

**Peking University
HSBC Business School**

INTERNATIONAL MANAGEMENT

Instructor: Kevin Chastagner	Session: Module 1: Sep 1 st – Nov 12 th
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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:

Morschett, Schramm-Klein, and Zentes (2010) Strategic International Management. Text and Cases. 2nd Ed. Gabler.

Harvard Business Cases – These may be purchased from Harvard Business School Publishing

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 address the questions associated with the case. Questions are provided in each session where there is a case. 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 for this 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 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 cover the main issues of the case. First, you should 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 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:

Team Case Assignment 25%
Team Strategy Assignment 30%
Case Briefs 15%
Articles 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. Notice will be given of any changes.

CLASS 1 – Introduction to the Course 1/1**Introduction**

- 1) Review Syllabus
- 2) Get to know you assignment
 Myself
 Students
- 3) What is International Business? What does this mean to you?
- 4) Cases

CLASS 2 – Multinational Corporations and Internationalization 1/4**Multinational Corporations**

Text: Chapter 1, Pg. 9

Case: Corning International

Questions:

1. What are the problems facing Forest Behm and Corning International?
2. How do you evaluate the organizational changes Behm made in response to those problems? Why have they failed?
3. What should Behm do now (apart from hire consultants)?

First Case Discussion:

1. Any questions about the case?
2. Go through case
3. Expectations for future cases

CLASS 3 – Multinational Corporations and Internationalization 2/4

Integration and Responsiveness

Text: Chapter 2, Pg. 29

Article:

Teece, D.J. 2014 A dynamic capabilities-based entrepreneurial theory of the multinational enterprise. *Journal of International Business Studies*, 45: 8-37.

Questions:

1. What are dynamic capabilities?
2. How is this different from past theories looking at the MNE?
3. Explain the processes, positions, and paths?
4. What are the implications of this work?

CLASS 4 – Multinational Corporations and Internationalization 3/4

Foreign Subsidiaries and Role Typologies

Text: Chapter 3, Pg. 51

Case: P&G Japan

Questions:

1. As Paolo DeCesare, what factors do you need to consider before deciding what to recommend in your SK-II presentation to the global leadership team (GLT)? What kind of analysis will you need to do in preparing for that meeting?
2. Does SK-II have the potential to become a global brand within Procter & Gamble's worldwide operations? Why or why not?
3. Which of the three market options should Paolo DeCesare recommend to the GLT? What benefits do you expect to gain? What risks do you see?
4. How should he implement your recommended option? What are the implications for P&G's new post-2005 organization? What support and/or resistance do you expect? How will you manage it?

CLASS 5 – Multinational Corporations and Internationalization 4/4

Internationalization

Text: Chapter 4, Pg. 71

Articles:

Ghemawat, P. (2003) 'Semiglobalization and International Business Strategy', *Journal of International Business Studies*, 34(2): 138-152.

Ghemawat, "Why the world isn't flat," *Foreign Policy*, 2007

Questions:

1. What sticks out to you in these two articles?
2. What is something that you didn't expect?
3. What are the implications of these two articles for business?

CLASS 6 – The External environment 1/3

Market Barriers, Global, and Regional Integration

Text: Chapter 5, Pg. 95

Case: 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?

CLASS 7 – The External environment 2/3

Competitive Advantage of Nations and Regional Clusters

Text: Chapter 6, Pg. 113

Articles:

Porter, 1990, The competitive advantage of nations, Harvard Business Review, 68(2): 73-93

Questions:

1. Why is this article central to the ideas of international management?
2. Explain the diamond (4-factor) model. How can this be used?

CLASS 8 - The External environment 3/3

National Culture

Text: Chapter 7, Pg. 133

Articles:

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.

Questions:

1. Please discuss other ways that culture can have an impact on a firm, outside of the ways this article mentions.
2. What is cultural distance? How does the authors measure of this work?

CLASS 9 – Coordination Mechanisms and Organizational Structure 1/2
Formal and Informal Coordination Mechanisms

Text: Chapter 8, Pg. 157

Case:

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?

CLASS 10 – Coordination Mechanisms and Organizational Structure 2/2
Organizational Structures

Text: Chapter 9, Pg. 181

Articles:

Heywood, S., & Katz, R. 2011. Structuring your organization to meet global aspirations. McKinsey.

Questions:

1. What should firms do with regard to the structure of their organization for global strategy?

CLASS 11 – Operation Modes 1/2

Basic Types of Operation Modes

Text: Chapter 12, Pg. 241

Articles:

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.

Questions:

1. Please discuss what external factors influence entry mode choice.
2. Please also discuss how these factors may change the entry mode choice.

CLASS 12 – Operation Modes 2/2

Buying, Outsourcing, and Offshoring

Text: Chapter 13, Pg. 261

Article:

McCarthy, I., & Anagnostou, A. 2004. The impact of outsourcing on the transaction costs and boundaries of manufacturing. *International Journal of Production Economics*, 88: 61-71.

Questions:

1. What about the nation that the function is outsourced to? How do you think outsourcing impacts them?
2. Provide an example that supports your view.

CLASS 13 – Alliances and Investment 1/2

International Alliances

Text: Chapter 14, Pg. 279

Case 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?

CLASS 14 – Alliances and Investment 2/2

Greenfields and M&A

Text: Chapter 15, Pg. 301

Articles:

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.

Questions:

1. What would your recommendation be for a firm that is looking for M&A's in China?

CLASS 15 – Value Chain and Internationalization 1/2

Production and Sourcing

Text: Chapter 16, Pg. 323

Case: 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 Vietnam or France?
3. As Das, what is your recommendation going forward? How would you implement your plan?

CLASS 16 – Value Chain and Internationalization 2/2

R&D

Text: Chapter 17, Pg. 347

Articles:

Lacity, M.C., and Willcocks, L.P. 2013. Outsourcing business processes for innovation. *MIT Sloan Management Review*, 54(3): 63-69.

Questions:

1. Name two problems that you think may arise while trying to implement these ideas.
2. What would you suggest to deal with these problems?

CLASS 17 – Value Chain and Internationalization 3/3

Marketing

Text: Chapter 18, Pg. 365

Case: Best Buy

Questions:

1. What are the conceptual underpinnings of a dual-brand strategy?
2. What did Best Buy learn from its experience with dual-brand strategy in Canada?
3. How does the Best Buy situation in China differ from its situation in Canada?
4. Does a dual-brand strategy provide Best Buy with a core competitive advantage as it expands into new global markets?

CLASS 18 – Summary and Conclusion 1/1

Summaries of course

Takeaways from course

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>

Questions:

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