

Chapter 1

economies of scale	A production condition where an increase in the quantity of the product results in a decrease of the production cost per unit.
economies of scope	The reduction in cost per unit as the firm spreads its total costs (production, marketing, and R & D) over a larger number of brands, product lines, or target markets.
foreign direct investment	Capital funds that flow from abroad; company is held by non-citizens; foreign ownership is typically undertaken for longer-term participation in an economic activity.
global marketing	The planning, coordination, and integration of marketing activities across multiple country markets.
globalization	The increased integration of the world's economies.
glocal marketing	A strategic orientation that reflects the need for balance between global marketing, with its focus on standardization, and local marketing, with its focus on adaptation to country differences.
international marketing	The process of planning and conducting transactions across national borders to create exchanges that satisfy the objectives of individuals and organizations.
marketspace	The virtual marketplace where buyers and sellers transact online.
multi-domestic marketing	A strategic orientation in which a firm develops and implements a unique marketing strategy for each country in which it does business with little or no coordination of operations between countries.
strategic alliance	A special form of joint venture consisting of an arrangement between two or more companies with a common business objective; more than the traditional customer/vendor relationship, but less than an outright acquisition.
triad	The megamarkets of North America, Europe, and the Asia-Pacific region.

Chapter 2

absolute advantage	An economic principle stating that a country should specialize in the production of that which it can produce more efficiently than its prospective trading partners and should trade with those countries for all other products it wishes to consume.
ad valorem tariff	A tax on an imported product that is imposed by a domestic government and assessed as a percentage of its market value.
autarky	A term used to describe the absence of international trade.
balance of payments	An accounting statement that summarizes economic transactions between one country and other countries with which it does business.
balance of trade	A term used to describe the difference between a country's exports and imports.
bilateral negotiations	Trade agreements carried out mainly between two nations.
comparative advantage	An economic principle that states that a country should specialize in the production and export of products it can produce relatively more efficiently and import all other products; according to this principle, a country still benefits from international trade even when it does not have an absolute advantage.
compound tariffs	Tariffs that have both ad valorem and specific components.
country similarity theory	A theory that states that countries should be expected to trade most intensely with other countries with similar levels of per capita income and less intensely with countries with dissimilar levels of per capita income; also known as the Linder theory.
embargo	Governmental action that terminates the free flow of trade in goods, services, or ideas; imposed for adversarial and political purposes.
export promotion	Measures such as subsidies, trade missions, and the provision of foreign market intelligence, introduced to enhance exporting activity at the company, industry, or national level.
export tariff	A tax imposed by the domestic government on a product that is being exported.
foreign trade	Geographic areas in a country within which foreign companies receive preferential

zones	treatment of their imported raw materials and exports of their finished products.
import tariffs	A tax imposed by the domestic government on a product that is being imported.
labour theory of value	An economic principle that states that commodities should be valued in terms of the amount of labour embodied in their production.
Leontief statistic	The metric $(K/L)_m/(K/L)_x$, where $(K/L)_x$ is the capital-to-labour ratio for exports and $(K/L)_m$ is the capital-to-labour ratio for imports.
maquiladora	A Mexican plant that makes goods and parts or processes food for export to the United States.
mercantilism	An economic doctrine that holds that a nation's wealth is measured by its stock of precious metals (specie).
monopolistic competition	A market structure under which firms produce differentiated products and consumer brand loyalty is possible.
multilateral negotiations	Trade agreements carried out among a number of nations.
new trade theory	A theory of international trade that is based on the concepts of monopolistic competition and economies of scale.
non-tariff barriers	Barriers to trade that are more subtle than tariff barriers; for example, these barriers may be government or private-sector "buy domestic" campaigns, preferential treatment of domestic bidders over foreign bidders, or the establishment of standards that are not common to foreign goods or services.
own intensity preference	The proposition that a country has a preference for products that are produced with the factor that is most abundant in that country.
protectionism	Measures adopted by national governments to unduly restrict trade and foreign investment.
quota	A quantitative restriction on the volume of a product that can be imported into a country over a specified time period; a form of non-tariff barrier used by countries to restrict free trade and protect domestic industries.
special drawing rights	An international reserve asset introduced by the IMF in 1969.
specie-flow mechanism	An economic principle that states that the accumulation of specie (stock of precious metals) by one country via a trade surplus will lead to an increase in the money supply and force an increase in wages and prices.
specific tariff	A product tax that is imposed by a domestic government and assessed as a dollar amount added to the market value of each unit of the product which enters, leaves, or is transshipped through the country.
tariff	An import control mechanism that raises prices through the placement of a tax.
trade deficits	Occur when a country imports more goods and services than it exports.
transit tariff	A tax imposed by a domestic government on a product that is being transshipped from one country to another.
zero-sum game	A situation in which one party must lose in order for another to win.

Chapter 3

acculturation	Adjusting and adapting to a specific culture other than one's own.
area studies	Environmental briefings and cultural orientation programs; factual preparation for living or working in another culture.
change agent	The introduction into a culture of new products, ideas, or practices that may lead to changes in consumption.
consumer ethnocentric	The notion that buying foreign products is unpatriotic, or even morally wrong
cultural controls	Informal rules and regulations that are the result of shared beliefs and expectations among the members of an organization. See also bureaucratic controls.
cultural convergence	The growing similarity of attitudes and behaviours across cultures.

cultural diversity	The wide range of unique cultures in countries around the world.
cultural knowledge	Broad, multifaceted knowledge acquired through living in a certain culture.
cultural literacy	The acquisition of detailed knowledge of the culture of the target market that enables a person to function effectively in that culture.
cultural universals	Characteristics common to all cultures, such as body adornments, courtship, etiquette, family gestures, joking, mealtimes, music, personal names, status differentiation, and so on.
culture	An integrated system of learned behaviour patterns that are distinguishing characteristics of members of any given society.
encultured	A situation in which a person has learned the "right" way to function in a particular culture.
experiential knowledge	Knowledge acquired only by being involved in a culture other than one's own.
factual information	Objective knowledge of a culture obtained from others through communication, research, and education.
field experience	The placement of a trainee in a different cultural environment for a limited time; for example, the trainee lives with a host family of the nationality to which the trainee will be assigned.
high context cultures	Cultures in which the context is at least as important as what is actually said; for example, Japan and Saudi Arabia have cultures in which what is not said can carry more meaning than what is said.
interpretive knowledge	Knowledge that requires comprehensive fact finding and preparation, as well as an ability to appreciate the nuances of different cultural traits and patterns.
low context cultures	Cultures in which most information is contained explicitly in words; for example, North American cultures.
reference groups	Persons or groups that significantly influence an individual's attitude and behaviour.
self-reference criterion	The unconscious reference to one's own cultural values in comparison to other cultures.
sensitivity training	An approach based on the assumption that understanding and accepting oneself is critical to understanding a person from another culture.
social stratification	The division of a particular population into classes.
translation?back-translation	Reducing problems in the wording of questions by translating the question into a foreign language and having a second translator return the foreign text to the researcher's native language.

Chapter 4

common market	Goods and services, including labour, capital, and technology, are freely exchanged among member countries; restrictions are removed on immigration and cross-border investment; member countries adopt common trade policies with non-members.
customs union	Nation members of customs unions agree to set aside trade barriers and also establish common trade policies with non-member nations.
debt problem	Developing countries can be burdened with loans from international sources or other countries, which can crush a nation's buying power and force imports down and exports up to meet interest payments.
economic union	Integration of economic policies among member countries; monetary policies, taxation, and government spending are harmonized.
European Union	Effective January 1, 1994; formed by the ratification of the Maastricht Treaty; set the foundation for economic and monetary union among member countries and the establishment of a common currency, the euro.
factor mobility	The loosening of restrictions on the trade of capital, labour, and technology among nations.
Fortress Europe	Term expressing the fear that unified European nations will raise barriers to trade with other nations, including setting rules about domestic content and restricting imports.

free trade area	The least restrictive and loosest form of economic integration among nations; goods and services are freely traded among member countries.
Free Trade Area of the Americas (FTAA)	A proposed free trade zone reaching from Point Barrow, Alaska, to Patagonia.
Group of Five	Five industrialized nations regarded as economic superpowers: the United States, Britain, France, Germany, and Japan.
Group of Seven	Seven industrialized nations regarded as economic superpowers: the United States, Britain, France, Germany, Japan, Italy, and Canada.
Group of Ten	Ten industrialized nations regarded as economic superpowers: the United States, Britain, France, Germany, Japan, Italy, Canada, the Netherlands, Belgium, and Sweden.
household	All the persons, both related and unrelated, who occupy a housing unit.
import substitution	A policy that requires a nation to produce goods that were formerly imported.
inflation	The increase in consumer prices compared with a previous period.
Physical Quality of Life Index (PQLI)	A composite measure of the level of welfare in a country, including life expectancy, infant mortality, and adult literacy rates.
political union	Unification of policies among member nations and establishment of common institutions.
purchasing power parities (PPPs)	A measure of how many units of currency are needed in one country to buy the amount of goods and services that one unit of currency will buy in another country.
Single European Act	Ratified in 1987 by 12 European countries to free the exchange of goods, services, capital, and people among member countries.
urbanization	Descriptions of urbanization range from densely populated cities to built-up areas to small towns with proclaimed legal limits.

Chapter 5

anti-dumping laws	Laws prohibiting below-cost sales of products.
boycotts	Refusing to purchase from or trade with a company because of political or ideological differences.
code law	A comprehensive set of written statutes; countries with code law try to spell out all possible legal rules explicitly; based on Roman law and found in a majority of nations.
common law	Based on tradition; depends less on written statutes and codes than on precedent and custom.
confiscation	Transfer of ownership from a foreign firm to the host country without compensation to the owner.
domestication	Gaining control over the assets of a foreign firm by demanding partial transfer of ownership and management responsibility to the host country.
dual-use items	Goods that are useful for both military and civilian purposes.
embargo	Governmental action that terminates the free flow of trade in goods, services, or ideas; imposed for adversarial and political purposes.
export control systems	Governmental policy designed to deny or at least delay the acquisition of strategically important goods by adversaries.
export embargo	A government action that prohibits the export of goods and services to a specific country or group of countries for political rather than economic reasons.
expropriation	Seizure of foreign assets by a government with payment of compensation to the owners.
functional lubrication	Bribes that are not imposed by individual greed, but that serve to "grease the wheels" of bureaucratic processes; amounts tend to be small, the "express fee" is standardized, and the money is passed along to the party in charge of processing a document.
grey-market goods	Goods that enter the marketplace through distribution channels uncontrolled by the goods' producers or in ways not desired by the goods' manufacturers.

intellectual property rights	Safeguarding rights by providing the originators of an idea or process with a proprietary compensation, at least, in order to encourage quick dissemination of innovations.
operating risk	Exposing ongoing operations of a firm to political risk in another nation.
over-invest	In the initial acquisition process, buying more land, space, and equipment than is needed immediately to accommodate future growth.
ownership risk	Exposing property and life to political risk in another nation.
political risk	The risk of loss when investing in a given country caused by changes in the country's political structure or policies, such as tax laws, tariffs, expropriation of assets, or restriction in repatriation of profits; a factor beyond the control of an exporter or importer; for example, a foreign buyer may be willing to pay, but the local government may delay methods of payment.
price controls	Government regulations that set maximum or minimum prices; governmental imposition of limits on price changes.
quota systems	Control of imports through quantitative restraints.
theocracy	A legal perspective that holds faith and belief as its key focus and is a mix of societal, legal, and spiritual guidelines.
trade sanctions	Governmental actions that inhibit the free flow of trade in goods, services, or ideas, imposed for adversarial and political purposes.
transfer risk	Exposing the transfer of funds to political risk across international borders.