

Section 1: Participants in International Business

- 1. *The focal firm*** – initiator of IB transaction, including MNEs and SMEs
- 2. *Distribution channel intermediary*** – specialist firm providing logistics and marketing services in the international supply chain
- 3. *Facilitator*** – a firm providing special expertise in legal advice, banking, customs clearance, market research, and similar areas

The MNE as a Focal Firm

- **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.
- In addition to a home office, an MNE owns a worldwide network of subsidiaries.
- **Examples-** Caterpillar, Kodak, Nokia, Samsung, Unilever, Citibank, Vodafone, DHL
- **Examples of *Fortune's* Global 500-** Exxon Mobil, Royal Dutch Shell, BP, General Motors, DaimlerChrysler, Toyota, Ford, and Wal-Mart.

The MNE as a Focal Firm

- A Multinational Enterprise (MNE) is a large organization with a network of production plants, regional headquarters, and country subsidiaries in numerous countries.
- Examples include: Nestlé, Sony, Unilever, Nokia, Ford, Citibank, ABB, and Shell Oil.
- Some MNEs in countries like China and Russia may be state owned.

The SME as a Focal Firm

- A Small and Medium-Sized Enterprise (SME) is a relatively small player in its respective industry (in the U.S., those with 500 employees or less).
- SMEs can be more flexible and quicker to respond to international opportunities.
- As limited resources often prevent them from engaging in FDI, SMEs internationalize via exporting, joint ventures, and contractual arrangements