

International Strategy and Organization

Sections 060 090 - Spr 2008 - 2s

Faculty Information

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Course Description

Globalization and the technological developments of the digital age have created exciting new opportunities for managers who seek growth and profits by accessing resources and serving markets worldwide. At the same time, managing across cultures and nations in a world where multinationals (and more recently, "offshoring") are not always viewed in a positive light, poses its own challenges. This course will focus on the strategic and organizational challenges involved in managing activities across borders, in an increasingly interconnected world.

Course Goals

Students can expect to come away with a **set of frameworks** that will help them understand:

- **Why** firms do (or don't do) international business
 - **How** do they do it? The international strategies firms use as they go overseas
 - How firms **build global presence** by choosing countries, products and modes of entry
 - How firms **organize for international business**
 - What **challenges** (especially the **legitimacy, cultural, personal, and career challenges**) international managers face
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Required Text/Materials

Coursepacket of readings and cases

Required and optional readings marked WEB and current material and the overheads for the day will be posted on LMS, under "Sessions".

Grading Distribution

50%	Two 3-page case write-ups (due before class on the day the case is discussed)
30%	Group project and Presentation
20%	Class Participation

Grading Criteria

CASE PREPARATION & CLASS PARTICIPATION

To get the most out of this course, it is important that you come to each class well prepared to discuss your analysis of the assigned case. I will essentially function as a discussion facilitator during the case discussions. You are also expected to actively participate in the discussion of class readings. Quality of contributions is weighed more heavily than quantity. Quality comments add value by offering new or alternative perspectives, providing support or relevant evidence, building on previous comments, providing an illuminating example from personal experience, or moving discussion in an interesting direction.

Most of our sessions will start with a brief discussion of that week's world events. I expect that you will tell us:

- a. About the event that caught your attention.
- b. How that event affects or might affect your company/organization
- c. How that event might affect you personally.

This discussion is meant to illuminate the importance of understanding the international environment in making strategic decisions.

CASE WRITE-UPS

You write up two cases of your choice. The only constraint is that the written cases are due *before class begins on the day the case is scheduled to be discussed*. The case analyses should be *no longer than 3 double-spaced pages*,

excluding exhibits. **The questions given under each case are meant to direct your background thinking on the case. The case write-up should address the "Assignment" given below the questions for each case.**

Case write-ups will be judged on the integrity of the argument made (the quality of the analysis and recommendation), the structure and presentation of your reasoning, the links to concepts discussed in the course/readings and on the thoughtfulness and creativity displayed. While I encourage you to discuss the case with others before class, *the write-up must be done individually.*

GROUP PROJECT

In groups of 5-6, you will decide on a product or service idea that you will introduce in a country of your choice (other than the US).

A few lines describing the product and country choice need to be turned in by Session 4 of the course (**April 15 or 17**).

You will prepare a **report of not more than 10-11 pages (excluding exhibits) AND a 12 minute-presentation** for the last class (**May 6 or 8**).

In the project report, you will:

- introduce the product or service
- briefly introduce the country you have chosen to enter (and why)
- explain why that product makes sense for that country (market, growth, competitive conditions...)
- describe what strategies you are going to follow, including mode of entry (and why)
- explain where and how you will manufacture/create that product or service (you can think about offshoring, outsourcing and other organizational issues here)
- provide a thoughtful evaluation of the risks and challenges you are likely to face in implementing your entry strategy

While you are welcome to pick an existing product in an existing firm to introduce to another country, some of the most satisfying projects from the point of view of the students have been entrepreneurial ventures students have created that they could (and in a few cases did) take forward...

Carlson School of Management Course Grading Policy

In 2005, the results of a comprehensive study of grading in the Carlson School were presented to the faculty. In response to the conclusions of the study, the Carlson School faculty developed and approved the following grading policy:

Grades are an integral part of the educational process. They are one form of feedback concerning academic performance. The Carlson School is resolute that the differences in course achievement are reflected in the differences in course grades. Grades are based on a combination of exams, terms papers, class participation, case analyses, and other assignments. In all cases, it is the instructor who determines grading criteria.

1. Core classes will have a median aggregate GPA of 3.33 +/- .1.
2. Elective classes will have a median aggregate GPA of 3.67 +/- .1.
3. Faculty teaching multiple sections of the same course in the same term may use a single distribution over these sections for purposes of complying with the above policies.

Course Policies

COURSE STRUCTURE

The course is structured as follows:

- We begin with a discussion of the meaning of *globalization* and the *imperatives* that drive firms to invest abroad -- as they seek growth, efficiency, knowledge and diversification
- We then address how firms *build global presence*, and take a specific look at 'late globalizing' firms and countries.
- We move on to an examination of the *organizational challenges* involved in exploiting the strategic benefits of global presence
- We look closely at the *mindset and cultural savvy* required to be successful internationally.
- We end with a discussion of challenges involved in expatriate assignments

COURSE REQUIREMENTS

This is a predominantly case-based course. Cases will be supplemented with classroom exercises, lectures and videos. Class participation is critical to success in this course.

Academic Policies

MBA Policy

The Carlson School defines academic misconduct as any act by a student that misrepresents the student's own academic work or that compromises the academic work of another. Scholastic misconduct includes (but is not limited to) cheating on assignments or examinations, plagiarizing, i.e., misrepresenting as one's own work any work done by another, submitting the same paper, or substantially similar papers, to meet the requirement of more than one course without the approval and consent

of the instructors concerned, or sabotaging another's work. Within this general definition, however, instructors determine what constitutes academic misconduct in the courses they teach. Students found guilty of academic misconduct face penalties ranging from lowering of the course grade or awarding a grade of F or N for the entire course, to suspension from the University.

[University Policy on Academic Misconduct](#)

Accommodations for Students with Disabilities

The University of Minnesota is committed to providing all students equal access to learning opportunities. Disability Services is the campus office that works with students who have disabilities to provide and/or arrange reasonable accommodations. Students registered with Disability Services, who have a letter requesting accommodations, are encouraged to contact the instructor early in the semester. Students who have, or think they may have, a disability (e.g. psychiatric, attentional, learning, vision, hearing, physical, or systemic), are invited to contact Disability Services for a confidential discussion at 612-626-1333 (V/TTY) or at ds@umn.edu. Additional information is available at the DS website <http://ds.umn.edu>.

Course Schedule

Class 1: Tuesday, March 25th and Thursday, March 27th, 2008

INTRODUCTION: Complexities of Globalization

Readings:

Coursepacket: G&G: Chapter 1 Gupta and Govindarajan "The Challenge of Globalization"

Coursepacket: Franklin Foer, Chapter 6, "The Black Carpathians," in *How Soccer Explains the World*, Harper Collins, 2004 (Read carefully).

Coursepacket: Ghemawat, P. "The Forgotten Strategy," *Harvard Business Review*, 2003 (HBS Product # R0311E)

Class 2: Tuesday, April 1st, and Thursday, April 3rd, 2008

International Strategy: The Search for Markets

Readings:

Coursepacket: G&G: Chapter 2 "Developing a Global Expansion Strategy"

Coursepacket: Case Jollibee Foods International (HBS Case # 9399007)

- 1) How would you evaluate Tony Kitchner's effectiveness as the first head of Jollibee's international division? Does his broad strategic thrust make sense? How effectively did he develop the organization to implement his priorities?
- 2) What drives international success in this industry? To what extent do you believe Jollibee has what it takes to succeed internationally?

ASSIGNMENT (if you choose to write up this case): Choose one of the three investment options (PNG, Hong Kong or California) and explain what the pros and cons are for Jollibee to enter that particular country. What is your recommendation?

Class 3: Tuesday, April 8th and Thursday, April 10th, 2008

International Strategy: The Search for Efficiency & Innovation

Readings:

Coursepacket: John Seely Brown (2005) "Innovation Blowback: Disruptive Management Practices from Asia," *McKinsey Quarterly*, 2005 Issue 1, pp. 34-45

Coursepacket: Srilata Zaheer and Radhika Rajan: "Creativity under Constraint: Technological Imprinting and the Migration of Indian Business to the New Economy" in Bruce Kogut (Ed.) *The Global Internet Economy*, MIT Press (2003) – (Read this as a case about the Indian Software Industry in transition).

Question for class discussion:

- 1) What are the challenges and opportunities for Indian software firms as they expand internationally?

- 2) What are the challenges and opportunities for firms in developed countries, such as the US, given this new set of markets and competitors?
- 3) How can American firms benefit from and respond to the challenges posed by the development of emerging market multinationals, as represented by the Indian software industry?

Class 4: Tuesday, April 15th and Thursday, April 17th, 2008

Exploiting Global Presence: The Organizational Challenge

Readings:

Coursepacket: G&G: Chapter 4 "Building Global Competitive Advantage"

Coursepacket: Case *GE Medical Systems*, 2002 (HBS Case # 9-702-428)

- 1) What is the underlying logic behind the Global Product Company idea?
- 2) Should GEMS be pursuing Genomics and health care-IT opportunities aggressively in addition to, or instead of, the China opportunity?

ASSIGNMENT (if you choose to write up this case): Write a memo to Joe Hogan analyzing the pros and cons of GEMS acceding to the Chinese management team's request to change the Global Product Company. What would you recommend?

Class 5: Tuesday, April 22nd and Thursday, April 24th

Exploiting Global Presence: The Cultural Challenge

Readings:

Coursepacket: Schneider and Barsoux, Chapter 4 "Culture and Organization"

Coursepacket: Case *Blue Ridge Spain* (HBSP Product #902M03)

1. What led the joint venture partners to this impasse? What were the major difficulties between the joint venture partners over the years?
2. Be prepared to argue for an action plan from the perspectives below. You also want to think about some of the following:
 - As **Sodergran and Dryden** representing Delta. Is Blue Ridge Spain valuable to Delta? Why or why not? Would you push ahead with the dissolution strategy? What implementation issues should you consider and how would you address them?
 - As **Terralumen management**. Is the Delta relationship valuable to you? Why or why not? If Delta pursues the dissolution strategy what would you ask for? What are the important issues you should consider?
 - As **Costas**. How would you counsel Sodergram and Dryden in this case? What issues should you consider in making your recommendation? Is what you recommend to Delta also what is best for you personally?

ASSIGNMENT (if you choose to write up this case): Take the position of consultant to one of the three parties listed above (Delta, Terralumen, or Costas) and write a memo to that party giving your recommendations on the questions raised. Frame your answer in terms of the strategic and cultural factors that (1) led to the current problems, and (2) could either hinder or facilitate future dealings.

Class 6: Tuesday, April 29th and Thursday, May 1st

Exploiting Global Presence: The Legitimacy Challenge

Reading:

LMS Attachment: WORKING PAPER: Zaheer, Srilata and Tatiana Kostova, "Managing Legitimacy Through Separation and Alignment"
(See Sessions, Class 6)

Coursepacket: Case Royal Dutch Shell in Transition (A) (HBSP Product#: 9-300-039)

Coursepacket: (follow-up reading): Peter Maass, *The Road to Hell*, *The New Republic Online*

- 1) How would you classify the problems Royal Dutch Shell was facing in the nineties as described in the HBS case?
- 2) How did the crisis described in the HBS case arise? Was it their fault? What could they have done differently?
- 3) Are these problems generalizable to other MNCs or are they unique to certain industries and firms?
- 4) What do you think of the issues raised by Peter Maass?

ASSIGNMENT (if you choose to write up this case): What are some courses of action that Shell could take to deal with the problems it faces (especially in Nigeria), and prepare itself for the future? What would you recommend? (Use the Zaheer and Kostova framework for the analysis).

Managing International Careers: The Challenges of Expatriation and Repatriation

Reading:

Coursepacket: "Are you taking your expatriate talent seriously?" (1999) Tsun-Yan Hsieh, Johanne Lavoie, and Robert A. P. Samek, *The McKinsey Quarterly*, Vol. 3.

Wrap-Up

Class 7: Tuesday, May 6th and Thursday, May 8th

GROUP PROJECT PRESENTATIONS

FINAL PROJECTS DUE
