

# INTERNATIONAL BUSINESS

Christian Seelos

## **COURSE DESCRIPTION & OBJECTIVES**

This course enables reflection on the relationship between business and society that is shaped by a diverse set of global and local economic, political, social, technological, and environmental forces. Success in international business requires that managers recognize and understand these forces and develop competencies of integrating insights into strategic decision making processes.

The course raises awareness for the diversity that characterizes the environment, the people and nations of this planet. Being exposed to a wide range of country settings enables critical reflection on the many roles and responsibilities of companies in different markets. It also builds intuition about the nature of existing and newly emerging threats and opportunities that define business success and how to compete effectively in international markets.

Specifically, the course is designed to:

- Challenge you to reflect on the differences as well as similarities that define global marketplaces.
- Familiarize you with the particular problems and perspectives of doing business internationally.
- Foster an appreciation of the external forces that influence and shape the nature of competition and the roles and responsibilities of companies and business managers across space and time.
- Set you on a steep learning curve of building the skills necessary to evaluate and implement business strategies in different types of market context.

## **CLASS PARTICIPATION**

Class participation is key to the collective learning experience. Creation of knowledge and insights is the responsibility of every participant and your participation is the contribution you make to your own learning and to that of all other members of the class. Prepare cases and other readings well and apply your brain, your experience and your heart to the analysis of material. Pick issues in articles you find interesting and share them in class.

Each session will start with a 10 minute discussion about current topics in the press. Be prepared for the 1<sup>st</sup> session as well. Every participant is required to read the “International Version” of BBC News Online (<http://news.bbc.co.uk/> select “International Version”) throughout the course and highlight interesting articles related to course concepts. More detailed information will be provided during the first session.

## **GROUP PROJECTS**

Groups of 4-6 class participants will act as consultants to the class and become functional and/or geographical experts in a subject that will be determined in the first session of the course. Groups will develop written briefs (in Power Point or MS Word) on subjects that fit the content of individual sessions and present summaries of their work to the class. The focus will be on extracting insights for managerial decision making that might be useful for graduates in their roles as managers and leaders in various organizations. The final versions of the briefs will be distributed to all members of the class at the end of the course.

## **FINAL EXAM**

You will do a written analysis of a business case applying the concepts used in the course. To achieve a good grade you must think through the issues to demonstrate an understanding of how and why "things work". Merely collecting and pasting data and information is not enough. Details will be discussed in class.

### Deliverable

Max. 5 pages (double-spaced, font "Times New Roman" size 12) case analysis  
(Note: appendices, exhibits are not counted against the 5 page limit)

## **COURSE EVALUATION**

Class Participation	20% (Individual)
China Module, Dr. Hitt	5% (Individual)
India Module, Dr. Shankar	5% (Individual)
Group Presentations	20% (Group)
Final Project	50% (Individual)

## **ADDITIONAL POLICIES**

### **Dishonesty**

You are expected to observe the Aggie honor code:

*"Aggies do not lie, cheat or steal, nor do they tolerate those who do."*

For additional information please visit: [www.tamu.edu/aggiehonor/](http://www.tamu.edu/aggiehonor/)

### **ADA Statement**

The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for people with disabilities. If you feel you are entitled to special accommodations because of a disability, please contact the Office of Support Services for Students with Disabilities in Room 126 of the Student Services Building or call 845-1637.

### **Wehner Building Classrooms**

Do not bring any beverages, food, tobacco products, or animals (unless approved) into classrooms.

## CLASS SCHEDULE

### Session 1

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- Topic: **The Discourse Around Globalization – Themes And Evidence**
- Readings: 1. Why Globalization Works. Transcript of an IMF Economic Forum, Washington, D.C., September 22, 2004. Read Online at: [www.imf.org/external/np/tr/2004/tr040922a.htm](http://www.imf.org/external/np/tr/2004/tr040922a.htm).
2. How Globalization Went Bad. Foreign Policy, Jan/Feb 2007

#### Assignment Questions:

1. *Identify core issues in the assigned readings and be prepared to discuss one that you find most interesting or relevant.*

### Session 2

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- Topic: **Interdependence Of Business And Society (OECD Context)**
- Readings: 1. Case: Finland And Nokia: Creating The World's Most Competitive Economy. HBS 9-702-427
2. Clusters And The New Economics Of Competition. (Porter, M.) Harvard Business Review, Nov-Dec 1998.

#### Case Assignment Questions:

1. *How did Finland move from a sleepy economy to one of the most competitive nations?*
2. *How was Finland able to develop a leading mobile communications cluster and why this cluster and not another one?*
3. *How and why did Nokia become a leader in mobile handsets?*
4. *What are the critical challenges in 2002 for the Finnish government/private sector/Nokia and what should they do?*

### Session 3

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- Topic: **Interdependence Of Business And Society (Developing Country Context)**
- Readings: 1. Case: Divesting The Zambian Mining Industry. Ivey 9B04M060.
2. Take A Tour Through The Web Site "Virtual Zambia": [www.bized.co.uk/virtual/dc/index.htm](http://www.bized.co.uk/virtual/dc/index.htm)

#### Case Assignment Questions:

1. *What problems did Zambia face in divesting the mining industry and how should the government have proceeded to avoid these problems?*
2. *Should it have privatized the industry at all?*
3. *What are the lessons for other developing countries?*
4. *What risks did investors face considering buying the government assets?*
5. *What motivated Anglo-American to re-enter Zambia and was this a strategic mistake?*

#### Session 4

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- Topic: **Nations, Organizations And Socio-Economic Development**
- Readings:
1. Global Economic Integration: What's New And What's Not? Remarks by Chairman Ben S. Bernanke At the Federal Reserve Bank of Kansas City's Thirtieth Annual Economic Symposium, Jackson Hole, Wyoming August 25, 2006: Read Online at:  
[www.federalreserve.gov/boarddocs/speeches/2006/20060825/default.htm](http://www.federalreserve.gov/boarddocs/speeches/2006/20060825/default.htm)
  2. World Economic and Social Survey 2006. Diverging Growth and Development. Overview. (United Nations). Read Online at:  
[www.un.org/esa/policy/wess/wess2006files/overview.pdf](http://www.un.org/esa/policy/wess/wess2006files/overview.pdf)

#### Assignment Questions:

1. *Identify core issues in the assigned readings and be prepared to discuss one that you find most interesting or relevant.*

#### Session 5

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- Topic: **Globalization And Industry Change**
- Readings:
1. Case: Globalization Threatens Canada's Auto Industry: Implications For The Economy And For Society. Ivey 9B06M008
  2. Logan's Run. The Economist, Apr 26, 2007.
  3. Clothing Row Divides Europe. BBC News, Aug 30, 2005.

#### Case Assignment Questions:

1. *If the auto industry were to leave Canada, how seriously would the economy and society be hurt?*
2. *How real is the threat that plants could be moved off-shore? Estimate cost savings and identify mitigating factors to keep some production in Canada.*
3. *Evaluate the impact of the globalization threat on CAW's negotiating power as well as CAW's role and purpose.*
4. *What is the appropriate role of Canadian governments facing globalization threats. For example, should they*
  - a) *impose trade constraints or engage in efforts to level the playing field?*
  - b) *offer financial assistance?*
  - c) *guarantee pensions and other benefits?*

#### Session 6

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- Topic: **Strategy and Trade Policies**
- Readings:
1. Case: Cemex And Antidumping. (Baron, D.P.) Business And Its Environment, 4<sup>th</sup> ed. (2003), 614-620. Pearson, New Jersey.

2. The Airbus-Boeing Dispute: Not for the WTO to solve (Scherpenberg, Hausséguy), Stiftung Wissenschaft und Politik, German Institute for International and Security Affairs, SWP Comments 30, July 2005:

Read Online at:

[www.swp-berlin.org/en/common/get\\_document.php?asset\\_id=2298](http://www.swp-berlin.org/en/common/get_document.php?asset_id=2298)

3. Set Airbus Free To Soar. The Economist, Nov 9, 2006

Case Assignment Questions:

1. *What was the motivation of the U.S. cement producers in filing the petition and is the U.S. administrative approach to evaluating an antidumping petition appropriate?*

2. *Had Cemex done anything wrong? Is it selling below its costs?*

3. *Evaluate Cemex's strategy prior to the imposition of duties and its strategy for addressing the duties once they were imposed. What should it have done differently?*

4. *What should Cemex do once it had exhausted all nonmarket avenues to deal with the antidumping duties?*

5. *What market strategy should it adopt with respect to the U.S. market as well as its other International markets?*

*Session 7*

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Topic: **International Trade And Investment**  
Student Group Presentations

*Session 8*

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Topic: **Corporate Roles, Responsibilities, Global Corporate Governance (I)**  
Readings: 1. People And The Environment, Shell Nigeria Annual Report 2006. Read Online at:  
[www.shell.com/static/nigeria/downloads/pdfs/2006\\_shell\\_nigeria\\_report.pdf](http://www.shell.com/static/nigeria/downloads/pdfs/2006_shell_nigeria_report.pdf)  
2. The International Crisis Of Confidence In Corporations. Child, J., Academy of Management Executive. 2002, Vol. 16, No. 3  
3. Managing Micropolitical Risk: A Cross-Sector Examination (Alon, I. et al., 2006) Thunderbird International Business Review, Vol. 48(5).

*Session 9*

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Topic: **Corporate Roles, Responsibilities, Global Corporate Governance (II)**  
Readings: 1. Influencing Power. Reviewing The Conduct And Content Of Corporate Lobbying. SustainAbility and WWF, First Edition 2005.  
2. A Private Line To Berlin. How Merkel And Blackstone Changed German Capitalism. Financial Times, Jul 3, 2007.  
3. The Future Of Corporate Reporting. State Of Play – February 2007. Tomorrow's company: Read Online at:  
[www.tomorrowscompany.com/uploads/FOCRvf.pdf](http://www.tomorrowscompany.com/uploads/FOCRvf.pdf)

### *Session 10*

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Topic: **Institutions And Institutional Voids**

Readings: 1. Case: Sekem: Liberating A Vision, An Artistic Approach To Entrepreneurship. IESE DG-1466-E.  
2. Spotting Institutional Voids In Emerging Markets. (Khanna, T. and Palepu, K.) Harvard Business School, Note 9-106-014 (Rev: August 24, 2005)

Case Assignment Questions:

- 1. Evaluate the socio/economic factors that prompted Abouleish to return to Egypt.*
- 2. What were some of the major hurdles to making progress that Egypt posed? How did Abouleish overcome them?*
- 3. What type/s of value does Sekem create? What is their financial value?*
- 4. Is Sekem a “blueprint of the organization for the 21<sup>st</sup> century”? Could it be replicated elsewhere?*

### *Session 11*

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Topic: **Global Strategy and Cultural Context**

Readings: 1. Case: Wal-Mart’s German Misadventure. ICFAI, 304-006-1.  
2. In the Eye of the Beholder: Cross Cultural Lessons in Leadership from Project GLOBE (Javidan, M., Dorfman, P.W., de Luque, M.S. and House, R.J.) Academy of Management Perspectives, Feb 2006.

### *Session 12*

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Topic: **Global Strategic Management**

Readings: 1. Case: P&G Japan: The SK-II Globalization Project. HBS 9-303-003.  
2. Apocalypse Now? (Ghemawat, P.) Harvard Business Review, Oct 2006.

Case Assignment Questions:

- 1. As Paolo De Cesare, 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 to prepare for that meeting?*
- 2. Does SK-II have the potential to become a global brand within P&G? Why or why not?*
- 3. Which of the three options should Paolo recommend to the GLT?*
- 4. How should he implement your recommended option? What are implications for the new post-2005 organization? What support and/or resistance do you expect? How will you manage it?*

### *Session 13*

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Topic: **Emerging Corporate Giants**

Readings: 1. Case: Tata Consultancy Services Iberoamerica. HBS 9-705-020.  
2. Tomorrow The World. European Companies Face Competition From New Directions. The Economist, Feb 8, 2007.

Case Assignment Questions:

1. *What motives underlie TCS' strategic decision to go to Latin America?*
2. *In Gabriel Rozman's shoes, how would you argue your case at the TCS board meeting?*
3. *If you were Ramadorai, how would you assess the progress of TCSI to date?*
4. *What are the advantages and disadvantages of TCSI locations?*

### *Session 14*

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Topic: **Emerging Opportunities at the Bottom of the Income Pyramid**

Readings: 1. Case: Project Impact: The Affordable Hearing Aid Project. IESE DG-1472-E.  
2. Sustainable Development, Sustainable Profit. (Seelos, C. and Mair, J. 2005) European Business Forum , Issue 20 (Winter).

Case Assignment Questions:

1. *Why are prices for technology that serves basic human needs so high?*
2. *What are the main strategic goals of Aurolab and Aravind?*
3. *How does David Green think about business? How does he create value, how and by whom is value captured?*
4. *What resources and competencies could Aurolab and Aravind leverage by working together?*
5. *Is it OK to sell Aurolab products in the US at US market prices?*
6. *Are there learnings for for-profit companies? Why or why not?*

### *Session 15*

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Topic: **Emerging Opportunities and Market Entry Strategies**

Readings: 1. Case: Telenor In Bangladesh (A + B). INSEAD 304-147-1 and 304-148-2  
2. UPDATE 3-Telenor Accuses Alfa Of Vimpelcom Insider Dealing. Reuters, June 7, 2007.

Case Assignment Questions:

1. *Why did companies not see a business opportunity, why was Bangladesh not on Telenor's radar screen in 1994?*
2. *Could Telenor have done it alone?*
3. *Evaluate the partnership between Telenor and Grameen - what are the success factors and how sustainable is the partnership?*
4. *How is social and economic value creation interdependent in this case?*

*Session 16*

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Topic: **Global Strategy and Sustainable Development**

Reading: Going From Global Trends To Corporate Strategy. The McKinsey Quarterly, 2006, Number 3.