

**Book review**

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## INTERNATIONAL BUSINESS: COMPETING IN THE GLOBAL MARKETPLACE

Hill, C. W. L. (2014). Maidenhead, Berkshire, UK: McGraw-Hill Education  
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Over the past three decades, there have been fundamental changes in the world economy. The process of globalization, supported by the development of information and communication technologies and the reduction in trade barriers between countries, has led to the relativization of the importance of geographical and cultural distances in global terms. In the circumstances of intensifying the integration processes of the economies of different countries, many companies find opportunities for the improvement and development of their business activities in international markets through the internationalization of business.

In the book titled: *International Business: Competing in the Global Marketplace* by Charles W. L. Hill (professor at the University of Washington, the United States) the theoretical background is integrated with empirical aspects, providing an insight into the complex nature of international business done in the competitive

global market. The purpose of the book is to present the way international companies operate in the global economy in a comprehensive way and through a logical sequence of thematic units. It is intended for both students and the scientific and professional community that might be interested in the presented issues. The book consists of six parts, and each part is organized in several chapters.

The first part of the book, titled: *Introduction to International Business* (pp. 3-35), presents the contemporary trends and significant changes in the global economy enterprises are faced with in the international market. The chapter is entirely devoted to the process of globalization that has influenced the development of interconnection relations and the interdependence of international markets within the system of the world economy. Additionally, it emphasizes that a company's involvement in international business includes a number of potential benefits as well as many challenges and an increased complexity of performing business operations in various international markets.

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The second part of the book, titled: *Factors and Diversity of the National Business Environments* (pp. 36-157), includes four chapters. The first chapter examines the differences between countries in terms of the existing political, economic and legal systems as well as the potential benefits and risks that these differences generate. Another subject of the analysis is the relationship between the economic and political systems of countries, underlining the importance of establishing democracy and a market economy as the main determinants of economic development. A separate chapter describes the influence of the elements of culture such as the language, the religion and education on various aspects of the business operations of international companies and emphasizes the importance of understanding cross-cultural differences in achieving a business success. Furthermore, the sources and nature of ethical issues in international business are analyzed as well as different philosophical approaches to business ethics and actions that companies can undertake in order to have these questions taken into account when making business decisions.

The third part of the book, titled: *World Trade and Investment Environment* (pp. 158-293), shows the historical development of the world trade and analyzes the current trends in terms of international capital flows. The first chapter explores the motives that countries have for being involved in the world trade system, highlighting the impact that global free trade has on raising the level of their economic well-being. The detailed explanations of the world trade theories (Theory of A. Smith, D. Ricardo and Heckscher-Ohlin Theorem) provide a basis for understanding the benefits that countries may obtain for participating in international trade. The further analysis describes the reality of the world economy and trade, which significantly differs from the previously mentioned theoretical principles due to a number of the restrictive measures applied by countries in order to protect their domestic economies (such as tariffs and quotas). The theories of foreign direct investment as well as the current trends in their movement are analyzed in the third chapter, with puts an emphasis on the positive and negative effects achieved in both the host country and the country of origin of investments.

The last chapter presents different levels of regional economic integrations, paying special attention to the characteristics, structure and functioning of the most important regional integrations in the world, such as the European Union (EU), the North American Free Trade Agreement (NAFTA), the Association of Southeast Asian Nations (ASEAN) and others.

The fourth part, titled: *The Global Monetary System* (pp. 294-377), explains the monetary framework in which international business takes place. In the first chapter, the focus is on the foreign exchange market and its functions, which are reflected in enabling the conversion of the world currencies as well as in reducing the risk of conducting international business transactions. The international monetary system is the subject of the research in the next chapter, which presents its historical development and the institutions that have the biggest importance in the regulation of this system (the International Monetary Fund – IMF and the International Bank for Reconstruction and Development – IBRD). The last segment of this part of the book is devoted to the international capital market, which had a significant growth rate in the previous period due to the application of sophisticated information technology.

The fifth part of the book is titled: *Strategy and Organization of International Business* (pp. 378-487). In this part, which consists of three chapters, the focus of the analysis is shifted from the business environment to the enterprise level and the ways of establishing and managing international business activities are discussed. The first chapter presents the basic strategies companies can implement in order to achieve a competitive advantage in the international market and create a value for their shareholders. Moreover, the different forms of the organizational structures of multinational and global companies are explained, which enables the implementation of the defined strategy, highlighting the necessity of complementarity between the strategy and the organizational structure. The strategies and modes for entering international markets which are available for companies to use (for example, export, licensing or joint ventures) are the subject of the research in the last chapter of this part, which also includes a comparative

analysis of advantages and disadvantages along with the effects of these strategies.

The sixth and last part of the book, which is titled: *International Business Functions* (pp. 488- 635), consists of five chapters and its focus narrows further on investigating business functions. At the beginning of this part, a detailed explanation of the companies' export activities as well as the measures by which states provide assistance to local companies in order to increase their export are presented. Decisions on the organization of production, outsourcing and logistics considered at the global level, which are the subject of the analysis in the next chapter, are one of the key factors for gaining a competitive advantage and have a much higher level of complexity in an international company, comparing to a domestic one. The impact of the globalization process on the marketing function in international companies is described in the process of creating strategies through decisions on the product, pricing, promotion and distribution in international markets. Human resource management has strategic importance in international business, but also contains a number of challenges arising when performing activities such as a selection, training and designing compensation packages mainly because of employees with various cultural backgrounds as well as because of the many regulations that must be adhered to in different countries. The accounting and financial aspects of business doing are discussed in the last chapter of the book, with an emphasis on the differences in national accounting standards and

the way in which investment decisions are affected by various fiscal and tax regulations of countries.

Considering the current process of globalization and the necessity for companies to participate in modern international business trends in order to achieve growth and development, it can be concluded that the content of the book is relevant, contemporary and applicable in practice. The author's scientific and academic achievements, including the papers he has published in the *Academy of Management Review* and the *Academy of Management Journal*, as well as his cooperation with many international companies (Microsoft, Boeing, AT&T), indicate his scientific and professional competence, in the field of international business. The book has many practical examples as well as the case studies of the real business situations, which are set at the beginning of each chapter and intended to facilitate our understanding of the analyzed concepts. In addition, the book abounds with statistical data and tabulations and the online interactive publications, which are available, complement the content of the book.

In the analysis of the problems of international business, the author applies a primarily descriptive approach in presenting the current situation, the most important segments and trends of international business, omitting a critical review of the importance of relations between the elements of this complex system as well as the ways to overcome numerous problem situations that may arise due to companies' involvement in the international business.

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