

**Peking University
HSBC Business School**

INTERNATIONAL MANAGEMENT

Instructor: Kevin Chastagner	Session: Module 3: Feb 25 th -Apr 28 th
Office: C332	Location and Times: Tu+Fr 13:30-15:20
Email: kchastagner@phbs.pku.edu.cn	

Course overview/ Description:

The process of globalization induces managers – even of smaller firms – to expand their strategic horizons beyond national borders. This course on International Business provides students with an understanding of the operations of multinational enterprises (MNEs) and the interaction of their activities with national and international contexts. It focuses on the nature and structure of international operations of MNEs, the impact that the complexity of the international business environment has on MNE strategy and operations. At the end of the course, students should be able to analyze and explain the strategies, structures and impact of multinational firms from a managerial perspective.

This course will blend the theoretical and research groundings necessary for academia and a Masters of Management along with providing practical knowledge and background for application. The key for this course is integration.

Teaching Methods:

This course will utilize multiple styles of teaching. Class will meet twice a week for two hours and will consist of lecture, discussion, and case analysis. This class will be both academically challenging and practical as we work to discuss “real-world” issues. In the first session we will cover the importance of case analyses and what it means for this course.

Discussion is the most important aspect of this class and each student will need to come prepared to discuss the materials for that day. This requires each student to be fully prepared for each course. All of the materials of this class will need to be integrated together in order to gain the most from the class.

Required Texts:

Cullen and Parboteeah. Multinational Management. 4th Ed. - A copy of the textbook can be found in the main office (C113).

Harvard Business Cases – These may be purchased through the following link:

<https://cb.hbsp.harvard.edu/cbmp/access/18181222>

Articles – These can all be found online through various resources. Ones not through the library or scholar.google.com have the link provided.

The background text is intended to provide basic information. The cases and articles should be studied carefully, particularly in terms of their practical relevance. Understanding the substance

of the arguments and contribution, assumptions and limitations is more important than the methodological aspects of rigorous academic analysis for this course (i.e., students will not be tested on the statistical techniques used in the articles). However, for the purpose of your thesis you may want to pay attention to where the authors get their data and the ways they analyze it.

Coursework/Grading:

Typed work only will be accepted.

Cases: There are two work requirements for the cases in this course.

First, for every case, except the case you present, you will need to submit a two-page case brief. The analysis should be no longer than two pages, single space, in length and should simply address the questions associated with the case. Questions are provided in each session where there is a case. These case reports will be graded as ‘high pass’, ‘pass’, ‘low pass’, and ‘fail’. They will be graded based on how well the questions are answered and the level of thought shown through this. All cases are due at the session that the case is discussed and are an individual assignment.

Second, you will be assigned to a team in the second week of class. As a team you will need to prep a case that will be assigned to you for presentation. Your group will need to prepare a multimedia presentation for your peers that provides them with an overview, analysis, recommendation, and implementation for the case. You will have 30 minutes to present with 15 minutes of Q&A. Your overview should simply highlight what issues are faced by the organization. This is the easiest section to do but needs to be the smallest section of the presentation. In your analysis you should provide an evaluation of the internal and external factors that may influence the situation. This should be an integration of the information provided in the case. Your recommendations should extend from your analysis and provide a clear “fix” to the issue you mean to fix. Finally, your implementation should give some ideas to the recommendation that can be made actionable to the organization. Both the instructor and the students will evaluate the presentation. Peer evaluations will be conducted at the end of the module.

Strategy Assignment: As a part of your team you will be expected to analyze the international strategy of a corporation and provide a write up of their strategy. The final write up will be turned in at the end of the course. An assignment sheet will be provided when teams are formed.

Articles: For each class you will be asked to turn in a maximum of one page in response to the questions listed for the article set for that day. These will be graded as “pass/fail” and are an individual assignment. This does not mean that if you do it you will get a passing credit for it. Passing grades will be given to students who thoughtfully integrate concepts from class and the other readings to answer the questions provided. Keep in mind the goal of these is discussion and that a passing grade would show enough thoughtfulness to provide the class with a meaningful discussion.

Participation: As discussion is a central part of this course you must participate in order to do well in the class. The amount and quality of your contributions will be tracked in the course and will factor into your participation grade. The instructor will evaluate your willingness to participate, your listening and feedback, the thoughtfulness of your comments, and your peer

interaction.

Grade Breakdown:

Final Exam 25%

Team Case Assignment 20%

Team Strategy Assignment 25%

Case Briefs 10%

Participation 20%

Late Work: Late work will not be accepted as it is used as a preparation for the in class discussion.

Cheating: Cheating, plagiarizing, and any other forms of dishonesty will not be tolerated in this class. Materials and ideas that you use which belong to others must be cited. Cheating will be dealt with by the instructor in the harshest way possible and will be referred to the school for punishment in line with the student handbook.

Course Schedule:

This is a general guide as the schedule may change at any time. Notification will be given of any changes. If you miss a class it is your responsibility to talk to your classmates about any assignments or schedule changes.

**CLASS 1
Tuesday Feb 26**

Introduction

- 1) Review Syllabus
- 2) Cases
- 3) Get to know you assignment

**CLASS 2
Friday March 1**

Multinational Management

Text: Chapter 1

Articles:

- 1) Ghemawat, "Why the world isn't flat," *Foreign Policy*, 2007
- 2) Porter, 1990, The competitive advantage of nations, *Harvard Business Review*, 68(2): 73-93
- 3) 'More pain than gain' *The Economist*, September 14, 2006
<http://www.economist.com/node/7878071>

Please turn in 1 single spaced page

How do these articles relate or what are one or two central issues to all three of them?

CLASS 3
Tuesday March 5

Culture

Text: Chapter 2

Articles:

- 1) Slangen, A. 2006. National cultural distance and initial foreign acquisition performance: The moderating effect of integration. *Journal of World Business*, 41, 161-170.
- 2) Reus, T.H., & Lamont, B.T. 2009. The double-edged sword of cultural distance in international acquisitions. *Journal of International Business Studies*, 40, 1298-1316.

Please turn in 1 single spaced page

How do these articles relate? How are they different?

CLASS 4
Friday March 8

Case 1 Culture

Nora-Sakari: A Proposed JV in Malaysia

Questions:

1. Why have the negotiations so far failed to result in an agreement? Is the formation of the JV between Nora and Sakari the best option for both companies to achieve their respective objectives?
2. As Zainal, what would you do to ensure that Nora fulfills the TMB contract?
3. If Zainal decides to renegotiate (and assuming that Kuusisto agreed), how should he restructure the terms of the deal?

Article:

Chakrabarti, R., Gupta-Mukherjee, S., & Jayaraman, N. 2009. Mars-Venus marriages: Culture and cross-border M&A. *Journal of International Business Studies*, 40, 216-236.

Please turn in 1 single spaced page

How does this work fit with the last two articles? What is next for this area?

CLASS 5
Tuesday March 12

Institutions

Text: Chapter 3

Articles:

- 1) Zaheer, Overcoming the liability of foreignness. *Academy of Management Journal*, 1995, 38, 341-161.
- 2) Oil, politics, and corruption, *The Economist*, September 18, 2008
<http://www.economist.com/node/12080765>

Please turn in 1 single spaced page

What is the practical managerial application of these two articles?

CLASS 6
Friday March 15

Case 2 Institutions

Chery Automobile Company: Evolution of the Chinese Automotive Industry

Questions:

1. Can Chery improve car quality to enter the North American and European small-car market? If so, how can it achieve this goal? If not, why?
2. Where does Chery's future lie as an automobile producer in the Chinese market, the developing world or in North America and Europe? Would a combination of market entry into all of these markets be too much for Chery within the next ten years, assuming the goal is to be a sizable, rather than a token, presence?
3. Is GM correct in pursuing Chery over copyright violations?

Article:

Bremmer, I. 2005. Managing Risk in an Unstable World. *Harvard Business Review*, June.

Please turn in 1 single spaced page

Do you think firms from emerging or developed economies are better able to do business in international non-developed economies? Why?

CLASS 7
Tuesday March 19

International Strategy

Text: Chapter 5

Articles:

- 1) Ghemawat, P. (2003) 'Semiglobalization and International Business Strategy', *Journal of International Business Studies*, **34**(2): 138-152.
- 2) Rugman and Verbeke (2004) 'A Perspective on Regional and Global Strategies of Multinational Enterprises', *Journal of International Business Studies*, **35**(1): 3

Please turn in 1 single spaced page

How do these two related but distinct papers fit together? What is the story they tell?

CLASS 8
Friday March 22

Case 3 International Strategy

Haier: Taking a Chinese Company Global

Questions:

1. Why was Haier so successful in China?
2. Was Haier's decision to globalize into developed markets early on a good strategy?
3. Can Haier build on its success in niche products to become a dominant global brand in high-end white goods?
4. Is Haier's "three thirds" strategy a viable or wise approach?

Article:

Lu, J.W., & Beamish, P.W. 2004. International diversification and firm performance: The s-curve hypothesis. *Academy of Management Journal*, 47, 598-609.

Please turn in 1 single spaced page

If you are a manager in a domestic firm looking to go international, what does this paper mean to you?

CLASS 9
Tuesday March 26

Multinational and Participation Strategies

Text: Chapter 6

Articles:

- 1) Kogut, B. and H. Singh (1988) 'The Effect of National Culture on the Choice of Entry Mode', *Journal of International Business Studies*, **19**(3): xx
- 2) Zhao, H., Luo, T., & Suh, T. 2004. Transaction cost determinates and ownership-based entry mode choice: A meta-analytical review. *Journal of International Business Studies*, 35, 524-544.

Please turn in 1 single spaced page

Using the findings of both of these studies, summarize the main drivers of the choice of entry mode.

CLASS 10
Friday March 29

Case 4 Multinational and Participation Strategies

Electrosteel Castings Limited

Questions:

1. What are the key success factors for Electrosteel? Is international expansion a good idea?
2. What is your evaluation of the opportunities to expand into either Vietnam or France? How do the alternatives compare?
3. As Das, what is your recommendation going forward? How would you implement your plan?

Outline of Strategy Assignment Due!

Come to class prepared to meet with another group and to discuss what you are going to be doing.

CLASS 11
Tuesday April 2

Small Business and International Entrepreneurship

Text: Chapter 7

Articles:

- 1) Ding, Y., Nowak, E., & Zhang, H. 2008. Foreign vs. domestic listing: An entrepreneurial decision. *Journal of Business Venturing*.
- 2) Sapienza, H.J., De Clercq, D., & Sandberg, W.R. 2005. Antecedents of international and domestic learning effort. *Journal of Business Venturing*.

Please turn in 1 single spaced page

Summarize the two articles.

CLASS 12
Tuesday April 9

Case 5 Small Business and International Entrepreneurship

International Entrepreneurship at Infusion

Questions:

1. Describe the international entrepreneurship that has taken place in Infusion.
2. How can Infusion remain nimble and innovative enough to compete on the back of constantly emerging technology, despite its maturing organizational structure?
3. How can Infusion ensure opportunities for staff to engage in entrepreneurship and pursue rapid personal growth?
4. What path forward would you recommend to Infusion?

Article:

Acs, Z.J., Morck, R., Shaver, J.M., & Yeung, B. 1997. The internationalization of small and medium-sized enterprises: A policy perspective. *Small Business Economics*, 9, 7-20.

Please turn in 1 single spaced page

Why do small firms differ from large firms in terms of their strategic options?

CLASS 13
****Wednesday April 10****

Organizational Designs

Text: Chapter 8

Articles:

- 1) Harzing, A-W (2000) 'An Empirical Test and Extension of the Bartlett and Ghoshal Typology of Multinational Companies', *Journal of International Business Studies*, **31**(1): 101-120
- 2) Gupta, A.K., & Govindarajan, V. 1991. Knowledge flows and the structure of control within multinational corporations. *The Academy of Management Review*, 16, 768-792.

Please turn in 1 single spaced page

Summarize the internal and external issues associated with organizational design.

CLASS 14
Friday April 12

Case 6 Organizational Designs

Mattel and the Toy Recalls (A) and (B) – Focus on (A) while using (B) for more background

Questions:

1. What are the characteristics of the toy industry and how do they affect toy making?
2. What challenges do toy companies face in managing offshoring?
3. What are Mattel's key strengths? What is the nature of the product quality problem faced by Mattel? What organizational practices of Mattel contributed to the problem?
4. What can Mattel do to enhance product quality?
5. Which toys should be recalled? What should the recall strategy be?

Article:

Enright, M.J., & Subramanian, V. 2007. An organizing framework for MNC subsidiary typologies. *Management International Review*, 47, 895-924.

Please turn in 1 single spaced page

Explain why the identification of typologies in subsidiaries is so complex.

CLASS 15
Tuesday April 16

Alliances

Text: Chapter 9

Articles:

- 1) Hamel, G. 1991. Competition for competence and inter-partner learning within international strategic alliances. *Strategic Management Journal*, 12, 83-103.
- 2) Fang, E., & Zou, S. 2010. The effects of absorptive capacity and joint learning on the instability of international joint ventures in emerging economies. *Journal of International Business Studies*, 41, 906-924.

Please turn in 1 single spaced page

How do these two papers overlap?

CLASS 16
Friday April 19

Case 7 Alliances

Fiat's Strategic Alliance with Tata

Questions:

1. What is Fiat's current situation in India?
2. What is the business opportunity in India? Do you think that Fiat needs a partner?
3. Do you think Fiat and Tata make for good partners? Compare the Fiat-GM relationship with the Fiat-Tata relationship.
4. Is the business case convincing for the joint venture? Back your answer up with a financial analysis. You can pull values and make assumptions for a NPV.
5. How would you assess the negotiation process between Fiat and Tata?
6. What would you recommend for the alliance to be successful?

Article:

Hitt, M.A., Ahlstrom, D., Dacin, M.T., Levitas, E., & Svobodina, L. 2004. The institutional effects on strategic alliance partner selection in transition economies: China vs. Russia. *Organization Science*, 15, 173-185.

Please turn in 1 single spaced page

What are the implications of this work if you are a manager looking for a partner outside of what the paper discusses?

CLASS 17
Tuesday April 23

Ethics and Social Responsibility

Text: Chapter 4

Articles:

- 1) Carroll Archie B. Managing ethically with global stakeholders: A present and future challenge *Academy of Management Executive*, 2004, Vol. 18, No. 2
- 2) Chih, H.L., Chih, H.H., & Chen, T.Y. 2009. On the determinates of corporate social responsibility: International evidence on the financial industry. *Journal of Business Ethics*, 93, 115-135.

Please turn in 1 single spaced page

Why do firms take part in CSR?

CLASS 18
Friday April 26

Case 8 Ethics and Social Responsibility

Royal Dutch/Shell in Nigeria (A) - HBS No. 399-126

Questions:

1. Why has Shell become the subject of criticism and controversy?
2. During its time in Nigeria, what, if anything, should Shell have done differently?
3. What is your appraisal of Shell's stated business principle of noninvolvement in political matters?
4. As Brian Andersen, what would you recommend to Shell's Committee of Managing Directors regarding the death sentence for Saro-Wiwa and his co-defendants? What, if anything, would you do personally about this matter?
5. What advice would you give Shell's leadership going forward? What the about the liquefied natural gas projects?

Speech:

Bill Gates' 2008 speech to the World Economic Forum, Davos, Switzerland

<http://www.microsoft.com/en-us/news/exec/billg/speeches/2008/01-24wefdavos.aspx>

Please turn in 1 single spaced page

Can capitalism and philanthropy work together to solve the problems of this world?

FINAL EXAM
TBA

Note: This course was designed by Dr. Kevin Chastagner with help from the syllabi of Dr. Jane W. Lu, Dr. John Cullen, Dr. Riikka M. Sarala, and Dr. H. Kevin Steensma.

To Be Turned in During the First Class

Your full name (with Pinyin)

The name you prefer to be called

Your hometown

Your previous work experience

Your international experience

Your educational and career goals

Other information you would like for me to know about you

I have read and I understand this syllabus. I understand that as a discussion based course this class requires a large amount of work. I understand that if I have any questions or concerns I may contact the instructor by the email listed on the first page of the syllabus.

Name

Signature

Date