Course Objectives:

1. To identify and assess major formal and informal institutional features of the international business environment;
2. To consider how the formal and informal institutions affect the international business environment;
3. To explore the strategic issues facing international business managers.

Readings:
There is a required textbook: Michael Peng, *Global Business*, Third Edition, South-Western Cengage Learning, 2014. The textbook should be available in the bookstore. In addition, there are recommended (but not required) articles and videos that are available at the URLs shown on the course outline.

Assessment:
Grade assessments will be accomplished through three in class presentations, one written paper which is a take-home final exam and class participation. The topics and dates for the presentations are provided at the end of the syllabus, as is the topic for the final exam, which should be emailed to me by noon on Thursday, December 10th.

Grading:

1. Each presentation 20%
2. Final Paper 30%
3. Class participation* 10%

*Class participation is a function of both the frequency and the quality of a student’s contributions to class discussion. It would help in this regard if students read a business periodical or newspaper on a regular basis.
<table>
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<tr>
<th>Date</th>
<th>Topic and Readings</th>
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<tr>
<td><strong>Week 1: Sept 28</strong></td>
<td><em>Introduction to Global Business</em></td>
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<td>Peng: chapter 1*</td>
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<td>Ferguson, “Globalization,” (video)</td>
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<td><strong>Sept 30</strong></td>
<td><em>Formal Institutions</em></td>
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<td><strong>Week 2: Oct 5</strong></td>
<td><em>Informal Institutions</em></td>
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<td><strong>Oct 7</strong></td>
<td><em>Resources and Capabilities</em></td>
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<td><strong>Week 3: Oct 12</strong></td>
<td>First Presentation</td>
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<td><strong>Oct 14</strong></td>
<td><em>Trade</em></td>
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<td>Peng: chapter 5</td>
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<td>IMF, “International Trade and Supply Chains,”</td>
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<td><strong>Week 4: Oct 19</strong></td>
<td><em>Foreign Direct Investment</em></td>
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Oct 21  Foreign Exchange
Peng: chapter 7
King, “Nominal and Real Exchange Rates,” video, http://www.youtube.com/watch?v=4TBiBKNbM0g

Week 5: Oct 26  Foreign Exchange

Oct 28  Global and Regional Integration

Week 6: Nov 2  Second Presentation

Nov 4  Entering Foreign Markets
Peng: chapter 10

Week 7: Nov 9  Competition Dynamics
Peng: chapter 11

Nov 11  Holiday

Week 8: Nov 16  Alliances
Peng: chapter 12

Nov 18  Strategy and Organization
Peng: chapter 13

Week 9: Nov 23  Third Presentation

Nov 25  Holiday

Week 10: Nov 30  Marketing
Peng: chapter 14
Presentation Topics

1. **Group Presentation #1**: Choose a real world company. It would probably be best to choose a publicly traded company that produces publicly available annual reports, 10Ks and other statements. Identify at least two major foreign markets (countries) in which the company markets its products.
   
   a. Discuss the cultural differences between the two foreign markets identified above and the company’s home market.
   
   b. Explain why you chose to measure cultural differences in the manner chosen.
   
   c. What implications for marketing your company’s products do you draw from the cultural differences you identified? Be as specific as possible.

2. **Group Presentation #2**: For your real world company, identify the company’s focal currency.
   
   a. Then identify a foreign currency whose changes in value relative to the focal currency is likely to have a significant impact on the company’s financial performance.
   
   b. Discuss (in general terms) how a depreciation of the foreign currency would likely affect the company’s financial performance.
   
   c. Provide a one and two year forecast of the value of the foreign currency in question relative to the focal currency.
   
   d. What, if anything, would you recommend the company do in light of the forecasts you provide in your answer to Part C?

3. **Group Presentation #3**: For your real world company, identify a country or region where, as far as you can determine the company is either not marketing its products or carrying on any production activity.
a. Would you recommend that the company diversify into that country or region? Be specific as to the value chain activity/activities you think should be the focus of the diversification.

b. What mode of business should the company use if it chose to diversify into the country/region identified in your answer to Part A?

c. Would you recommend that the company enter the market in question relatively quickly? Should it also expand relatively quickly? Give reasons for your answer.

Final Exam Paper

For your company, identify the main foreign markets in which it is currently marketing products and/or producing output. If possible, provide data or information on the relative importance of the foreign markets identified.

a. How would you characterize the company’s strategy for carrying out its international business activities using Peng’s four strategic choice options, i.e. home replication, multi-domestic, global or transnational?*

b. How would you characterize the company’s organizational structure using Peng’s four types of organizational structure, i.e. international diversion, geographic area, global product division, global matrix?

c. Would you recommend that the company modify its strategy? In particular, should it emphasize more “localization” or standardization for its marketing or production activities in the main foreign markets identified?

d. Would you recommend that the company change its organizational structure? Why or why not?

*Note: If your company doesn’t fit squarely into a strategic category, explain why.

Discussion Questions

Sept 3:

Read “Mahindra and Mahindra versus John Deere” in Peng, pg.3-4.
Questions:

1. What liabilities of foreignness did Mahindra and Mahindra face in entering the U.S. market?
2. How did the Company try to overcome the liabilities of foreignness?

Oct 7:

Read “Chiquita Sticks Its Bananas Out” in Peng, pg. 89-90.

Questions:

1. What measurable aspects of a nation’s culture might signal the value its citizens place on socially responsible business behavior?
2. How does a company doing business in multiple countries reconcile different attitudes towards socially responsible behavior across those countries?

Oct 14:

Read “Coca-Cola in Africa” in Peng, pg. 124-125.

Questions:

1. What seems to make Africa an attractive location for market-seeking diversification from Coca-Cola’s perspective?
2. What resources and capabilities does Coca-Cola possess that allows it to be successful in Africa?
3. Starbucks recently announced that it will open its first stores in Africa (in South Africa, specifically). Do you think Starbucks will have the same success as Coca-Cola?

Oct 21:

Read “Brazil’s Quest for Comparative Advantage” in Peng, pg. 170-171.

Questions:
1. Why do you think the Brazilian government wants to develop its manufacturing sector when it has such a clear comparative advantage in agriculture and mining?

2. How would an appreciation of the real affect the profits of Brazilian agricultural and mining companies?

Nov 9:

Read “Enter the United States by Bus” in Peng, pg. 333-334.

Questions:

1. Why do you think that Megabus entered the U.S. market as a wholly owned subsidiary of Stagecoach Group, rather than through some other governance form such as franchising or a strategic alliance with a locally owned company?

2. Why do you think Megabus was able to be successful in the U.S. market even though it was a “late mover”?

Nov 30:

Read “McDonald’s Aims to Save $300m Annually through Reorganization,” http://nrn.com/corporate/mcdonald-s-aims-save-300m-annually-through-reorganization

Questions:

1. What do you think of McDonald’s decision to align the Company’s organizational structure from one based on geographies to one in which markets are aligned by their levels of development?

2. Do you think a company like Boeing should implement the same type of reorganization?