MGMT 3274: International Business Processes and Problems

Professor Nicholas J. Bailey
Tel: (801) 628-8648
Email: nicholas.bailey@grad.moore.sc.edu

Fridays
Sec 02: 10am-12:45pm COED 06
Sec 01: 2pm-4:45pm COLVD 4123
Office hours: By appointment

This course is designed as an introduction to the study of global business. In the first half of the class, we examine contemporary debates over the political, social and economic consequences of the globalization of markets and industries. The debate topics for each class are presented at the end of the syllabus, and students should come to class prepared for a debate. In the second half of the class, we analyze and debate the responses of multinational enterprises to the challenges of globalization. We focus on global strategic management, introducing you to frameworks regarding industry globalization potential, national competitive advantage, entry modes, and sequential expansion abroad. We will conclude with a discussion on non-market strategy. Your grade will reflect how well you can use the information gained in class on group case study assignments and final exam and participation in class discussion and debates.

Materials
Course packet of cases and articles (Available at redshelf.com: search under course name, number and my last name).

Grades
Classroom Participation –30%
3 group case study assignments –30%
Short Presentation –10%
Final Exam –30%

** All assignments must be submitted electronically (by e-mail) by the beginning of the class on the day they are due. Email me your assignments using the following protocol (group number and assignment – i.e., Group1 Memo 1). Students should make every effort to plan ahead. If a student has to miss class because of a medical emergency please notify me as soon as you are able. There will be no late assignments accepted.

A Note on Class Participation

Classroom participation is a significant portion of your grade. Each student will be graded based upon his or her contribution to class discussion. Effective participation is accomplished by focused comments or questions that develop insights that are not immediately discernible from the cases or readings, and demonstrate mastery of reading and case materials. I especially encourage class participation that applies conceptual frameworks to case materials and that enriches the learning experience of the class. I expect students both to attend class and to be prepared to participate in each and every discussion and especially in the debates. Students are expected to attend all classes. Part of class attendance is coming prepared (having done the readings). To this end, I will take role and mark who has contributed to the class discussion each day and give reading quizzes almost every class. These quizzes will be included in your participation grade. Thus, class participation includes three components: (a) class attendance; (b) frequency of class participation; and (c) reading quiz scores.

Case Study Assignments

You (your group) are (is) required to read all the materials and respond to each case study assignment (which will be distributed in class on the date listed in the Class Schedule) as though you are requested to
provide guidance, feedback, and recommendations to the main actor in the case study (unless otherwise noted in the assignment instructions). The topic of each case assignment will correspond to the section material being discussed at that time (see schedule below).

Your response should be in the format of a 2 page management memo (single spaced, 12 point font, 1 inch margins). Anything over two pages will not be read. Your memo should be concise and detailed. You are not to reiterate what is in the case. The examples and recommendations you offer must be specific. It is more important to fully develop your recommendation than to present a bulleted list of 12 options. You must develop and justify your recommendation. Part of this justification should include the implications, positive and negative, of pursuing a particular strategy or decision based on the recommendation presented.

Our natural inclination is to recommend a safe or previously tested course of action. This is fine, but I want you to use the memo assignments as opportunities to be creative and take risks. It is much easier and safer to experiment in this class with risk taking and creativity in your development of recommendations than once on the job. This includes thinking through tradeoffs, the implications of pursuing one option over another, and prioritizing your recommendation against other sub-optimal choices. Use these assignments to do so.

The assignments must be turned in electronically (by email) before the beginning of class. There are resources available on the course website regarding the writing of effective memos. If you have questions, please do not hesitate to contact me. Follow these rules when drafting your memos:

1. The introductory paragraph of a memo should:
   A. Answer the question directly.
   B. Identify the main points conveyed in the body of the memo relevant to the question you’re being asked to provide guidance on.

2. In subsequent paragraphs,
   A. Avoid buried topic sentences.
   B. Avoid bundling distinct ideas into one paragraph.

3. In planning the overall structure of a memo,
   A. Use topic sentences as the road map.
   B. Ensure parallel structure between the first paragraph and body of text.

4. When editing the memo,
   A. Avoid run-on paragraphs.
   B. Cut unnecessary prose.
   C. Replace vague words with concrete words.
   D. Revise awkwardly worded sentences.

Short Presentations

Similar to the case study assignments, you will frequently be called upon by your superior (boss, manager, supervisor, etc.) to brief them on a particular topic. Often, such a request may occur spontaneously between you and the supervisor while in the elevator, when you’re walking past their office returning from a prior meeting, or when they request that you walk with them to a meeting. The briefing they want is a succinct presentation of material on a particular subject. This is your opportunity to shine. Reveal your intellectual, analytical, managerial, and communication strengths. Make him/her look informed and knowledgeable on the topic. Help him/her make the very best decision and/or recommendation possible.

In this informal and spontaneous simulation you will brief me (your supervisor) on a specific international business topic. The topic you choose must be related to the material we’ve discussed in
class and should be one in which you are interested, can feel comfortable speaking about and which is appropriately complex and challenging. To choose a topic, I would suggest scanning the Economist (print edition is recommended) or New York Times (world section). There will be no use of visual aids allowed for this presentation.

You will have exactly 3 minutes to provide the briefing. At the start, explain the context – that is, what role you are playing, what organization you will be referring to, and who your supervisor is (the role that I will play). This context setting will not count against your time, but you should be succinct. State your action recommendation immediately so that I understand what the briefing is about. In your briefing presentation, do not rush. Do not cram material into the available time. Think about what matters most. Don’t forget to offer your action recommendation and the implications, positive and negative, of pursuing your recommendation.

A significant part of this challenge is in framing and communicating the issue and then recommending a course of action for consideration. In making your “pitch” you should expect the unexpected, such as possibly being knocked off your stride, interrupted, and challenged. While there is some formality to the presentation format, there will be interaction within this brief exchange.

Each presenter will be graded on the quality of their informal presentation. This includes the ability to master a complex set of facts and communicate them clearly and succinctly; make a clear recommendation and underline the positive and negative implications associated with adopting that recommendation; and signal other issues which the manager should figure into their decision making calculus. No notes or audio-visual aids should be used.

**Final Exam**

The final exam will be a take home exam. It will consist of a series of essay questions and questions similar to the case study assignments. You will be given two weeks from the last day of class to complete the final exam.

*The Belk College of Business strives to create an inclusive academic climate in which the dignity of all individuals is respected and maintained. Therefore, we celebrate diversity that includes, but is not limited to ability/disability, age, culture, ethnicity, gender, language, race, religion, sexual orientation, and socio-economic status.*
1. Course Introduction

[Aug 22]

2. The Globalization Debate

[Aug 29a]

[Aug 29b]
Case: Hitting the Wall: Nike and International Labor Practices


[Sept 5a]
“Under Pressure, Dubai Company Drops Port Deal”, *NYT*, March 10, 2006
Danish Companies Endure Snub by Muslim Consumers”, *NYT*, Feb. 27, 2006

[Sept 5b]

National Differences

4. CAGE Framework, Cultural and Administrative Distance

[Sept 12a]
Task: Teams and 1st group case assignment announced. Due September 26th

[Sept 12b]
Reading: Hofstede’s 5 cultural dimensions: [http://geert-hofstede.com/dimensions.html](http://geert-hofstede.com/dimensions.html)

5. Gung Ho

[Sept 19]

6. National Institutional Differences

[Sept 26a]

[Sept 26b]
Task: First group case assignment due (Memo 1)
Task: Teams and 2nd group case assignment announced. Due October 10th.

World Trading System

7. Free Trade

[Oct 3a]


The “Fair” Trade Movement


Task: 8. The World Trade Organization


Case: Trade in Hormone-treated Beef; Shrimps, Turtles and the WTO

Task: 8. The World Trade Organization


Task: 8. The World Trade Organization

Multinational Competitive Strategy and Organization

Task: 9. Sustainable Competitive Advantage


Task: 9. Sustainable Competitive Advantage

Multinational Competitive Strategy

Case: Proctor and Gamble: Vizir Launch

Task: 10. Multinational Competitive Strategy

Multinational Organization


Task: 10. Multinational Competitive Strategy

International Product Life Cycles


Task: 11. International Product Life Cycles

Task: 12. Sequence & Pace of International Expansion in Oligopolies


**Diversification & Global Strategy**

[Nov 7b]


**Task:** Third group case assignment due (Memo 3)

---

**Integrated Non-Market Strategy**

13. Corporate Social Responsibility

[Nov 14a]

**Readings:**


**Case:** AIDS in Africa. HBS 9-702-049.

**Managing Societal Expectations**

[Nov 14b]


**Case:** Royal Dutch/Shell in Nigeria (A)


14. Short Presentations

[Nov 21]

**Task:** Take Home Exam distributed. **Due December 5th.**
Debates and Questions

2. Globalization Discussion

Discussion Questions: What are the main differences between Ghemawat and Friedman? What is their evidence? Who seems right? Do nation states matter?

Travels of a T-Shirt

Debate: If you were running for a US senate seat in South Carolina, would you support or oppose protectionism for the US textile industry?

Positions: 4 South Carolina senate candidates (Groups of 3; candidate, media advisor; political advisor)

Questions by: 1) Group of laid-off South Carolina textile workers; 2) Representatives from American Manufacturing Trade Action Coalition (AMTAC); 3) US Consumer Rights Group; 4) Free-Trade Economists; 5) Group of Foreign Trade Representatives in US (China, Cambodia, Pakistan, Caribbean countries, etc.)

Who makes the rules? Nike and International Labor Practices

Debate: Televised discussion over Nike’s activities in Indonesia. The debate involves whether: a) Nike’s behavior should be regulated; and b) who should achieve that regulation. Should the Indonesian/Pakistani/Vietnamese government regulate that behavior? Should the US government? Should an International agency regulate? If so, what type of agency?

Positions: 1) Nike; 2) Nike’s regional subcontractors; 3) a group of Nike factory workers in the developing world; 4) representatives of Indonesian/Pakistani/Vietnamese government; 5) representatives of US government; 6) NGO (ie CorpWatch); 7) agents of Michael Jordan and Tiger Woods.

3. National Security: CNOOC

Debate: Should the US government prohibit Chinese companies from buying US oil companies like Unocal? Does it matter who owns banks, natural resources, and manufacturing companies?

Positions: 1) Economic and political advisors to the Bush government; 2) Unocal’s board of director; 3) Chevron and its lobbyists; 4) free-trade economists; 5) China National Offshore Oil Corporation (CNOOC); 6) Chinese government; 7) US Department of Defense.

The Pentagon’s New Map

Debate: How should the Pentagon respond to Barnett’s argument that globalization requires a “new map” in preparing the US military for future engagements?

Positions: 1) Advocates of “The Clash of Civilizations” perspective; 2) Advocates of “The New Map” perspective, as put forward by Barnett; 3) Advocates for keeping the Pentagon’s “old” map (potential war between great superpowers, such as a US-China conflict); 4) Pentagon Officials (senior; around a long time); 5) Pentagon officials (young; just starting their careers); 6) Executive Branch (presidency)

4. Gazprom

Discussion Questions: What is Browder’s strategy? How does it differ from traditional investing? Do you agree with Browder’s contention that media attention limits corporate governance abuses (in Russia? Elsewhere?) How does the media influence governance decisions?

5. Gung Ho

Discussion Questions: According to some sources, Japanese automakers show this movie as an example of how not to deal with American workers. What do you think are their reasons?
6. National Institutional Differences

Discussion Questions: What is Denmark’s development strategy (dealing with internal and external challenges)? How does flexicurity work? Could the Danish model work elsewhere? Should Denmark continue to integrate with the EU or forge its own path? With the current world economic crisis, is Denmark a social welfare bubble waiting to burst?

National Competitive Strategies

Discussion Questions: 1) Should the US care about Manufacturing jobs and sectors? 2) If so, what should it do? 3) Do you agree with Andy Grove and Walter Molano? 4) What are some lessons about policy and global supply chains in the case of Apple’s products?

7. Is Wal-Mart Good for America?

Debate: Is Wal-Mart Good for America?

Positions: 1) Wal-Mart; 2) US Union Representatives; 3) Representatives of Chinese foreign suppliers; 4) Laid-off workers in US television plant (see interview in readings); 5) free-market economists; 6) Wal-Mart customers and employers.; 7) Business and Industry Council (small and medium size manufacturing companies, see interview in readings)

“Fair” Trade and the Coffee Industry

Debate: Should coffee producers buy more “fair trade” certified coffee?

Groups: 1) Transfair USA (and other “Fair” Trade Groups); 2) Starbucks’ top leadership; 3) Coffee consumers (half go at Starbucks; half brew their own coffee from supermarkets); 4) Poor coffee farmers in Kinuntu, Uganda (see section in Oxfam readings); 5) Adam Smith Institute (“free-trade” economists); 6) “Non-speciality” coffee producers, such as Maxwell House (Kraft), Nescafe (Nestle) (see section in Oxfam readings).

8. The World Trade Organization (WTO)

Debate: We are at a WTO Arbitration hearing. Debates are taking place on the following trade issues; a) beef hormones and genetically engineered crops; b) protection of shrimps and turtles. (See excerpts in textbook chapter on these topics

Positions: 1) beef (Europe), 2) genetically engineered crops (Europe); 3) beef (USA); 4) genetically engineered crops (USA); 5) turtles (US); 6) turtles (India, Pakistan, and Malaysia); 7) WTO Arbitration Panel.

The Euro-Zone and EU Crisis

Debate: Should the EU and the IMF bailout Greece? If so, what conditions should be attached? How much should Germany contribute?

Roles: 1) Greek Citizen; 2) Greek Government; 3) German Citizen; 4) German Government; 5) IMF (International Monetary Fund) Representative; 6) Government Representatives of other PIIGS (Portugal, Ireland, Italy and Spain).

9. Wal-Mart

Discussion Questions: A company has a sustainable competitive advantage when it consistently earns higher profits that its competitors. What do you consider the most important sources of Wal-Mart’s sustainable competitive advantage? What factors do you think are most important in explaining why competitors have been unable to copy or imitate Wal-Mart’s success?
Wal-Mart’s International Expansion

Discussion Questions: Based on our discussion of Wal-Mart’s competitive advantages in the United States, how would you evaluate Wal-Mart’s opportunities in competing abroad? IN what type of national environments do you think Wal-Mart will be most successful? In what types of environments do you think Wal-Mart will be least successful? If you had to bet money, do you think Wal-Mart will be a large and successful player in China a decade from now?

10. Procter and Gamble: Vizir Launch

Debate: Should Charlie Ferguson follow the recommendation of Wolfgang Berndt and his German team to authorize a national launch on the basis of four-months of test results? If and when the decision was made to launch Vizir, to what extent should this be considered an European rather than just a German product? If a coordinated European rollout was planned, to what degree should the company standardize its product formulation, packaging, advertising, and promotion?

Positions: (1) Old-timers (need more time); (2) New-timers (launch immediately); (3) Members of central headquarters (European launch); (4) Subsidiary managers (country-by-country launch); (5) Charlie Ferguson and his leadership team.

Philips versus Matsushita: The Competitive Battle Continues

Discussion Questions: How did Philips become a leader in the industry? How did Matsushita overtake Philips? What distinctive capabilities did each firm possess? What are the major problems currently facing each firm? What would you do in order to revitalize Phillips? What about Matsushita?

11. International Product Life Cycles

The Sun Never Sets on the Golden Arches

Discussion Questions: Did McDonald’s follow the prescriptions of the product-cycle theory in its international expansion? In which respects does McDonald’s adapt to local circumstances? What kind of a balance does the firm strike between company-operated and franchised restaurants? Is McDonald’s becoming a global firm or does it continue to be a U.S.-centric company? Should it make the transition?

12. The New Conquistadors

Discussion Questions: Why were the Spanish banks so keen to enter Latin American markets? Why weren’t banks from other countries as aggressive as the Spanish banks? What capabilities or know-how enabled the Spaniards to succeed in the region, at least thus far? Who are the Spanish banks competing against? Why are BBVA and Santander so anxious to enter new markets in Europe and North America? Would you recommend other areas for expansion?

Coca-Cola

Discussion Questions: As Coca-Cola diversifies into new beverage categories, is the situation becoming more global or more fragmented across markets? What organizational challenges is the firm facing as it pursues diversification? What specific recommendations concerning mode and speed of entry would you make to Coca-Cola as it introduces non-carbonated drinks worldwide?

13. AIDS in Africa

Debate: What is this case about? What is the central problem of the case? Who is to blame for the AIDS crisis in Africa? How can it best be solved?

Positions: (1) Doctors w/o Borders; (2) WHO; (3) SA Ministry; (4) Brazilian firm; (5) Pfizer.

Shell Oil in Nigeria
Debate: In light of recent events in Nigeria following Ken Saro-Wiwa’s arrest in 1995, Shell has arranged a discussion to get input into what its future plans in Nigeria should be. What should Shell do in response to the arrest of Ken Saro-Wiwa? Should Shell change its policy of “not getting involved in politics”? Should Shell take more responsibility for environmental and social problems in Ogoniland? What are Shell’s social responsibilities in this case?

Positions: (1) Ogoni leadership (MOSOP, see p. 9); (2) foreign employees at Shell Nigeria subsidiary; (3) Shell global headquarters; (4) Representatives of Nigerian government; (5) Global Human Rights Groups (e.g. Amnesty International, p. 12); (6) Chicago school economists” followers of Milton Friedman); (7) representatives of major western new outlets.