Spring 2018

International Business Environment- MGT 506

Professor Rakesh B. Sambharya
Room 438, Business & Science Bldg.
e-mail: sambhary@camden.rutgers.edu

Office Hours: Wednesdays
5.00 to 6.00 p.m. or by apt.
Phone: 856-225-6712
Fax: 856-225-6231

Required Text


Sakai Rutgers U website
Please log on to the Sakai RU website to get access to all announcements, syllabus, readings, power point slides, etc at http://sakai.rutgers.edu. And log in with your Rutgers NetID and password. I will be communicating with you through this medium.

Cases

Cases can be purchased from the Harvard Business School Publishing website at http://cb.hbsp.harvard.edu/cbmp/access/72510493

Each case is priced at $4.25. Please be aware that each case costs $7.00 if you buy directly from the Harvard website.

Course Background

The world economy is becoming increasingly integrated. Goods, money, information, and services are all being traded across national boundaries and markets for more and more products and services are now global in structure. New information technologies allow instantaneous communication worldwide, thus facilitating coordination among all parts of the international enterprise. All these forces of change create a more complex international business environment. Multinational enterprises (MNEs) have become the most important single element in creating and shaping the global production system. National boundaries vary in their degree of permeability to the flow of factors of production and of traded goods, but all of them are affected by the growing importance of MNEs. The 500 largest MNEs control over half of the world’s exchange of manufacturing goods and services. The growing interdependence of the global economic system and the important role of the MNEs create the need to study the global environment and the strategic issues, operating problems, and management challenges associated with operations across national boundaries.
Course Objectives

1. To learn, understand and interpret various international business concepts, practices and institutions.

2. To increase our understanding of business environments other than the United States.

3. To expand our horizons for understanding the increasingly interdependent nature of business in modern society across national boundaries.

4. To apply theories, techniques, and concepts to real world international business cases.

5. To identify and locate the elements of economic, social, cultural, and financial environment of a country.

6. Analyses the competitiveness of a Country’s major industry using the Porter’s International Competitiveness Diamond


Grading Scheme

<table>
<thead>
<tr>
<th>Component</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mid Term Examination</td>
<td>20</td>
</tr>
<tr>
<td>Class Participation</td>
<td>20</td>
</tr>
<tr>
<td>Case Reports (2 reports)</td>
<td>20</td>
</tr>
<tr>
<td>Paper</td>
<td>20</td>
</tr>
<tr>
<td>Final Examination</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Academic Integrity

Policy found at [http://academicintegrity.rutgers.edu/academic-integrity-at-rutgers](http://academicintegrity.rutgers.edu/academic-integrity-at-rutgers).

Students are responsible for understanding the principles of academic integrity and abiding by them in all aspects of their work at the University. Students are also encouraged to help educate fellow students about academic integrity and to bring all alleged violations of academic integrity they encounter to the attention of the appropriate authorities.

Academic Integrity means that you (the student) must:
- properly acknowledge and cite all use of the ideas, results, or words of others,
- properly acknowledge all contributors to a given piece of work,
- make sure that all work submitted as your own in a course activity is your own and not from someone else
- obtain all data or results by ethical means and report them accurately
- treat all other students fairly with no encouragement of academic dishonesty

Adherence to these principles is necessary in order to ensure that:
• everyone is given proper credit for his or her ideas, words, results, and other scholarly accomplishments
• all student work is fairly evaluated and no student has an inappropriate advantage over others
• the academic and ethical development of all students is fostered
• the reputation of the University for integrity is maintained and enhanced.

Failure to uphold these principles of academic integrity threatens both the reputation of the University and the value of the degrees awarded to its students. Every member of the University community therefore bears a responsibility for ensuring that the highest standards of academic integrity are upheld. Violations are taken seriously and will be handled according to University policy.

If there are questions on how to comply, please contact Mary Flaherty in the Rutgers-Camden Dean of Students office: marykreb@camden.rutgers.edu or contact the appropriate Associate Dean or Area Head at the School of Business.

Student Code of Conduct

Violations of the Student Code of Conduct are considered serious infractions of student behavior and students who violate the code are subject to penalties relative to the level of the matter. In general, students may not disturb normal classroom procedures by distracting or disruptive behavior. Examples of disruptive behavior include, but are not limited to, the following:

- Repeatedly leaving and entering the classroom without authorization
- Answering cellular phone or allowing pager to beep
- Making loud or distracting noises
- Repeatedly speaking without being recognized, interrupting the instructor or other students, or otherwise acting in disregard of the instructor’s requests
- Threats or violence

Violations of the code should be reported to the Dean of Students office deanofstudents@camden.rutgers.edu or 856-225-6050.

If the violation is immediate and a potential threat is a concern, call the Rutgers-Camden police at 856-225-6111

Disability Services

Rutgers University welcomes students with disabilities into all of the University's educational programs. In order to receive consideration for reasonable accommodations, a student with a disability must contact the appropriate disability services office at the campus where you are officially enrolled, participate in an intake interview, and provide documentation:

https://ods.rutgers.edu/students/documentation-guidelines.

If the documentation supports your request for reasonable accommodations, your campus’s disability services office will provide you with a Letter of Accommodations. Please share this letter with your instructors and discuss the accommodations with them as early in your courses as possible. To begin this process, please complete the Registration form on the Office of Disability Services web site at:

https://ods.rutgers.edu/students/registration-form.

Ajeenah Nuriddin-Little
(856) 225-2722
Rutgers-Camden Disability Services:
Rutgers-Camden Learning Center
Armitage Hall, Room 240
311 North Fifth Street, Camden, NJ 08102-1405
Web page: https://learn.camden.rutgers.edu/disability-services
Classroom Policies and Expectations

Case Reports. Deadlines for the three case comprehensive reports are final. I will count only the best two reports towards the grade. If a student for some reason cannot submit the report on time please discuss the situation with me before the due date.

Reports are done individually and should be at least 6 pages in length double-spaced and typed. Reports should not simply repeat material and facts from the cases. Reports will be graded on originality, creativity, analysis, and the ability to integrate different topics covered in class. Questions to be answered are given in the syllabus.

Class Participation. Students are expected to read required assignments and come prepared to discuss in class. Only ONE absence is permitted and beyond that a student will be penalized. Your grade for class participation will depend on attendance and participation. Participation will be graded in terms of its relevance, clarity, probity and imagination. Students are responsible for material and information given in classes that miss. Please make sure you contact your colleagues to find out what you missed. Quality is more critical than quantity, but assessment of the former normally requires a reasonable amount of the latter.

Exams: Both the midterm and final examination will consist of a combination of objective and essay type questions. Materials covered in the exams will be from the textbook, notes, class discussions and any handouts given in class. There will be no make-up exams.

Paper: A fifteen-page term paper (minimum 15, maximum 25) is expected from students. This paper is a country report in terms of its international competitiveness. A student will select a country and industry of choice in consultation with me and report on the culture, distinctive management practices, and economic and political aspects of its environment. Paper should guidelines discussed and given in class. The paper is due on May 2, 2018.

Teaching Methodology

There are two separate but interrelated parts to the course material. I will do a fair amount of lecturing regarding course content but I involve students in discussion and questions. On the other hand, whenever cases are being done, students are expected to do most of the talking and I will be more of a facilitator and moderator. I ask a lot of questions and will call on students frequently, so be prepared.

I use e-mail/Sakai to communicate to the class regarding any changes in the schedule, questions on cases, just plain announcements, and reminders so please log on every week and check for messages. Please use the e-mail if you have any questions and/or problems.

Please turn off all laptops, and cellular/mobile phones in class. No eating in class.

Students who miss class are responsible for all announcements made in class. Please keep in touch with fellow students.
Date    | Topic
---|---
Jan 17, 2018 | Introduction to the course.  
|        | Introduction to International Business; Ch. 1.  
|        | Ethics in International Business: Ch 5
Jan 24, 2018 | International Trade Theory; Ch. 6.  
|        | The Political Economy of International Trade; Ch 7.
Jan 31, 2018 | Balance of Payments


Case: **The Dutch Flower Industry (2-page report with Porter Diamond analysis)**

Assignment Questions:

1) How did the Netherlands build the most competitive flower cluster in the world in a country with a cold and cloudy climate?

2) How has the Dutch cluster sustained its leadership over for so long? What changes took place?

3) Why has flower production internationalized over the last few decades? How are the flower clusters in the various countries connected? How do they compete?

4) What are the challenges facing the Dutch cluster in 2011?

5) What recommendations would you make to FloralHolland? To the Dutch government? To a major grower?

Feb 7, 2018 | Foreign Direct Investment; Ch 8.

Case: **Global Wine Wars: New World Challenges Old**

Assignment Questions:

1) How did the French become the dominant competitors in the increasingly global wine industry for centuries? What source of competitive advantage were they able to develop to support their exports? Where were they vulnerable?

2) What changes in the global industry structure and competitive dynamics led France and other traditional producers to lose market share to challenges from Australia, United States, and other New World countries in the late twentieth century?
3) What advice would you offer today to the French Minister of Agriculture? To the head of the French wine industry association? To the owner of a mid-size, well regarded Bordeaux vineyard?

4) What advice would you offer today to the Australian Minister of Agriculture? To the Australian wine industry association? To the owner of a mid-size, well regarded vineyard in the Barossa Valley (a premier Australian wine region) producing wines in the premium and super-premium categories?

Feb 14, 2018 Differences in Culture; Ch 4.

Comprehensive Case Report #1: **Euro Disney: The First Hundred Days**

Assignment Questions:

1) Assess the pros and cons of Disney’s decision to build a theme park in Europe. Do you think it was a wise decision to invest in constructing a new park near Paris?

2) What is Euro Disney’s target market, and what are the implications for the development and organization of the park?

3) What aspects of the traditional Disney theme park formula, in terms of park design and service design (the basic product), might prove to be transferable to Euro Disney, and which might prove to be specific to the United States and/or Japan? In general, what issues should a company think through before extending a successful service concept across cultural boundaries?

4) Assess the implementation of Euro Disney’s service delivery system. What could the company have done differently?

5) Should Euro Disney proceed with the next step of development?

6) What lessons has Euro Disney learned which could be applied to the development of second theme? Should the park be adapted for the local market from the United States model, and if so, in what ways? What recommendations would you make regarding staffing, training, and general management?

Feb 21, 2018 Regional Economic Integration; Ch. 9

Case: **Brazil Leading the BRICs?**

Assignment Questions:

1) Are Brazil’s WTO actions serving the country’s long-term economic and business interests?
   a) In the compulsory licensing issue who is right, Brazil or Merck?
b) What are the best arguments Brazil and the United States can make to the WTO’s dispute settlement body concerning cotton subsidies?

2) Will “Brazilian capitalism” sustain current GDP growth levels? Is Brazil the country of the future?

Feb 28, 2018 The Foreign Exchange Market; Ch 10.
The International Monetary System; Ch 11.

March 7, 2018 Exam - Mid Term

March 14, 2018 No class due to spring break.

March 21, 2018 The Strategy of International Business; Ch. 13

Comprehensive Case Report #2: Philips and Matsushita: The Competitive Battle Continues

Assignment Questions

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?

March 28, 2018 Mode of Entry & Strategic Alliances; Ch 15.

TBA

April 4, 2018 Exporting, Importing and Countertrade; Ch 16.

Case: Amazon in Emerging Markets

Assignment Questions:

1. Did Amazon succeed in China? What did it learn?
2. Did Amazon make sensible choices in its emerging markets entry strategies? Consider location, entry mode, and timing.
3. What are the risks and rewards for early and late movers?
4. How should companies and investors measure success in emerging markets?
5. Considering the competitive landscape in China, India, and Latin America, how can home-grown firms defend and win against large multinational entrants?
6. Should Amazon enter additional emerging markets immediately? If so, why and where? If not, why not and where should the focus be? More broadly how sustainable is Amazon’s simultaneous pursuit of geographic, horizontal, and vertical expansion?

April 11, 2018  The Organization of International Business; Ch 14.

Comprehensive Case Report No. 3: Kent Chemical: Organizing for International Growth

Assignment Questions:

1) What were the problems facing Luis Morales as he began implementing Ben Fisher’s international expansion strategy?

2) How do you evaluate the organizational changes he made in response to those problems? Why were they unsuccessful?

3) What do you think of the Sterling Partners recommendations? What did Kent get for the $1.8 million fee?

4) What should Morales recommend? What should chairman Ben Fisher decide?

April 18, 2018  Global Human Resources Management; Ch 19.

Case: Silvio Napoli at Schindler India (A)

Assignment Questions:

1) Was Silvio the right choice for general manager of Schindler’s India operations?

2) As Luc Bonnard how would you evaluate Silvio’s first seven months as general manager of the Indian company? What advice would you offer?

3) What advice would you give to Silvio regarding his decision on the nonstandard glass wall elevator that has been ordered?

4) How do you deal with the challenges he is facing over transfer prices and limited technical cooperation from European plants?

5) Should he change the strategy for Schindler India that he developed when he was in the company’s headquarters?

April 25, 2018  Global Manufacturing and Materials; Ch 17.
Global Marketing; Ch 18.
