, and well-developed commercial infrastructure.

Agent An intermediary (often an individual or a small firm) that handles orders to buy and sell commodities, products, and services in international business transactions for a commission.

Antidumping duty A tax imposed on products deemed to be dumped and causing injury to producers of competing products in the importing country.

Arbitragers Currency traders who buy and sell the same currency in two or more foreign-exchange markets to take advantage of differences in the currency's exchange rate.

Area studies Factual knowledge of the historical, political, and economic environment of the host country.

Balance of payments The annual accounting of all economic transactions of a nation with all other nations.

Barter A type of countertrade that involves the direct exchange of goods without any money.

Bond A debt instrument that enables the issuer (borrower) to raise capital by promising to repay the principal along with the interest on a specified date (maturity).

Born global firm A young entrepreneurial company that initiates international business activity very early in its evolution, moving rapidly into foreign markets.

Build-operate-transfer (BOT) Arrangement in which the firm or a consortium of firms contracts to build a major facility abroad, operate it for a specified period, and then hand it over to the project sponsor, typically the host-country government or public utility.

Business process outsourcing (BPO) The outsourcing of business functions to independent suppliers, such as accounting, payroll, human resource functions, IT services, customer service, and technical support.

Buy-back agreements A type of countertrade that involves the seller agreeing to supply technology or equipment to con-

struct a facility and receives payment in the form of goods produced by the facility.

Captive sourcing Sourcing from the firm's own production facilities located abroad.

Central bank The monetary authority in each nation that regulates the money supply and credit, issues currency, and manages the exchange rate of the nation's currency.

Codetermination An industrial relations practice where labor representatives sit on the corporate board and participate in company decision making.

Collective bargaining Collective negotiations between management and hourly labor and technical staff regarding wages and working conditions.

Commercial risk Firm's potential loss or failure from poorly developed or executed business strategies, tactics, or procedures.

Common market A stage of regional integration in which trade barriers are reduced or removed, common external barriers are established, and products, services, and factors of production are allowed to move freely among the member countries.

Company-owned subsidiary A representative office of the exporter that handles marketing, physical distribution, promotion, and customer service activities in the local market.

Company sales potential An estimate of the share of annual industry sales that the firm expects to generate in a particular target market.

Comparative advantage Superior features of a country that provide it with unique benefits in global competition typically derived from either natural endowments or deliberate national policies.

Comparative advantage principle It can be beneficial for two countries to trade without barriers as long as one is more efficient at producing goods or services needed by the other. What matters is not the absolute cost of production, but rather the relative efficiency with which a country can produce the product.

Compensation deals A type of countertrade that involves payment both in goods and cash.

Competitive advantage Distinctive assets or competencies of a firm—typically derived from cost, size, or innovation strengths—that are difficult for competitors to replicate or imitate.

Configuration of value-adding activity The pattern or geographic arrangement of locations where the firm carries out value-chain activities.

Consolidation The process of combining and integrating the financial results of foreign subsidiaries into the financial statements of the parent firm.

Consortium A project-based, nonequity venture with multiple partners fulfilling a large-scale project.

Contagion The tendency of a financial or monetary crisis in one country to spread rapidly to others due to ongoing financial integration worldwide.

Contract manufacturing An arrangement in which the focal firm contracts with an independent supplier to manufacture products according to well-defined specifications.

Contractual entry strategies in international business Cross-border exchanges where the relationship between the focal firm and its foreign partner is governed by an explicit contract.

Corporate social responsibility (CSR) Operating a business in a manner that meets or exceeds the ethical, legal, commercial, and public expectations of stakeholders (customers, shareholders, employees, and communities).

Counterpurchase A type of countertrade that involves two distinct contracts. In the first contract, the seller agrees to sell its product at a set price and receives cash payment from the buyer. This first deal is contingent on a second contract wherein the seller also agrees to purchase goods from the buyer for the total monetary amount or a set percentage of same.

Countertrade An international business transaction where all or partial payments are made in kind rather than cash.

Countervailing duty A duty imposed on products imported into a country to offset subsidies given to producers or exporters in the exporting country.

Country risk Potentially adverse effects on company operations and profitability caused by developments in the political, legal, and economic environment in a foreign country.

Critical incident analysis (CIA) An analytical method for analyzing awkward situations in cross-cultural interactions by developing empathy for other points of view.

Cross-border contractual relationships Cross-border exchanges where the relationship between the focal firm and its foreign partner is governed by an explicit contract.

Cross-cultural awareness Ability to interact effectively and appropriately with people from different language and cultural backgrounds.

Cross-cultural risk A situation or event where a cultural miscommunication puts some human value at stake.

Cross-licensing agreement A type of project-based, usually nonequity venture where partners agree to access licensed technology developed by the other, on preferential terms.

Cultural intelligence The capability of an employee to function effectively in situations characterized by cultural diversity.

Cultural metaphor A distinctive tradition or institution strongly associated with a particular society.

Culture The learned, shared, and enduring orientation patterns in a society. People demonstrate their culture through values, ideas, attitudes, behaviors, and symbols.

Culture shock The confusion and anxiety, often akin to mental depression, that can result from living in a foreign culture for an extended period.

Currency control Restrictions on the outflow of hard currency from a country, or the inflow of foreign currencies.

Currency option A contract that gives the purchaser the right, but not the obligation, to buy a certain amount of foreign currency at a set exchange rate within a specified amount of time.

Currency risk Risk that arises from changes in the price of one currency relative to another.

Currency swap An agreement to exchange one currency for another, according to a specified schedule.

Current rate method Translation of foreign currency balance sheet and income statements at the current exchange rate—the spot exchange rate in effect on the day, or for the period when the statements are prepared.

Customs Checkpoints at the ports of entry in each country where government officials inspect imported products and levy tariffs.

Customs brokers Specialist enterprises that arrange clearance of products through customs on behalf of importing firms.

Customs union A stage of regional integration in which the member countries agree to adopt common tariff and nontariff barriers on imports from nonmember countries.

Debt financing The borrowing of money from banks or other financial intermediaries, or selling of corporate bonds to individuals or institutions to raise capital.

Devaluation Government action to reduce the official value of its currency, relative to other currencies.

Developing economies Low-income countries characterized by limited industrialization and stagnant economies.

Direct Exporting Exporting that is accomplished by contracting with intermediaries located in the foreign market.

Direct quote The number of units of the domestic currency needed to acquire one unit of the foreign currency (also known as the *normal* or *American quote*).

Distribution channel intermediary A specialist firm that provides a variety of logistics and marketing services for focal firms as part of the international supply chain, both in the home country and abroad.

Documentation Official forms and other paperwork required for export sales to transport goods and clear customs.

Dumping Pricing exported products at less than their normal value, generally for less than their price in the domestic or third-country markets, or at less than production cost.

Economic exposure The currency risk that results from exchange rate fluctuations affecting the pricing of products, the cost of inputs, and the value of foreign investments.

Economic union A stage of regional integration in which member countries enjoy all the advantages of early stages, but also strive to have common fiscal and monetary policies.

Emerging markets Subset of former developing economies that have achieved substantial industrialization, modernization, and rapid economic growth since the 1980s.

Equity financing The issuance of shares of stock to raise capital from investors and the use of retained earnings.

Equity joint venture A type of partnership in which a separate firm is created through the investment or pooling of assets by two or more parent firms that gain joint ownership of the new legal entity.

Equity participation Acquisition of partial ownership in an existing firm.

Ethnocentric orientation Using our own culture as the standard for judging other cultures.

Eurobond A bond sold outside the issuer's home country and denominated in its own currency.

Eurocurrency Any currency deposited in a bank outside its country of origin.

Eurodollars U.S. dollars held in banks outside the United States, including foreign branches of U.S. banks.

Exchange rate The price of one currency expressed in terms of another. It is the number of units of one currency that can be exchanged for another.

Expatriate An employee who is assigned to work and reside in a foreign country for an extended period, usually a year or longer.

Expatriate failure The premature return of an employee from an international assignment.

Export control A government measure intended to manage or prevent the export of certain products or trade with certain countries.

Export department A unit within the firm charged with managing the firm's export operations.

Exporting The strategy of producing products or services in one country (often the producer's home country), and selling and distributing them to customers located in other countries.

Export management company (EMC) An intermediary that acts as an export agent on behalf of a (usually inexperienced) client company.

Extraterritoriality Application of home-country laws to persons or conduct outside of national borders.

Facilitator A firm or an individual with special expertise in legal advice, banking, customs clearance, or related support services, that assists focal firms in the performance of international business transactions.

Family conglomerate A large, privately-owned company that is highly diversified.

Focal firm The initiator of an international business transaction, including MNEs and SMEs, that conceives, designs, and produces the offerings intended for consumption by customers worldwide.

Foreign bond A bond sold outside the issuer's country and denominated in the currency of the country in which it is issued.

Foreign direct investment (FDI) An internationalization strategy in which the firm establishes a physical presence abroad through acquisition of productive assets such as capital, technology, labor, land, plant, and equipment.

Foreign distributor A foreign market-based intermediary that works under contract for an exporter, takes title to, and distributes the exporter's products in a national market or territory, often performing marketing functions such as sales, promotion, and after-sales service.

Foreign exchange All forms of money that are traded internationally, including foreign currencies, bank deposits, checks, and electronic transfers.

Foreign exchange market The global marketplace for buying and selling national currencies.

Foreign trade zone (FTZ) An area within a country that receives imported goods for assembly or other processing, and re-export. For customs purposes, the FTZ is treated as if it is outside the country's borders.

Forward contract A financial instrument to buy or sell a currency at an agreed-upon exchange rate at the initiation of the contract for future delivery and settlement.

Forward rate The exchange rate applicable to the collection or delivery of a foreign currency at some future date but at a rate specified at the time of the initial transaction.

Franchising Arrangement whereby the focal firm allows another the right to use an entire business system in exchange for fees, royalties, or other forms of compensation.

Franchisor A firm that grants another the right to use an entire business system in exchange for fees, royalties, or other forms of compensation.

Freight forwarder A specialized logistics service provider that arranges international shipping on behalf of exporting firms, much like a travel agent for cargo.

Free trade Relative absence of restrictions to the flow of goods and services between nations.

Free trade agreement A formal arrangement between two or more countries to reduce or eliminate tariffs, quotas, and barriers to trade in products and services.

Free trade area A stage of regional integration in which member countries agree to eliminate tariffs and other barriers to trade in products and services within the bloc.

Fronting loan A loan between the parent and its subsidiary, channeled through a large bank or other financial intermediary.

Functional division An arrangement in which decision making and management of the firm's international operations are organized by functional activity (such as production and marketing).

Futures contract An agreement to buy or sell a currency in exchange for another at a prespecified price and on a prespecified date.

Geocentric orientation A global mindset where the manager is able to understand a business or market without regard to country boundaries.

Geographic area division An organizational design in which control and decision making is decentralized to the level of individual geographic regions, whose managers are responsible for operations within their region.

Global account management (GAM) Servicing a key global customer in a consistent and standardized manner, regardless of where in the world it operates.

Global bond market The international marketplace in which bonds are bought and sold, primarily through banks and stockbrokers.

Global brand A brand whose positioning, advertising strategy, look, and personality are standardized worldwide.

Global capital market The collective financial markets where firms and governments raise intermediate-term and long-term financing.

Global equity market The worldwide market of funds for equity financing—the stock exchanges throughout the world where investors and firms meet to buy and sell shares of stock.

Global financial system The collective of financial institutions that facilitate and regulate investment and capital flows worldwide, such as central banks, commercial banks, and national stock exchanges.

Global industry An industry where competition is on a regional or worldwide scale.

Global integration Coordination of the firm's value-chain activities across countries to achieve worldwide efficiency, synergy, and cross-fertilization in order to take maximum advantage of similarities between countries.

Globalization of markets Ongoing economic integration and growing interdependency of countries worldwide.

Global marketing strategy A plan of action that guides the firm in how to position itself and its offerings in foreign markets, which customer segments to pursue, and the degree to which its marketing program elements should be standardized and adapted.

Global market opportunity Favorable combination of circumstances, locations, or timing that offers prospects for exporting, investing, sourcing, or partnering in foreign markets.

Global market segment A group of customers that share common characteristics across many national markets.

Global matrix structure An arrangement that blends the geographic area, product, and functional structures in an attempt to leverage the benefits of a purely global strategy and maximize global organizational learning while remaining responsive to local needs.

Global mindset Openness to, and awareness of, diversity across cultures.

Global money market The collective financial markets where firms and governments raise short-term financing.

Global sourcing The strategy of buying products and services from sources located abroad for use at home. Also referred to as importing, global procurement, or global purchasing.

Global strategy An approach where headquarters seeks substantial control over its country operations in an effort to minimize redundancy and achieve maximum efficiency, learning, and integration worldwide.

Global supply chain The firm's integrated network of sourcing, production, and distribution, organized on a world scale and located in countries where competitive advantage can be maximized.

Global talent pool A searchable database of employees, profiling their international skill sets and potential for supporting the firm's global aspirations.

Global team An internationally distributed group of people with a specific mandate to make or implement decisions that are international in scope.

Gray market activity Legal importation of genuine products into a country by intermediaries other than authorized distributors (also known as parallel imports).

Greenfield investment Direct investment to build a new manufacturing, marketing, or administrative facility, as opposed to acquiring existing facilities.

Hedgers Currency traders who seek to minimize the risk of exchange rate fluctuations, often by buying forwards or similar financial instruments.

Hedging Using financial instruments and other measures to reduce or eliminate exposure to currency risk.

High-context culture A culture that emphasizes nonverbal messages and views communication as a means to promote smooth, harmonious relationships.

Home replication strategy An approach in which the firm views international business as separate from and secondary to its domestic business.

Horizontal integration An arrangement whereby the firm owns, or seeks to own, the activities involved in a single stage of its value chain.

Host-country national (HCN) An employee who is a citizen of the country where the MNE subsidiary or affiliate is located.

Idiom An expression whose symbolic meaning is different from its literal meaning.

Import license Government authorization granted to a firm for importation of a product.

Importing or Global sourcing Buying of products and services from foreign sources and bringing them into the home market. Also referred to as global sourcing, global procurement, or global purchasing.

Incoterms Universally accepted terms of sale that specify how the buyer and the seller share the cost of freight and insurance in an international transaction, and at which point the buyer takes title to the goods.

Indirect exporting Exporting that is accomplished by contracting with intermediaries located in the firm's home market.

Indirect quote The number of units of the foreign currency obtained for one unit of the domestic currency (also known as the *reciprocal* or *European/Continental terms*).

Individualism versus collectivism Describes whether a person functions primarily as an individual or within a group.

Industrial cluster A concentration of businesses, suppliers, and supporting firms in the same industry at a particular location, characterized by a critical mass of human talent, capital, or other factor endowments.

Industry-market potential An estimate of the likely sales that can be expected for all firms in the particular industry for a specified period of time.

Infringement of intellectual property Unauthorized use, publication, or reproduction of products or services that are supported by a patent, copyright, trademark, or other intellectual property rights.

Intellectual property Ideas or works created by people or firms, such as patents, trademarks, and copyrights.

Intellectual property rights The legal claim through which the proprietary assets of firms and individuals are protected from unauthorized use by other parties.

International business Performance of trade and investment activities by firms across national borders.

International collaborative venture Cross-border business alliance where partnering firms pool their resources and share costs and risks of the new venture. Also referred to as an international partnership or international strategic alliance.

International division structure An organizational design in which all international activities are centralized within one division in the firm, separate from domestic units.

International human resource management (IHRM) The planning, selection, training, employment, and evaluation of employees for international operations.

International investment The transfer of assets to another country or the acquisition of assets in that country.

International Monetary Fund (IMF) An international agency that aims to stabilize currencies by monitoring the foreign exchange systems of member countries, and lending money to developing economies.

International monetary system Institutional framework, rules, and procedures by which national currencies are exchanged for each other.

International portfolio investment Passive ownership of foreign securities such as stocks and bonds for the purpose of generating financial returns.

International price escalation The problem of end-user prices reaching exorbitant levels in the export market caused by multilayered distribution channels, intermediary margins, tariffs, and other international customer costs.

Internalization theory An explanation of the process by which firms acquire and retain one or more value-chain activities "inside" the firm, minimizing the disadvantages of dealing with external partners and allowing for greater control over foreign operations.

International trade Exchange of products and services across national borders, typically through exporting and importing.

Intracorporate financing Funds provided from sources inside the firm (both the headquarters and subsidiaries) such as equity, loans, and trade credits.

Investment incentive Transfer payment or tax concession made directly to foreign firms to entice them to invest in the country.

Joint venture A form of collaboration between two or more firms to create a jointly owned enterprise.

Joint venture partner A focal firm that creates and jointly owns a new legal entity through equity investment or pooling of assets.

Know-how agreement Contract in which the focal firm provides technological or management knowledge about how to design, manufacture, or deliver a product or a service.

Legal system A system for interpreting and enforcing laws.

Letter of credit Contract between the banks of a buyer and a seller that ensures payment from the buyer to the seller upon receiving an export shipment.

Licensing Arrangement where the owner of intellectual property grants a firm the right to use that property for a specified period of time in exchange for royalties or other compensation.

Licensor A firm that enters a contractual agreement with a foreign partner that allows the latter the right to use certain intellectual property for a specified period of time in exchange for royalties or other compensation.

Local responsiveness Meeting the specific needs of buyers in individual countries.

Logistics service provider A transportation specialist that arranges for physical distribution and storage of products on behalf of focal firms, also controlling information between the point of origin and the point of consumption.

Long-term versus short-term orientation Denotes the degree to which people and organizations defer gratification to achieve long-term success.

Low-context culture A culture that relies on elaborate verbal explanations, putting much emphasis on spoken words.

Management contract Arrangement in which a contractor supplies managerial know-how to operate a hotel, airport, or other facility in exchange for compensation.

Manufacturer's representative An intermediary contracted by the exporter to represent and sell its merchandise or services in a designated country or territory.

Maquiladoras Export-assembly plants in northern Mexico along the U.S. border that produce components and typically finished products destined for the United States.

Masculinity versus femininity Refers to a society's orientation, based on traditional male and female values. Masculine cultures tend to value competitiveness, assertiveness, ambition, and the accumulation of wealth. Feminine cultures emphasize nurturing roles, interdependence among people, and taking care of less fortunate people.

Master franchise Arrangement in which an independent company is licensed to establish, develop, and manage the entire franchising network in its market and has the right to

subfranchise to other franchisees, thus assuming the role of local franchisor.

Mercantilism The belief that national prosperity is the result of a positive balance of trade, achieved by maximizing exports and minimizing imports.

Merger A special type of acquisition in which two firms join to form a new, larger firm.

Monetary intervention The buying and selling of government securities by a central bank to maintain the exchange rate of a country's currency at some acceptable level.

Monochronic A rigid orientation to time, in which the individual is focused on schedules, punctuality, and time as a resource.

Multidomestic industry An industry where competition takes place on a country-by-country basis.

Multidomestic strategy An approach to firm internationalization where headquarters delegates considerable autonomy to each country manager, allowing him or her to operate independently and pursue local responsiveness.

Multilateral Development Banks (MDBs): International financial institutions owned by multiple governments within world regions or other groups.

Multilateral netting Strategic reduction of cash transfers within the MNE family through the elimination of offsetting cash flows.

Multinational enterprise (MNE) A large company with substantial resources that performs various business activities through a network of subsidiaries and affiliates located in multiple countries.

National industrial policy A proactive economic development plan initiated by the public sector, often in collaboration with the private sector, that aims to develop or support particular industries within the nation.

New global challengers Top firms from rapidly developing emerging markets that are fast becoming key contenders in world markets.

Nontariff trade barrier A government policy, regulation, or procedure that impedes trade through means other than explicit tariffs.

Offshoring The relocation of a business process or entire manufacturing facility to a foreign country.

Organizational culture The pattern of shared values, norms of behavior, systems, policies, and procedures that employees learn and adopt.

Organizational processes Managerial routines, behaviors, and mechanisms that allow the firm to function as intended.

Organizational structure Reporting relationships inside the firm that specify the linkages between people, functions, and processes.

Outsourcing The procurement of selected value-adding activities, including production of intermediate goods or finished products, from independent suppliers.

Parent-country national (PCN) An employee who is a citizen of the country where the MNE is headquartered.

Performance appraisal The formal process of assessing how effectively employees perform their jobs.

Political system A set of formal institutions that constitute a government.

Polycentric orientation A host-country mindset where the manager develops a greater affinity with the country in which she or he conducts business.

Polychronic A flexible, nonlinear orientation to time, in which the individual takes a long-term perspective and is capable of attending to multiple tasks simultaneously.

Power distance Describes how a society deals with the inequalities in power that exist among people.

Practical information Knowledge and skills necessary to function effectively in a country, including housing, health care, education, and daily living.

Privatization Transfer of state-owned industries to private concerns.

Product division An arrangement in which decision making and management of the firm's international operations is organized by major product line.

Project-based, nonequity venture A collaboration in which the partners create a project with a relatively narrow scope and a well-defined timetable, without creating a new legal entity.

Project-based, nonequity venture partners Focal firms that collaborate through a project, with a relatively narrow scope and a well-defined timetable, without creating a new legal entity.

Protectionism National economic policies designed to restrict free trade and protect domestic industries from foreign competition.

Quota A quantitative restriction placed on imports of a specific product over a specified period of time.

Regional economic integration The growing economic interdependence that results when two or more countries within a geographic region form an alliance aimed at reducing barriers to trade and investment.

Regional economic integration bloc A geographic area consisting of two or more countries that have agreed to pursue economic integration by reducing barriers to the cross-border flow of products, services, capital, and, in more advanced states, labor.

Repatriation The return of the expatriate to his or her home country following the completion of a lengthy foreign assignment.

Royalty A fee paid periodically to compensate a licensor for the temporary use of its intellectual property; often based on a percentage of gross sales generated from using the licensed asset.

Rule of law The existence of a legal system where rules are clear, publicly disclosed, fairly enforced, and widely respected by individuals, organizations, and the government.

Self-reference criterion The tendency to view other cultures through the lens of one's own culture.

Small and Medium-sized Enterprise (SME) A company with 500 or fewer employees in the United States, although this number may need to be adjusted downward for other countries.

Socialization The process of learning the rules and behavioral patterns appropriate to one's given society.

Special Drawing Right (SDR) A unit of account or a reserve asset, a type of "currency" used by central banks to supplement their existing reserves in transactions with the IMF.

Speculators Currency traders who seek profits by investing in currencies with the expectation that they will rise in value in the future.

Spot rate The exchange rate applicable to the trading of foreign currencies in which the current rate of exchange is used and delivery is considered immediate.

Standardization Firm efforts to make its marketing program elements uniform, with a view to targeting entire regions of countries, or even the global marketplace, with a similar product or service.

Stereotype Generalization about a group of people that may or may not be factual, often overlooking real, deeper differences.

Strategy A plan of action that channels an organization's resources so that it can effectively differentiate itself from competitors and accomplish unique and viable goals.

Strategy in the international context A plan for the organization to position itself positively from its competitors and configure its value-adding activities on a global scale.

Subsidy Monetary or other resources a government grants to a firm or group of firms, usually intended to ensure their survival by facilitating the production and marketing of products at reduced prices or to encourage exports.

Tariff A tax imposed on imported products, effectively increasing the cost of acquisition for the customer.

Tax haven A country hospitable to business and inward investment because of its low corporate income taxes.

Temporal method Translation of foreign currency balance sheet and income statements at an exchange rate that varies with the underlying method of valuation.

Tenders Formal offers made by a buyer to purchase certain products or services.

Third-country national (TCN) An employee who is a citizen of a country other than the home or host country.

Trade deficit The amount by which a nation's imports exceed its exports for a specific period of time.

Trade surplus The amount by which a nation's exports exceed its imports for a specific period of time.

Trading company An intermediary that engages in import and export of a variety of commodities, products, and services.

Transaction exposure The currency risk that firms face when outstanding accounts receivable or payable are denominated in foreign currencies.

Translation exposure The currency risk that results when an MNE translates financial statements denominated in a foreign currency into the functional currency of the parent firm, as part of consolidating international financial results.

Transfer pricing The practice of pricing intermediate or finished products exchanged among the subsidiaries and affiliates of the same corporate family located in different countries.

Transition economies Subset of emerging markets that have transformed from centrally planned economies into liberalized markets.

Transnational strategy A coordinated approach to internationalization in which the firm strives to be more responsive to local needs while retaining sufficient central control of operations to ensure efficiency and learning.

Transparency The degree to which companies regularly reveal substantial information about their financial condition and accounting practices.

Turnkey contracting Arrangement in which the focal firm or a consortium of firms plan, finance, organize, manage, and implement all phases of a project abroad and then hand it over to a foreign customer after training local personnel.

Turnkey contractors Focal firms or a consortium of firms that plans, finances, organizes, manages, and implements all phases of a project and then hands it over to a foreign customer after training local personnel.

Uncertainty avoidance The extent to which people can tolerate risk and uncertainty in their lives.

Value chain The sequence of value-adding activities performed by the firm in the process of developing, producing, marketing, and servicing a product.

Vertical integration An arrangement whereby the firm owns, or seeks to own, "multiple" stages of a value chain for producing, selling, and delivering a product or service.

Visionary leadership Senior human capital in an organization that provides the strategic guidance necessary to manage efficiency, flexibility, and learning in an internationalizing firm.

Wholly-owned direct investment A foreign direct investment in which the investor fully owns the foreign assets.

World Bank An international agency that provides loans and technical assistance to low and middle-income countries with the goal of reducing poverty.

World Trade Organization (WTO) A multilateral governing body empowered to regulate international trade and investment.

