COURSE DESCRIPTION

This course examines the theoretical and practical aspects of multi-national corporations operating in an international environment, problems and risks that may be encountered and various bases for profitable operations. While an underlying universality applies to the basic principles of business administration, there are important contextual effects that vary dramatically across national borders. The ongoing process of global integration has ensured that today all business is international business. This course emphasizes identification and analysis of the environmental challenges that companies encounter when venturing abroad. When you understand the environment in which you operate, you function more effectively. This course presents a broad theoretical basis for understanding the key aspects of international operations.

COURSE MATERIALS

Required Text:
(Older editions are good as well, please save money).


Cases: I have listed ten cases that we will discuss during the course of the semester. All students are required to have these cases. You can purchase these cases at discounted rates from Harvard website using the link below (You will need to register on the website):

https://cb.hbsp.harvard.edu/cbmp/access/39206004

COURSE OBJECTIVES:

Upon successful completion of this course students should be able to:

1. Describe the internationalization of the world marketplace and its diversity.
2. Use the special vocabulary of international business to discuss major policy issues in international business.
3. Demonstrate an understanding of the legal, cultural and social differences between countries.
4. Identify and analyze basic elements of the economic environment of a country and how these vary across countries.
5. Analyze how international firms cope with economic conditions, marketing and advertising practices, local, national and international politics, and personnel and management problems arising from cultural and ethical differences.

6. Analyze how managers deal with diversity while making key strategic decisions in foreign markets such as entry mode, timing of entry, and location selection.

7. Speculate on the potential future direction of international business both globally and in particular market areas.

8. Identify potential opportunities in international business.

---

**GRADING**

<table>
<thead>
<tr>
<th>Component</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attendance and participation (in case discussions)</td>
<td>100</td>
</tr>
<tr>
<td>Quizzes (Best 4 of 6)</td>
<td>200</td>
</tr>
<tr>
<td>Case Presentation (any one case, in groups)</td>
<td>100</td>
</tr>
<tr>
<td>Case Report (any one case, in groups)</td>
<td>100</td>
</tr>
<tr>
<td>Final Exam</td>
<td>300</td>
</tr>
<tr>
<td>Final Project Report</td>
<td>200</td>
</tr>
<tr>
<td>Total</td>
<td>1000</td>
</tr>
</tbody>
</table>

In addition to the above, there may be **unannounced bonus quizzes**, which could give you as much as **50 additional points**. The objective is to make sure that you come prepared for the classes and actively participate in class activities.

**Grading Scale**

- A  (900 - 1000)
- B+  (850 - 899)
- B   (800 - 849)
- C+  (750 - 799)
- C   (700 - 749)
- D   (600 - 690)
- F   (Below 600)

---

**ATTENDANCE AND PARTICIPATION:**

As this course is based on class activities and discussions, attendance and participation are crucial. You are expected to come fully prepared to discuss the chapter readings, discussion cases and other reading materials assigned for that week. **Your participation grade will be based principally on the quality of your comments, but will also take account your attendance, punctuality, and preparation.** Your class participation is crucial to successful learning. Active class participation will also make the class discussion lively and exciting. I will greatly reward quality contributions in evaluating your class participation grade. High quality contributions include: moving the discussion forward, making insightful comments and connections to course materials, constructively analyzing a classmate's argument, introducing a unique perspective into the discussion, etc.
Attendance in all classes is important for a good score in class participation component. If you have a medical or other emergency, please provide proper documentation to be excused from the class. Class participation will be graded according to the following scale:

- 100 - Evidence of exceptional and careful advance preparation by taking a major role in pointing out new issues and new points of view in case discussions with fellow students REGULARLY.
- 70 - Evidence of careful advance preparation by contributing an analysis and interpretation of some issues on several occasions. Some discussion with fellow students.
- 50 - Evidence of advance preparation by contributing some factual details within an ongoing line of analysis on some occasions.
- 30 – Very little participation or participation only by general agreement with ongoing discussion or participated only when directly asked by the instructor.
- 0 No participation, or frequent late coming or frequent early leaving or any other behavior that disrupts or distracts from class discussions/lectures.

You may miss two classes with no penalty. After that, you will be penalized 10 point from your final participation score for each additional absence. A student who misses more than five classes will automatically fail this course, and should consider withdrawing from the course.

Please note that if you come late, you only get half attendance. Please do not come to me with excuses for absence or late arrival, unless you have documented emergencies. In the case of documented emergencies, please send me details by email.

**In-class Quizzes:**

There will be six quizzes consisting of multiple choice and true/false questions.

Please note that best four of the six quizzes will be considered for the grading purpose. There will be no make-up quiz for any missed quiz.

**Case Analysis**

During the course of the semester, you will lead the discussion for one case, and submit written answers for one other case. You are responsible for selecting the dates for your presentation and informing the same to the instructor. The dates will be given on FCFS basis. At the end of the syllabus, I have listed questions for each case that we will discuss during the class.

Case analysis is a group exercise. You have to make a group of five, and schedule the discussion. However, please note that you will not get rewarded for the case if you are absent when the case is scheduled for discussion.

Please note that this is not a presentation exercise, although you are welcome to use presentation aids. Your grade will depend on your ability to run a discussion – how well you are able to engage the class and motivate your classmates to respond, analyze and think about the case information. The discussion should take about 30-40 minutes.
Others, not leading the case discussion, should note that their participation grade requires detailed preparation and participation in the case discussion. The only difference is that the team leading the discussion is in the front of the room asking the questions, and guiding the discussion so all the key points are mentioned and analyzed.

The written answers should not be more than 2000 words, double spaced, and must be submitted before the class in which a particular case is scheduled for discussion. Please note that I do not accept any reports/assignments after the deadline. If you miss the deadline, you lose all the points for that assignment.

**Final Exam**

Final exam will comprise of multiple choice, true-false, and short answer questions. We will discuss the specific details of the quizzes and exams in the first class.

**Final Project Report: Country Analysis**

**Timeline:**

September 21st: Select the industry and country, and submit a preliminary outline (one page) of your project report.

November 16th: Submit the material that you have collected. Provide more details on the outline. Resolve any issues with the group members

Dec 21st: Submit the final report by email by 5 PM. Identify (using different colored fonts) who has done what, in case work was clearly divided.

**Length:**

The full report should be between 3000-4000 words. You can attach any analysis or data in appendices, which will not be counted towards word limit.

**Details:**

For this project, you need to write a comprehensive report on the business environment in a particular country. In your analysis, take the perspective of a U.S. investor or U.S.-based firm by identifying a specific industry. The project objective is to develop an understanding of the business culture and the process of doing business in a foreign country. This will be a group project. Please form a group of up to five students.

This project is not designed to be a term paper in which the views of others are simply summarized. You are the analyst, and it is your job to integrate relevant information and to form your own opinions and views. And you will need to place yourself in the position of a manager responsible for expansion into a new country and business environment.

This project will require you to analyze data. Potential data sources for the project are available at the end of this assignment.

In order to provide a comprehensive analysis of the business environment in your country, each report must address the factors listed below. The analysis should cover the last five years, or as constrained by information limitations. The primary focus should be on more recent events (Present to 2 years).
1. Important Events and Country Background (General Background):
In this section your group should review general background information concerning your country (i.e., location, size, population, resources etc ...). This section should include a brief timeline of the main historical events. Basic economic and financial market issues should include such as issues as monetary policy, exchange rates, sovereign debt or defaults, or other import market background. This analysis should not exceed two pages.

2. Political Structure and Stability
Provide a brief description of your country’s political structure and its stability. Discuss important recent political events and political risk ranking indicators. Do these recent events represent a structural change? Be sure to also carefully cover political risk ranking measures for your country. This analysis should not exceed three pages.

3. Doing Business Analysis
One of the key issues a firm has when it enters a new market is the ease of doing business in this new market. In this section provide a detailed analysis of the business environment in the country you have selected. This analysis should look at macro issues related to the legal framework, ease of entry into the market, and rules and regulations applying to foreign owned firms including ownership rules and repatriation of profits from the foreign country.
At the micro level examine the ease of starting a business, registering property, dealing with construction permits, getting electricity, employing workers, and paying taxes. These factors interact for time and cost to start and run a business and help to shape the local business environment. Another set of important factors for the business environment are related to the legal and practical issue related to getting credit, protecting investors, enforcing contracts, and resolving insolvency. As the main interest of this country analysis your group should consider the ease of trading across borders and international financial transactions.

4. Business Culture Analysis
In this section provide an overview of the business culture of the country chosen. Using Hofstede’s measures on business culture, the GLOBE study, and the World Values Study and other country level data provide an analysis of the business environment and local conditions. Foreign chambers of commerce and the US Commercial regularly provide information on the local business culture. Check their publications that focus on the local business experiences of foreign firms and workshops of doing business in the country your group has chosen.

5. Competitiveness and Innovation Potential
Provide an overview of the country level competitiveness. Utilizing Porter’s Diamond of National Competitiveness framework list the country’s factor endowment, the existence of related and supporting industries, national level demand conditions, and the structure and rivalry inherent in the national marketplace.

Provide an analysis of the country level competitiveness as measured by the World Economic Forum. This analysis should include how the country fares with regard to the current pillars of competitiveness identified by WEF and how trend in competitiveness at the national level. Highlight competitive advantages the country has along with those areas where the country lags significantly behind.

The third part of this section should include an analysis of the innovation potential of the country. Sustainable competitiveness depends on innovation and when a firm decides to enter and invest...
into a country its innovation system plays a role it is long term success by facilitating local innovation and value creation. The analysis of the country level innovation competitiveness may be based on national level indicators of innovation including expenditures on research and development, the rate of domestic and international patenting, resources and infrastructure provided by government to support innovation.

The INSEAD – Cornell – WIPO Global Innovation Index provides a comprehensive database of innovation indicators and country level analysis and provides an excellent resource for understanding innovation at the country and regional level.

6. Future Outlook and Investment Opportunities
In the final section your group should integrate your analysis of country level factors related to the business environment and develop a future outlook. In this section analyze the present and historical performance of your country’s financial markets including both equity and debt markets and the foreign exchange market. In this section you should include financial and political risk. This section should provide a clear picture of the future outlook, investment opportunities, and how a US firm should approach, enter and operate in the market. The types of questions that should be consider include the following:

- What are the near future performance prospects?
- Which sectors or companies provide significant investment opportunities?
- What are your investment recommendations?
- How should a firm do business in the country?
- In answering these questions examine the business climate, political, economic, financial, innovation and competitiveness conditions of the country under study.

CLASS POLICIES

- I allow make-up exams only for documented medical emergencies. If you miss an exam, the make up exam will be an essay, report or oral, at the discretion of the professor.
- All written assignments must be typed and double spaced; 1 inch margins (top, bottom, sides); poor organization, spelling and grammar will be penalized. Do not use a folder — a staple in the top left-hand corner will suffice. Hand written reports will not receive credit.
- NO talking during lecture (Note that this does NOT apply during in-class exercises.)
- NO answering a cell phone or texting. If you have a genuine hardship, like a family member with a life-threatening illness or a spouse who will deliver a baby during the semester, please see the instructor during office hours to clear you for cell phone use.
- NO late arrivals and early departures

In addition to the above, all students are expected to know, understand and live up to the standards of academic integrity. Rutgers University, in conjunction with the RBS Committee, has established an Honor Code that states:

“I pledge, on my honor, that I have neither received nor given any unauthorized assistance on this examination (assignment).”

The following link has other details about academic integrity and I highly encourage all the students to carefully go through the details.

http://academicintegrity.rutgers.edu/integrity.shtml
<table>
<thead>
<tr>
<th>Date</th>
<th>Week</th>
<th>Topic</th>
<th>Chapter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week 1</td>
<td>Sep 8</td>
<td>• Introduction and welcome to the course;</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Housekeeping matters – Expectations, Group formation etc.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Understanding Globalization</td>
<td></td>
</tr>
<tr>
<td>Week 2</td>
<td>Sep 14</td>
<td>• National Differences in Political Economy</td>
<td>2, 3, 4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Political Economy and Economic development</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Differences in Culture</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>DISCUSSION CASE: A Bomb in Your Pocket? Crisis Leadership at Nokia India</strong></td>
<td></td>
</tr>
<tr>
<td>Week 3</td>
<td>Sep 21</td>
<td>• Ethics in International Business</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• International Trade Theory</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>CASE 1: Blood Bananas: Chiquita in Colombia</strong></td>
<td></td>
</tr>
<tr>
<td>Week 4</td>
<td>Sep 28</td>
<td>• Political Economy of International Trade</td>
<td>7, 9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Regional Economic Integration</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>CASE 2: NAFTA and the Prospects of Free Trade in the Americas</strong></td>
<td></td>
</tr>
<tr>
<td>Week 5</td>
<td>Oct 5</td>
<td>• Foreign Direct Investment</td>
<td>8, 10</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• The Foreign Exchange Market</td>
<td></td>
</tr>
<tr>
<td>Week 6</td>
<td>Oct 12</td>
<td>• The International Monetary System</td>
<td>11, 12</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• The Global Capital Market</td>
<td></td>
</tr>
<tr>
<td>Week 7</td>
<td>Oct 19</td>
<td>• The Strategy of International Business</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>CASE 3: Silvio Napoli at Schindler India (A)</strong></td>
<td></td>
</tr>
<tr>
<td>Week 8</td>
<td>Oct 26</td>
<td>• Organization of International Business</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>CASE 4: Philips versus Matsushita: The Competitive Battle Continues</strong></td>
<td></td>
</tr>
<tr>
<td>Date</td>
<td>Topic</td>
<td>Chapter</td>
<td></td>
</tr>
<tr>
<td>------------</td>
<td>----------------------------------------------------------------------</td>
<td>---------</td>
<td></td>
</tr>
<tr>
<td>Week 9</td>
<td>• Entry Strategy and Alliances</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>Nov 2</td>
<td>CASE 5: PS2 – The China Question</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Week 10</td>
<td>• Entry Strategy and Alliances</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>Nov 9</td>
<td>CASE 6: Nora Sakari</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Week 11</td>
<td>• Global Production and Outsourcing</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>Nov 16</td>
<td>CASE 7: LEGO Group: An Outsourcing Journey</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Week 12</td>
<td>Exam</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nov 23</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Week 13</td>
<td>• Global Marketing and R&amp;D</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td>Nov 30</td>
<td>CASE 8: United Cereal: Lora Brill’s Eurobrand Challenge</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Week 14</td>
<td>• Global Human Resource Management</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td>Dec 7</td>
<td>CASE 9: P&amp;G Japan: The SK-II Globalization Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dec 21</td>
<td>Project submission</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
CASE QUESTIONS

CASE 1: Blood Bananas: Chiquita in Colombia
1. What do you think were the root causes for Chiquita’s actions in Colombia that ultimately led to their conviction?
2. Do you think Chiquita or its managers had a choice? Why or why not?
3. What other companies or industries do you think should be worried about Chiquita’s experience? How does this story change your perspective on doing business abroad?
4. What can current CEO Fernando Aguirre do now to restore Chiquita’s reputation and ensure future competitiveness?

CASE 2: To Trade or Not to Trade: NAFTA and the Prospects for Free Trade in the Americas
1. Why did the US, Canada and Mexico sign the NAFTA? Which sectors would you expect to gain most from this agreement?
2. In what ways has NAFTA been beneficial or harmful for the countries that signed it?
3. Should the US encourage the formation of FTAA?

CASE 3: Silvio Napoli at Schindler India (A)
1. At the time of the case, Luc Bonnard, Schindler’s vice chairman, is visiting India. As Mr. Bonnard, how would you evaluate Silvio’s first eight months on the job? How appropriate are the strategy and business model that Silvio has created? How effective has he been in building organizational capabilities? What about the operating performance to date?
2. What should Silvio do about the order for the glass-walled elevators?
3. How should he deal with the challenges he is facing over transfer prices and sourcing problems with the European plants?

CASE 4: Philips versus Matsushita: The Competitive Battle Continues
1. How did Philips become the leading consumer electronics company in the world in the postwar era? What distinctive competence did they build? What distinctive incompetencies?
2. How did Matsushita succeed in displacing Philips as No. 1? What were its distinctive competencies and incompetencies?
3. What do you think of the change each company has made to date - the objectives, the implementation, the impact? Why is the change so hard for both of them?
4. What overall strategic recommendations would you make to Gerald Kleisterlee? To Eumio Ohtsubo?

CASE 5: PS2 - The China Question
1. Should PS2 enter the China Market? Is it ready to enter the China market now? If not, what limitations need to be overcome?
2. Is export a viable mode of foreign entry vis-à-vis foreign direct investment for the soil remediation and oil sludge recovery markets in China?
3. Which of the following two options should the company pursue? Is it feasible to pursue both options? Why or why not?
   a. The NIES option in soil remediation using mobile units.
   b. The Nahai option in the treatment of oil sludge using a fixed facility.
4. What ownership level should PS2 assume for each option?
5. How should PS2 adjust its organizational structure to fit its international strategy?
CASE 6: Nora-Sakari: A Proposed JV in Malaysia
1. Is the formation of Joint Venture the best option for Nora and Sakari to achieve their respective objectives? Why have the negotiations failed so far?
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 agrees), how should he restructure the terms of the deal?

CASE 7: LEGO Group: An Outsourcing Journey
1. What were LEGO’s main expectations and learnings from the relationship with Flextronics?
2. What are the key challenges in maintaining a relationship like the one between LEGO and Flextronics?
3. How can LEGO handle the supply chain complexity to improve knowledge sharing, flexibility and coordination?
4. Discuss the key considerations when outsourcing or offshoring production.
5. Describe the competitive environment of the industry and how it relates to LEGO’s strategic choices.

CASE 8: United Cereal: Lora Brill’s Eurobrand Challenge
1) As Laura Brill, would you authorize Michel’s request about launching Healthy Berry Crunch in France?
2) What do you think of Brill’s Eurobrand proposals? Should she authorize the launch of Healthy Berry Crunch as the Eurobrand? What concerns do you have? How would you resolve them?
3) How might United Cereal implement your recommendations? What do you think of the Eurobrand Team proposal?

CASE 9: P&G Japan: The SK-II Globalization Project
1) As Paolo, what factors do you need to consider before deciding your recommendations for SK-II to the global leadership team?
2) Does SK-II have the potential to become a global brand within P&G’s global operations? Why or why not?
3) Which of the three market options should Paolo recommend? What are the risks and benefits?
4) How should he implement your recommended option?