

MANAGEMENT 583 INTERNATIONAL BUSINESS STRATEGY

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The study of international business is concerned with the challenges, opportunities and problems that corporations face in the context of a global economy. The growing interdependence of the world economies in the last 50 years has rendered an understanding of international competition an essential element of any firm's strategic and operational planning. Whether directly involved in foreign markets or not, all business today is exposed to international competitive forces that can have serious consequences for their performance and their survival.

This course focuses on the definition and implementation of corporate strategy for worldwide operations. It explores the unique competitive, socio-cultural and political environments in which international business takes place, and develops skills to deal with these challenges. As such, we shall cover three major areas, clearly interrelated:

- the definition of **alternative strategic configurations** to deploy and defend global competitive advantage;
- the design of **structural and administrative solutions** for maintaining control in the midst of extreme diversity; and
- the evaluation of **different market entry modes** that best suit business and market conditions in specific countries and at specific points in time.

International Business: A Rationale

International management requires a conceptual understanding that goes beyond that applicable within a purely domestic setting. The additional complexity is both one of degree as well as one of context. It is true, for example, that operating in countries with different levels of economic development is not intrinsically different than operating within a national environment that encompasses regional variations in industries, skills or income levels. North/South differences in many countries (e.g., Italy or China) are evidence of this domestic dichotomy. Similarly, any large country such as the United States, Brazil, Russia or India, exhibits a multitude of ethnic, religious or racial elements which often translate into differences in regional consumption patterns and behavior. Even small countries—Belgium, Iraq, or any number of African nations—show similar differences, particularly when their territories represent a compendium of ethnic or tribal groups joined by political circumstances which had little regard for the homogeneity of the resulting national entity. Finally, differences in business regulation or taxation can also be found among states or provinces within countries, as is the case in Canada or in Germany.

Multinational firms can take advantage of these differences in economic and social conditions in ways which go beyond the capabilities any national firm has to exploit, for example, variations in labor rates between two regions. In fact, as we shall see, one of the major competitive advantages of multinational companies is their ability to optimize operations on a global scale so as to maximize revenues and minimize costs by emphasizing national differences in price elasticities or factor costs, and to do so selectively.

Of critical importance are differences in context of such magnitude as to require drastically different responses. These contextual differences can be traced to five principal areas:

1. *Institutions* evolve in distinctive national patterns which are rooted in history and often in accidental circumstances. Thus, governments, their administrative agencies and their policy formation processes differ widely among countries which might otherwise share a common heritage or level of economic development. The structure of labor unions and the prevalence of bargaining and grievance resolution processes, for example, are seldom similar across boundaries. Significant national differences also exist in legal systems, in property rights, in the enforceability of contracts, and even in the possibility of recourse to judicial remedies. The banking system, the availability and regulation of media or distribution channels, etc., also vary in non-negligible ways among countries with similar economic structures. A comparison of these institutions and political processes between the United Kingdom and three modern developed economies that have a significant British heritage—Australia, Canada and the United States—illustrates this point.
2. *Culture* also represents a major discontinuity in operating across countries. Differences in values and social attitudes, in behavior and responses to interpersonal stimuli, and in religion and personal priorities, all call for care in the application of marketing and management policies. While there is no denying that cultural diversity exists in many nations (particularly within the United States), research has shown that national differences in attitudes towards authority or responsibility, for example, are significant and must be incorporated into any international business plan.
3. *Competition* and competitive behavior also differ in significant ways across nations. Not only is the identity of competitors likely to vary, but so are the structure of industry, attitudes toward business cooperation, the willingness to accommodate or retaliate in the event of new entry, and the degree of innovation and change fostered or permitted by industry leaders or government regulators. The role of the *keiretsu* in governing supply relationships in Japan illustrates the importance of these differences.
4. The *nature of the risks* incurred, and not just their variance, is probably one the most distinguishing characteristics of international operations. First, political risk, that is, the probability of discriminatory intervention by host country governments or clandestine groups, may seriously affect the value of foreign assets or, more often, the expected value of the returns to these assets. Second, financial risks, particularly fluctuations in the relative value of currencies, exposes the international firm to economic events drastically different to those experienced by a domestic corporation. The Asian crisis in the Fall of 1997 and the Russian and Brazilian crises of 1998 have brought this lesson home to many companies engaged in international operations.
5. Finally, the issues of *organization and control* are much more complex for the global firm. While any domestic firm wrestles with issues of product and functional balance, international operations add one more dimension to the puzzle: geography. Lines of coordination and responsibility must now be drawn in a spacial network which raises the number of necessary linkages in a geometric fashion, while simultaneously adding the barriers of distance, time and language to any attempts at integration. How to master this diversity, respond to genuine demands for local differentiation and, yet, maintain strategic control over far-flung affiliates, is the most demanding managerial task in any large multiproduct, multinational firm.

Course Objectives

Much has been said and written recently about the need for companies to think “globally,” that is, to have a global strategy and the ability to implement worldwide policies. It is often

the case that the magnitude of the risks involved or the front-end investments required to launch a new product or enter a new business area are too big to be amortized over a single national market. Alternatively, economies of scale (or scope) in design, production or marketing may exceed those attainable in purely domestic operations. Global customers may impose on their suppliers a requirement that they satisfy their needs on a global basis. Perhaps certain competitors, by their own actions, force a global view on their industry as they pursue multiple markets and build advantages and capabilities that threaten the survival of domestic or regional firms. When most of these factors are present, global responses are a necessity. In other industries, however, their absence results in fragmented, mainly domestic competitors.

The basis for these differences and the dynamic forces that propel fragmented economic sectors into globally interdependent industries are issues that we will examine in this course. Since the choice of strategy, operating tactics and organizational structure for international operations is intimately dependent on our diagnosis of the level of globalization of competition, current and potential, we need to understand this process as it applies to different sectors. This is, therefore, **the agenda for this course:**

- *First*, to understand and appreciate the differences that make international management the challenge it is.
- *Second*, to assess the degree of geographic interdependence that characterizes an industry as well as the evolution in the factors that determine such global interdependence so as to prescribe action and not just reaction.
- *Third*, to help define and put in place structural, administrative and human resource systems that fit the strategic imperative of global operations while retaining the necessary flexibility for dealing with diversity and change.

Course Materials

The cases used in the course are from J. de la Torre, Y. Doz, and T. Devinney, *Managing the Global Corporation*, 2nd Edition, New York: McGraw-Hill, 2000. Readings are listed at the end of the course syllabus and are available as a packet. The readings packet is a bit of everything and, since there is no exam, you should use your discretion about what to read now or later. The cases are, at times, only loosely related to these readings. Hence, they should be thought of as a reference collection. I have also made available a series of lecture notes that summarize some of the readings and provide an integrated overview of a topic area (they are not in any specific order). These are available at www.agsm.edu.au/tdevinney in two forms, outlined lecture notes (in Adobe Acrobat PDF files) and overheads (available in PPT 97 format). This website also contains summaries of many of the articles used in the course and a general IB information resource site. Note that these lecture notes are from prior classes and do not correspond exactly to what is going to be covered in class.

Course Organization

This course builds on concepts developed in the entire curriculum and is designed as a “capstone” course. The material covered in your courses on competitive strategy, managerial and organizational processes and the global economy constitute an essential background to the issues of corporate strategy and organization that we shall tackle here. Equally, we will build on the functional knowledge and experience you have gained from all other courses as well as from your industry background. If you need a review of basic

corporate strategy issues, I suggest looking at J. Davis and T. Devinney, *The Essence of Corporate Strategy*, Sydney: Allen-Unwin, 1997.

The course is divided into four broad modules. The first module concerns the most primary dilemma that international firms face, cultural integration and its organizational implications. The second module deals with the issues of entry strategy, ownership form, the choice between competitive and collaborative strategies, and the political ramifications of these choices. The third module tackles the complexities of international operations, organization and control. The fourth module deals with the choice between globally integrative strategies and a more “federal” approach consisting of loosely linked affiliates. The dates for the individual activities are shown in the table below.

DATE	TOPIC	LECTURE/CASES
23 January	The Context—The Economics of Globalization	Lecture
30 January	The Context—The Basics of International Business	Lecture
30 January	The Context—Understanding Cultural Differences	<i>Christmas In Japan (Video)</i>
6 February	Market Entry Modes I	Lecture
6 February	<i>The Firm in the Global Context</i> —FDI (Manufacturing)	<i>CEMEX (A) & (B)*</i>
13 February	<i>The Firm in the Global Context</i> —FDI (Services)	<i>McKinsey and the Globalization of Consultancy</i> [†]
13 February	Panel on Internationalization of Consulting Services	TBA
20 February	<i>The Firm in the Global Context</i> —JV & Alliances	Lecture
20 February	<i>The Firm in the Global Context</i> —JV & Alliances	<i>Eli Lilly in India</i> [†]
27 February	<i>Dealing with Political Reality</i>	Lecture
27 February	<i>Political & Economic Reality</i>	<i>Life, Death and Property Rights</i> [†]
6 March	<i>Global Operations</i>	Lecture
6 March	<i>Global Operations</i> —Organization Design and Conflicts	<i>GE Medical Systems, 2002</i> [†]
13 March	<i>Operations</i> —Global Marketing	<i>Procter & Gamble Ariel</i>
13 March	<i>Operations</i> —Production	<i>BMW</i>
20 March	<i>Operations</i> —Intl Finance	<i>Refinancing Shanghai GM</i> [†]
27 March	Presentations of Projects	Assessed
27 March	Course Summary	

* Case not available for write-up. † Case not in book but available separately

Note that this schedule is subject to some change (although sufficient notice will be given) based on tentatively scheduled visitors and special events. We may also have available several guest speakers whose schedule requires that we move the timing of specific lectures or cases. All of this will be kept to a minimum.

Evaluative Criteria

There are three pieces of assessment:

- (1) contribution to the case and topic discussion (25%), including the handing in of case summaries
- (2) completion of TWO individual written case at a satisfactory level (30%),
- (3) completion of a GROUP project (45%).

Sign-up sheets will be available for you to choose case you will write. Please note that the individual(s) signing up for a specific case may be required to open the class discussion and will be the focal point of that day’s class. The size of the class will determine how many individuals will be assigned to each case and the group assignment (a maximum of 3 is

tentative), including the final case. Information about all of the assignments is attached to the syllabus.

The Honour Code and Late Assignments

Because the cases will be discussed and debriefed late assignments will not be accepted except in the most extreme circumstances. Written assignments are due at the beginning of the class and a penalty of a 10 points per quarter-hour will be assessed on assignments missing that target. Assignments handed in after the class has finished will be given no credit. (Note that if you hand them in to the MBA Office there must be an ABSOLUTE guarantee as to the time they were handed in—do not rely on the MBA office to time stamp them; you should verify the time stamp yourself!).

There is a description of the requirements for cases at the end of the syllabus. Papers that exceed these limits will be penalized 5 points per line for length violations and a general 25 point penalty for failure to follow the font size and spacing requirements.

Cheating is frowned upon and any instance of cheating—which includes unattributed material or use of materials received from students in prior IBS classes (either here or overseas), plagiarism from other students, or use of web-based paper sourcing sites (e.g., duenow.com)—will lead to an immediate invalidation of that assignment (i.e., a mark of zero) and may lead to other disciplinary actions.

Office Hours

My official office hours are from 13:30–15:00 Tuesday. I am fairly flexible about office hours so you should feel free to stop by whenever you feel. However, it is always possible that I will be busy at times other than my official office hours and will be unable to help you immediately. The most immediate access to me is either through my secretary, Linda Camilleri (9931–9217) or through email address T.Devinney@agsm.edu.au. My office is room 310.

CLASS SCHEDULE AND ASSIGNMENTS

In the schedule below, the cases refer to those in the packet. Questions outlining the major points associated with the case discussion are given and all students are expected to have read the case prior to class !!!

0. Introduction—Economics of Globalization

- Readings:**
- Lecture 0
 - Krugman, Paul, “Competitiveness: A Dangerous Obsession,” *Foreign Affairs*, March/April 1994.
 - Kuran, Timur, “Why the Middle East is Economically Underdeveloped: Historical Mechanisms of Economic Stagnation,” *Journal of Economic Perspectives*, 18 (3), 2004.
 - Stiglitz, Joseph, “The Way Ahead,” in *Globalization and Its Discontents*, London: Penguin 2002.
 - Stiglitz, Joseph, “The Way Ahead,” in *Globalization and Its Discontents*, London: Penguin 2002.

You might also want to view the video on Regionalisation versus Globalisation by Alan Rugman (<http://www2.agsm.edu.au/agsm/web.nsf/Content/ResearchCentres-CCC-Papers-IBS>)

and listen to the documentary on “The Changing Face of Global Power” (http://news.bbc.co.uk/1/hi/programmes/documentary_archive/4287124.stm)

Questions for Discussion:

1. What are the determinants of globalization and economic growth?
2. What is the importance of such factors for international business structure and management?

I. *The Basics of International Business*

- Readings:**
- Kogut, Bruce, “Designing Global Strategies: Comparative and Competitive Value-Added Chains”, and “...: Profiting from Operational Flexibility”, *Sloan Management Review*, Summer and Fall 1985.
 - Bartlett, Christopher., and Sumantra Ghoshal, “Managing Across Borders: New Strategic Requirements”, and “...:New Organizational Responses”, *Sloan Management Review*, Summer and Fall 1987.
 - Ghoshal, Sumantra, “Global Strategy: An Organising Framework”, *Strategic Management Journal*, 8, 1987.
 - Ghoshal, Sumantra, and Nitin Nohria, “Horses for Courses: Organizational Forms for Multinational Corporations”, *Sloan Management Review*, Winter 1993.

Questions for Discussion:

1. What is the difference between ‘business’ and ‘international business’?
2. Do our traditional methods of strategic analysis change in this context?

II. *Understanding Cultural Differences and Their Influence on MNEs*

Case: CHRISTMAS IN JAPAN (VIDEO IN CLASS)

- Readings:**
- Hofstede, Geert, “Cultural Constraints in Management Theories,” *Academy of Management Executive*, 7 (1), 1993.
 - Hambrick, Donald, “Fragmentation and the Other Problems CEOs Have With Their Top Management Teams,” *California Management Review*, 37 (3), 1995.

Assignment: How might one export a holiday into a society that does not have the historic precedents or the religious inclinations to accept that event into its normal societal mileau?

III. *The Firm in the Global Context—FDI*

Case: CEMEX (A) & (B) in DDD

- Readings:**
- Lectures 1 & 2
 - Dunning, John, “An Evolving Paradigm of the Economic Determinants of International Business Activity,” in Cheng and Hitt (eds.), *Managing Multinationals in a Knowledge Economy*, Amsterdam: Elsevier 2004.
 - Tolentino, Paz Estrella, “From a Theory to a Paradigm,” in Cantwell & Narula, *International Business and the Eclectic Paradigm*, London: Routledge, 2004.

- Dunning, John, “The Electric Paradigm of International Production: A Restatement and Some Possible Extensions,” and “Reappraising the Eclectic Paradigm in an Age of Alliance Capitalism,” *Journal of International Business Studies*, 21 (3), 1990 and 26 (3), 1995. (Recommended Only)

Assignment: Cemex, the largest cement company in North America, had the dubious problem of a lot of cash on its hands. This predicament leads to the obvious question of what to do with it. The options are:

1. Reduce its debt level;
2. Increase its dividend payout;
3. Diversify outside the cement industry (but remain in Mexico); and/or,
4. Expand its position within the cement industry internationally.

Provide an analysis of these options (with emphasis on 3 & 4) within the larger context of the industry structure facing Cemex (both locally and globally). Where are its sources of advantage? What does this analysis imply about Cemex’s international forays?

Case: MCKINSEY & THE GLOBALIZATION OF CONSULTANCY (HBS 9–806–035)

- Readings:**
- Presentation 9
 - Hofstede, Geert, “Motivation, Leadership, and Organization: Do American Theories Apply Abroad?” *Organizational Dynamics*, Summer 1980.
 - Campbell, Alexandra and Alain Verbeke, “The Globalization of Service Multinationals,” *Long Range Planning*, 27 (2), 1994.

Assignment:

1. What are the characteristics of the markets for management consulting services? In MNEs? In local companies?
2. What are the key success factors associated with operating management consulting services in Asian markets? LDC markets? Developing country markets?
3. What competencies are transferable to new markets? Which are not?
4. Is the value proposition worth the price to the client (and which client)?
5. Can multinational consultancies compete against local boutique operations?

IV. *The Firm in the Global Context—Joint Ventures and Alliances*

Case: ELI LILLY IN INDIA: RETHINKING THE JV STRATEGY (Ivey 904M16)

- Readings:**
- Lecture 6
 - Hennart, Jean-Francois, “A Transaction Costs Theory of Equity Joint Ventures”, *Strategic Management Journal*, July–August 1988.
 - Kogut, Bruce, “Designing Global Strategies: Comparative and Competitive Value-Added Chains”, and “...: Profiting from Operational Flexibility”, *Sloan Management Review*, Summer and Fall 1985.

Assignment: Did Eli Lilly pursue the right strategy to enter the Indian market?

1. Examining the evolution of the JV, evaluate the three JV leaders? What were their unique challenges? Where did they meet the challenges and where did they fail?
2. Overall, how successful has the experience been? What should the partners have learned? What did they learn?

3. What is your recommendation regarding the Ranbaxy partnership? How would you implement your recommendation?

V. *Political Reality*

Case: LIFE DEATH AND PROPERTY RIGHTS (HBS 9-702-049)

- Readings:**
- Lectures 1, 2, 4 & 7
 - Kobrin, Stephen, "Political Risk: A Review and Reconsideration," *Journal of International Business Studies*, Spring/Summer 1979.
 - Ring, Peter, Stephanie Lenway and Michele Govekar, "Management of the Political Imperative in International Business," *Strategic Management Journal*, February 1990.

You might want to listen to various podcasts on the subject. An overview on AIDS from McNeil-Lehrer News Hour (http://www.pbs.org/newshour/bb/health/jan-june06/aids_05-30.html). Human Rights Watch has a set of interviews at <http://hrw.org/doc/?t=podcasts>. There is also a nice report at http://www.cfr.org/publication/8293/aids_in_africa.html

Assignment: The issue of AIDS drugs, research and development, a return to intellectual property and simple humanity are all mixed together.

1. As an executive of a pharmaceutical company what strategy would you use to structure your company's approach to the African market?
2. How far do you go in protecting your intellectual property?

VI. *Global Strategy and Organization Structure*

Case: GE MEDICAL SYSTEMS, 2002 (HBS 9-702-428)

- Readings:**
- Lecture 5
 - Bartlett, Christopher, and Sumantra Ghoshal, "Managing Across Borders: New Strategic Requirements," and "...: New Organizational Responses," *Sloan Management Review*, Summer and Fall 1987.
 - Ghemawat, Pankaj and Fariborz Ghadar, "The Dubious Logic of Global Megamergers," *Harvard Business Review*, July/August, 2000.
 - Ghoshal, Sumantra, "Global Strategy: An Organising Framework," *Strategic Management Journal*, 8, 1987.
 - Vanhoner, Wilfried, Entering China: An Unconventional Approach, *Harvard Business Review*, March/April 1997.

You might also want to view the presentation of Pankaj Ghemawat (<http://www.ccc.agsm.edu.au/web/resources/globalMerger.htm>)

Assignment:

1. What is the logic of the global product company structure?
2. Should this logic be altered to deal with the reality of the Chinese medical market?
3. Should GE Medical be pursuing genomics and health care IT in addition to, or instead of, the China opportunity?

VII. Operations and Control Issues in Multinational Enterprises

Case: P&G EUROPE: ARIEL ULTRA'S EUROBRAND STRATEGY in DDD

- Readings:**
- Levitt, Theodore, "The Globalization of Markets," *Harvard Business Review*, May/June 1983.
 - Quelch, John, and Edward J. Hoff, "Customising Global Marketing," *Harvard Business Review*, May/June 1986.
 - Douglas, Susan, and Yoram Wind, "The Myth of Globalization," *Columbia Journal of World Business*, Winter 1987.

Assignment: P&G is facing a number of tensions that are common in attempting to integrate their strategy across Europe:

1. What are the pros and cons of a pan-European strategy and organization for P&G? Do you agree with P&G's approach?
2. Given the expected reaction of Unilever in France, how would you react? Why?

Case: BMW in DDD

- Readings:**
- Markides, Constantinos, and Norman Berg, "Manufacturing Offshore is Bad Business," *Harvard Business Review*, September/October 1988.
 - Ferdows, K, "Making the Most of Foreign Factories," *Harvard Business Review*, March/April 1997.

Assignment The BMW Z3 had been a huge success for the German car manufacturer. It provided a number of things to the management of the company, not the least of which was that it could manage complex overseas operations that required radically different management models.

1. Has the Spartansburg operation been a success?
2. What are the characteristics of the Spartansburg operation vis-à-vis BMW's German operations that lead you to your decision?
3. What are the sources of the production scheduling problems at Spartanburg? How would you suggest that BMW solve these?

Case: THE REFINANCING OF SHANGHAI GM (A) (HBS 9-204-301)

- Readings:**
- Lecture 8
 - Selected sections from Grinblatt and Titman
 - Lessard, Donald, "Finance and Global Competition: Exploiting Financial Scope and Coping with Volatile Exchange Rates," in M. Porter (ed.), *Competition in Global Industries*, Boston: Harvard, 1985.

Assignment: Putting yourself in the position of Mark Newman, CFO of Shanghai GM, what is your refinancing plan for Shanghai GM? How can you come up with a plan that addresses the needs of the company while also meeting the internal standards of GM and the vagaries of the Chinese financial marketplace?

READING LIST (in alphabetical order)

1. Bartlett, Christopher, and Sumantra Ghoshal, "Managing Across Borders: New Strategic Requirements," and "...: New Organizational Responses," *Sloan Management Review*, Summer and Fall 1987.
2. Bartlett, Christopher and Sumantra Ghoshal, "Going Global: Lessons from Late Movers," *Harvard Business Review*, March/April 2000.
3. Birkinshaw, Julian and Neil Hood, "Unleash Innovation in Foreign Subsidiaries," *Harvard Business Review*, March/April, 2001.
4. Campbell, Alexandra and Alain Verbeke, "The Globalization of Service Multinationals," *Long Range Planning*, 27 (2) 1994.
5. Dawar, Niraj and Tony Frost, "Competing with Giants: Survival Strategies of Local Companies in Emerging Markets," *Harvard Business Review*, March/April, 1999.
6. de Meyer, Arnoud and Atsuo Mizushima, "Global R & D Management," *R & D Management*, 19 (2), 1989.
7. Douglas, Susan, and Yoram Wind, "The Myth of Globalization," *Columbia Journal of World Business*, Winter 1987.
8. Doz, Yves, "International Industries: Fragmentation versus Globalization," in B. Guile and H. Brooks (ed.) *Technology and Global Industry*, Washington: National Academy Press, 1987.
9. Doz, Yves, "The Evolution of Cooperation in Strategic Alliances: Initial Conditions or Learning Processes?" *Strategic Management Journal*, 17, 1996.
10. Dunning, John, "The Electric Paradigm of International Production: A Restatement and Some Possible Extensions," and "Reappraising the Eclectic Paradigm in an Age of Alliance Capitalism," *Journal of International Business Studies*, 21 (3), 1990 and 26 (3), 1995.
11. Dunning, John, "An Evolving Paradigm of the Economic Determinants of International Business Activity," in Cheng and Hitt (eds.), *Managing Multinationals in a Knowledge Economy*, Amsterdam: Elsevier 2004.
12. Ferdows, Kasra, "Making the Most of Foreign Factories," *Harvard Business Review*, March/April 1997.
13. Ghemawat, Pankaj and Fariborz Ghadar, "The Dubious Logic of Global Megamergers," *Harvard Business Review*, July/August, 2000.
14. Ghoshal, Sumantra, "Global Strategy: An Organising Framework," *Strategic Management Journal*, 8, 1987.
15. Ghoshal, Sumantra, and Nitin Nohria, "Horses for Courses: Organizational Forms for Multinational Corporations," *Sloan Management Review*, Winter 1993.
16. Grinblatt, Mark, and Sheridan Titman, Selected Sections from *Financial Markets and Corporate Strategy*, Boston: Irwin, 1998.
17. Hamel, Gary, and C.K. Prahalad, "Do You Really Have a Global Strategy?" *Harvard Business Review*, July/August 1985.
18. Hambrick, Donald, "Fragmentation and the Other Problems CEOs Have With Their Top Management Teams," *California Management Review*, Vol. 37, No. 3, 1995.
19. Hennart, Jean-Francois, "A Transaction Costs Theory of Equity Joint Ventures," *Strategic Management Journal*, July-August 1988.
20. Hofstede, Geert, "Cultural Constraints in Management Theories," *Academy of Management Executive*, 7 (1), 1993.
21. Kobrin, Stephen, "Political Risk: A Review and Reconsideration," *Journal of International Business Studies*, Spring/Summer 1979.
22. Kogut, Bruce, "Designing Global Strategies: Comparative and Competitive Value-Added Chains," and "...: Profiting from Operational Flexibility," *Sloan Management Review*, Summer and Fall 1985.

23. Kogut, Bruce, and Udo Zander, "Knowledge of the Firm and the Evolutionary Theory of the Multinational Corporation," *Journal of International Business Studies*, 24 (4), 1993.
24. Krugman, Paul, "Competitiveness: A Dangerous Obsession," *Foreign Affairs*, March/April 1994.
25. Kuran, Timur, "Why the Middle East is Economically Underdeveloped: Historical Mechanisms of Economic Stagnation," *Journal of Economic Perspectives*, 18 (3), 2004.
26. Lessard, Donald, "Finance and Global Competition: Exploiting Financial Scope and Coping with Volatile Exchange Rates," in M. Porter (ed.), *Competition in Global Industries*, Boston: Harvard, 1985.
27. Levitt, Theodore, "The Globalization of Markets," *Harvard Business Review*, May/June 1983.
28. Markides, Constantinos, and Norman Berg, "Manufacturing Offshore is Bad Business," *Harvard Business Review*, September/October 1988.
29. Ohmae, Kenichi, "Managing in a Borderless World," *Harvard Business Review*, May/June 1989.
30. Quelch, John, and Edward Hoff, "Customising Global Marketing," *Harvard Business Review*, May/June 1986.
31. Ring, Peter, Stephanie Lenway and Michele Govekar, "Management of the Political Imperative in International Business," *Strategic Management Journal*, February 1990.
32. Santos, Jose, Doz, Yves and Peter Williamson, "Is Your Innovation Process Global?" *MIT Sloan Management Review*, 45 (4), 2004.
33. Stiglitz, Joseph, "The Way Ahead," in *Globalization and Its Discontents*, London: Penguin 2002.
34. Tolentino, Paz Estrella, "From a Theory to a Paradigm," in Cantwell & Narula (Eds.), *International Business and the Eclectic Paradigm*, London: Routledge, 2004.
35. Vanhonacker, Wilfried, Entering China: An Unconventional Approach, *Harvard Business Review*, March/April 1997.

SOME TEXTS AND BOOKS (for those desiring more)

A. General Surveys and Theory

- Aliber, Robert, *The New International Money Game, 6th Edition*. Chicago, IL: University of Chicago Press, 2000.
- Bartlett, Charles, Sumantra Ghoshal and Paul Beamish, *Transnational Management: Text, Cases & Readings in Cross-Border Management 5th Edition*. New York: McGraw-Hill, 2006.
- Daniels, John, Radebaugh, Lee and John Sullivan, *International Business*, 10th Edition. Reading, MA: Addison-Wesley, 2003.
- Dunning, John (ed.), *Multinational Enterprise, Economic Structure and International Competitiveness*. New York: Wiley, 1985.
- Dunning, John, *Alliance Capitalism and Global Business*. London: Taylor & Francis, 1997.
- Hennart, Jean-Francois, *A Theory of Multinational Enterprise*. Ann Arbor: University of Michigan Press, 1982.
- Porter, Michael, *The Competitive Advantage of Nations*. New York: Free Press, 1990.
- Rugman, Alan, *The Regional Multinationals*. Cambridge: Cambridge University Press, 2004.
- Shenkar, Oded and Yadong Luo, *International Business*. New York, Wiley, 2003.

B. Economic and Political Environment

- Friedman, Thomas L., *The World is Flat*. New York: Farrar, Straus and Giroux, 2005.

- Bhagwati, Jagdish, *In Defense of Globalization*. Oxford: Oxford University Press, 2005.
- Gladwin, Thomas and Ingo Walter, *Multinationals Under Fire: Lessons in the Management of Conflict*. New York: Wiley, 1980.
- Reich, Robert, *The Work of Nations*. New York: Knopf, 1991.
- Stiglitz, Joseph, *Globalization and Its Discontents*. London: Penguin 2002.
- Stopford, John and Susan Strange, *Rival States, Rival Firms*. Cambridge: Cambridge University Press, 1991.
- Vernon, Raymond, *Storm Over the Multinationals: The Real Issues*. Cambridge, MA: Harvard University Press, 1977.

C. Strategy, Structure and Operations

- Bartlett, Charles and Sumantra Ghoshal, *Managing Across Borders*. Boston: Harvard Business School Press, 2002.
- Cateora, Philip and John Graham, *International Marketing, 12th Edition*. Homewood: 2004.
- Eiteman, David, Moffett, Michael and Arthur Stonehill, *Multinational Business Finance, 10th Edition*. Reading: Addison Wesley, 2004.
- Hood, Neil, *The Multinational Subsidiary: Management, Economic Development and Public Policy*. London: Palgrave, 2004.
- Ohmae, Kenichi, *Triad Power: The Coming Shape of Global Competition*. New York: Free Press, 1985.
- Porter, Michael (ed.), *Competition in Global Industries*. Boston: Harvard Business School Press, 1986.
- Prahalad, C.K. and Yves Doz, *The Multinational Mission: Balancing Local Demands and Global Vision*. New York: Free Press, 1988.
- Shapiro, Alan, *Foundations of Multinational Financial Management, 5th Edition*. New York: Wiley, 2004.
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READING MATERIALS FOR THIS CLASS

The Rev. Charles Lutwidge Dodgson (1832-98) wrote under the pseudonym Lewis Carroll, and is primarily known for *Alice in Wonderland and Through the Looking Glass*. Carroll was a mathematician, photographer, inventor of puzzles and games, and wrote light verse. When he wrote on mathematics and logic it was not without whimsy, as evidenced by the following introduction to his book on *Symbolic Logic*. In any case, this is excellent advice on how to read any textbook.

The learner, who wishes to try the question fairly, whether this little book does, or does not, supply the materials for a most interesting mental recreation, is earnestly advised to adopt the following Rules:

1. Begin at the beginning, and do not allow yourself to gratify mere idle curiosity by dipping into the book, here and there. This would very likely lead to your throwing it aside, with the remark 'This is much too hard for me!', and thus losing the chance of adding a very large item to your stock of mental delights . . .
2. Don't begin any fresh Chapter, or Section, until you are certain that you thoroughly understand the whole book up to that point and that you have worked, correctly, most if not all of the examples which have been set . . . Otherwise, you will find your state of puzzlement get worse and worse as you proceed till you give up the whole thing in utter disgust.
3. When you come to a passage you don't understand, read it again: if you still don't understand it, read it again: if you fail, even after three readings, very likely your brain is getting a little tired. In that case, put the book away, and take to other occupations, and next day, when you come to it fresh, you will very likely find that it is quite easy.
4. If possible, find some genial friend, who will read the book along with you, and will talk over the difficulties with you. Talking is a wonderful smoother-over of difficulties. When I come upon anything—in Logic or in any other hard subject—that entirely puzzles me, I find it a capital plan to talk it over, aloud, even when I am all alone. One can explain things so clearly to one's self! And then you know, one is so patient with one's self: one never gets irritated at one's own stupidity!

If, dear Reader, you will faithfully observe these Rules, and give my little book a really fair trial, I promise you, most confidently, that you will find Symbolic Logic to be one of the most, not the most, fascinating of mental recreations! In this First Part I have carefully avoided all difficulties which seemed to me to be beyond the grasp of an intelligent child of (say) twelve or fourteen years of age. I have myself taught most of its contents, *viva voce*, to many children, and have found them take a real intelligent interest in the subject. For those, who succeeded in mastering Part I, and who begin, like Oliver, 'asking for more,' I hope to provide, in Part II, some tolerably hard nuts to crack--nuts that will require all the nut-crackers they happen to possess!

Mental recreation is a thing that we all of us need for our mental health. Symbolic Logic will give you clearness of thought—the ability to see your way through a puzzle--the habit of arranging your ideas in an orderly and get-at-able form—and, more valuable than all, the power to detect fallacies, and to tear to pieces the flimsy illogical arguments, which you will continually encounter in books, in newspapers, in speeches, and even in sermons, and which so easily delude those who have never taken the trouble to master this fascinating Art. Try it. That is all I ask of you!

From *The Complete Works of Lewis Carroll*,
London: The Nonesuch Press, 1939, pp. 1116–19.

WRITING CASES FOR THIS CLASS (FULL WRITE-UPS)

By now everyone should have had some experience writing cases. However, in spite of this experience, many students don't recognize that case formats do differ between classes, based on what the instructor is trying to communicate through the case material. In this course, it is important to note that the format of the syllabus has a curious consistency; i.e., **readings are associated with cases!** You should, therefore, focus your case write-ups on the material in the lecture(s) and reading(s) preceding the case assignment. However, knowledge is cumulative and, to the extent that it is important, you should not ignore prior class material. For example, in writing the BMW case, it may be important to look at some of the issues associated with exporting and FDI, the material covered by the Cemex cases.

In writing your analyses a few guiding principles should be kept in mind:

- Do not needlessly or mindlessly repeat case facts. They are in the case to be read and should be used as supporting evidence in your analysis. They aren't there just to be bounced off the instructor to prove that you have looked at the case!
- Use figures and tables creatively. Figures and tables allow you to quickly encapsulate information that might take a page to explain. Make sure that all tables and figures are clear, referred to in the text, and relevant to the discussion.
- Have a structure for your analysis. Remember that the purpose of the case is to apply theoretical frameworks to reality. Don't just randomly discuss facts or ideas. Try and make them part of a coherent whole.
- Have a clear beginning and end. Don't just start up casually and end like you were stopping on a dime. You should have some type of executive summary as well.

Cases must be **double-spaced** with **12-pitch fonts**. The written text should be a maximum of **five pages**. You are permitted an additional **two pages for tables** and figures. This gives you a maximum of seven pages, up to five of which can be text.

One Final Word on Writing

Remember William Safire's rules for writers: Remember to never split an infinitive. The passive voice should never be used. Do not put statements in the negative form. Verbs have to agree with their subject. Proof-read carefully to see if you words out. If you reread your work, you can find on rereading a great deal of repetition can be avoided by rereading and editing. A writer must not shift your point of view. And don't start a sentence with a conjunction. (Remember, too, a preposition is a terrible word to end a sentence with.) Don't overuse exclamation marks!! Place pronouns as close as possible, especially in long sentences, as of 10 or more words, to their antecedents. Writing carefully, dangling participles must be avoided. If any word is improper at the end of a sentence, a linking verb is. Take the bull by the hand and avoid mixing metaphors. Avoid trendy locutions that sound flaky. Everyone should be careful to use a singular pronoun with singular nouns in their writing. Always pick on the correct idiom. The adverb always follows the verb. Last but not least, avoid clichés like the plague; seek viable alternatives.

WRITING CASES FOR THIS CLASS (SINGLE PAGE WRITE-UPS)

You need to hand in a 1 page write-up for each case assigned in the class (including those not assigned as general write-ups). These write-ups should be structured as a 1-page 'consulting-type' summary of the main recommendations using Powerpoint. Note that this requires you to think visually rather than in literal prose. You should have these prepared in two ways:

- You should have a hard copy to hand in along with a title page containing your name
- You should have a transparency ready to be called to stand up and defend your recommendations

The rules for late assignments apply for the single page write-ups. Grading of these assignments are done on a -/0/+ scale with '+' reserved for a maximum of 1/3 of the class for any assignment.

FINAL GROUP PROJECT

Your final assessment will be a short video presentation and a written briefing on a the internationalisation strategy of a firm. Your job is to interview a series of executives and provide an integrated and potentially critical view of their internationalisation strategy and aspiration. The model you should use is the summaries found in *The Economist*. The limit is a 15 minute presentation (and the slides and video) along with a 5 page (double spaced, 12 point font) briefing paper.