

PGP 2015-16 Slots IX and X

International Business		
Area – BP	Faculty – Professor Ajeet N. Mathur	Sessions - 26
Contact Details		
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Course Objectives

This course has the following objectives:

- Familiarising participants with how concepts and praxis challenge each other in international business, why firms go abroad, and complexities and challenges of international business strategies and operations.
- Developing insights into key factors in the international business environment and evaluate scope for alternative foreign entry modes and international business strategies through work on a group project.
- Understanding cross-border value chains and constellations for product-services linkages in the context of WTO, GATS and TRIPS for structuring risks, management processes, systems and organisation structures.
- Building knowledge and skills for insights into how multinational enterprises formulate and develop particular patterns of trading or investment and why they exhibit preferences for certain entry modes, how they resolve issues of coordination and control, and, enhancing awareness and sensitivity for recognizing and resolving conflicts in international business negotiations and contracting through management of cultural diversity and institutional plurality.
- Formulating assumptions and making decisions under uncertainty in responding to differences in business environments, national competitiveness, and regional and global strategies of other players.

Pedagogy

- The case method will be extensively used in the course, together with concept building and spaces for reflection.
- Learning through cases, concepts and class praxis will be supplemented with recommended readings, through class presentations, and group project work.

Book

- **Strategies for the Future: Understanding International Business** by Ajeet N, Mathur (Random House, 2012). The book will be referred throughout the course. Some parts of it are compulsory reading.

Evaluation

The grade would be based on:

- Class Preparation and Participation 20%

- Individual Assignment 40%
- Group Project 40%

Session Details

Session	Topic	Case	Recommended Readings	Optional Supplementary Readings
1-2	<i>Introduction to International Business: Plurality in World Views and Key factors in the Economic Environment of Business</i>	2.1 Caselet: Should home market be put at risk? (2.2) Siemens AG: Global Development Strategy (A) (HBS 9-602-061)	2.3 Book Chapters 1 (It Pays to be in International business) and 2 (Opportunities in the World Business Environment)	Visit WTO and UNCTAD websites and familiarize yourself with political economy of international trade, particularly trade in services.
3.	<i>The World Economy and Cross-border Value Chains: entrepreneurial entry and exit</i>	3.1 Case: Daksh and IBM-Post Buy-out Years (HKU 755) 3.2 Daksh and IBM: Business Process Transformation I (HKU730) Q.1 Why do founders divest their ownership in successful growing international businesses? Q.2 Why did Daksh owners not prefer an IPO? Q.3 How would you evaluate the acquisition deal? Q.4 What tangible and intangible value needs evaluating in such cases?	3.3 Jensen, T and Sandström, J, Stakeholder Theory and Globalization: The Challenges of Power and Responsibility, Organisation Studies, 32(4) 2011. 473-488 3.4 Book Chapter 4 Making Cross-Border Value Chains 3.5 Mathur, Ajeet, Lost to Frankenstein Detail: The Unravelling and Salvaging of Strategy from the wonderland of Pixies, Goblins, Angels and Santa Claus, <i>Review of Professional Management</i> , Volume 6(2), July-December 2006, 1-16.	

4-5.	<i>Conceptual Frameworks for International Business Strategy: Setting Rates of Engagement</i>	4.1 Film: Barings Bank 5.1 Film: Enron <i>Project Work begins</i>		
6-9	<i>International Business in a World of Nations: National Competitiveness, Regional and Global Strategies</i> Natural Environment and Economy: Risks beyond stakeholding contracts	6.1 Exercise: Slow as the proverbial snail? (A caselet from Vietnam) 7.1 The Freeport Mine, Irian Jaya, Indonesia (HBS 9-504-061) Q.1 Are business-government relations over the Freeport Mine (a) efficient (b) equitable? (c) sustainable? Q.2 Why does the conflict with the local community endure? Q.3 What are the risks and who bears them?	6.2 Book Chapter 3 Doing Business Abroad 7.2 Our Common Future -available on web (Brundtland Report) http://www.un-documents.net/wced-ocf.htm 7.3 Browse the web for Rio +20 Developments 7.4 Majid Abdi and Preet S Aulakh (2012), Do country-level institutional frameworks and interfirm governance arrangements substitute or complement in international business relationships?, J Int Bus Stud 43: 477-497	Visit the UN website and examine state failures or a complex humanitarian emergency or a crisis and its impact on international business in the region.

	<i>When businesses interface with governments</i>	<p>8.1 Google in China (IVEY906E19)</p> <p>Q.1 What is political risk in international business? What may it affect? What is the political risk in BRICS countries? How is it different from political risk in North America or EU?</p> <p>Q.2 How would you estimate country risk? What is the country risk in BRICS countries? How is it different from political risk in North America or EU?</p> <p>Case: Volkswagen Audi in India (New IIMA case, if ready by then)</p>	Ransom on the High Seas: The Case of Piracy in Somalia (9B11M104)	
10-13	<i>International Business Environment: How and Why do MNEs develop particular forms and patterns of trade and investment?</i>	<p>10.1 Beijing Mirror Corporation (IVEY98M033)</p> <p>11.1 Hollywood in India: protecting Intellectual Property (A) and (B) (9-711-017).</p> <p>12.1 Netcare's International Expansion (IVEY909M05)</p> <p>Q.1 What enabled Netcare to succeed in U.K. when it faced growth stall in South Africa?</p> <p>Q.2 Should Netcare go to Brazil?</p>	<p>10.2 Book Chapter 6 Preparing for Institutional Diversity</p> <p>11.2 Visit WIPO and TRIPS websites and familiarize yourself with IPR protection for patents, trademarks, and geographical indications</p>	

		<p>Q.3 In what ways would challenges of doing business in Brazil be different from U.K. ?</p> <p>13.1 Ribe Maskinfabrik A/S (IVEY909M12)</p> <p>Q.1 What were the advantages Ribe as a business had in Denmark?</p> <p>Q.2 What is Ribe's core competence now?</p> <p>Q.3 What is the price Ribe has paid to move to its new value constellation?</p>	<p>13.2 Organizing the Circus: The Engineering of Miracles by Martin Parker, Organisation Studies, 2011 32(4), 555-569.</p>	
14	<p><i>Forms of International Business and strategic choice of entry modes for designing participation in cross-border value chains and constellations</i></p>	<p>14.1 NTT Docomo-Joint Venture with Tata in Indian Mobile Telecom (W10004)</p> <p>Q.1 What were the joint venture partners seeking from each other in the NTT-Docomo collaboration?</p> <p>Q.2 What were the factors to consider in structuring such a joint venture?</p>	<p>14.2 Book Chapter 8 Sources of Business Intelligence</p> <p>14.3 Ghoshal, Sumantra, Bad Management Theories are destroying good management practices, Academy of Management, Learning & Education, 2005 (4), 75-91.</p> <p>14.4 Buckley, Peter (et.al), Host-home country linkages and host-home country specific advantages as determinants of foreign acquisitions by Indian firms, International Business Review, 21(5), October 2012, Pages</p>	

			878–890. 14.5 Prashantham, S and Floyd, S.W. , (2012) Routine microprocesses and capability learning in international new ventures, J Int Bus Stud 43: 544-562.	
15-16	<i>Managing Cultural Diversity in structuring and negotiating arrangements for international business</i>	<p>Cases: 15.1 Transatlantic crosscurrents (will be distributed in class)</p> <p>Q.1 What went wrong in the negotiation between Edwards and Kiel?</p> <p>Q.2 What would you have advised them to do (a) before they even started their negotiations? (b) after the negotiations failed?</p> <p>16.1 McKinsey and the Globalisation of Consultancy (HBS 9-806-035)</p>	<p>15.2 Book Chapter 5 Managing Cultural Diversity in International Business</p> <p>15.3 McSweeney, B. Hofstede's model of national cultural differences and their consequences: A triumph of faith — a failure of analysis. Human Relations, Jan 2002, 55(1), 89-118.</p> <p>16.2 Oded Shenkar (2012), Beyond cultural distance: Switching to a friction lens in the study of cultural differences, J Int Bus Stud 43: 12-17.</p>	<p>16.3 Srilata Zaheer, Margaret S. Schomaker and Lilach Nachum, (2012), Distance without direction: Restoring credibility to a much-loved construct, J Int Bus Stud 43: 18-27</p> <p>16.4 Knowledge Management at Andersen Consulting.</p> <p>16.5 Kao Corporation (HBS392-049-1).</p> <p>16.6 Case: Booze Allen and Hamilton (HBS 9-396-031).</p>

				Visit the website of the European Union and familiarise yourself with EU institutions such as European Central Bank, European Commission, European Court of Justice, European Council, European Parliament.
17-18	<i>WTO, GATS and TRIPS: Implications for functional areas and Product-Services Linkages in International Business</i>	<p>17.1 Offshoring at Global Information Systems Inc. (HBS 9-204-144)</p> <p>18.1 The Acer Group's China Manufacturing Decision (IVEY99M009)</p>	17.3 Book Chapter 8.	
19	<i>Missing Markets in International Business</i>	19.1 Eli Lilly in India: rethinking the joint venture strategy. (IVEY9B04M016)		
20	<i>The Local-Global Dialectic in International Business</i>	Case: 20.1 Thermax (B)		20-2 Lincoln Electric: Venturing Abroad. (HBS 9-398-095)
21-22	<i>The Future Challenges in International Business</i>	21.1 Case: Chemistry looks to the future at Innovassynth Technologies (New IIMA Case)	21.2 Book Chapter 9 Future Challenges in International Business	

23-24	Group Project Presentations and Space for Reflections and Class Discussion	8 minutes per group + 2 mins for questions [Shorter break and extended session]	Group Project Reports due by end of Session 8 in soft copy as WORD document and a printed hard copy Ppt to be sent as electronic attachment and paper copy in handout format (3 to a page).	
25-26	<i>Risk Management in International Business</i> <i>Concluding Session</i>	25.1 The Rise and Fall of Iridium (HBS 9-601-040)	25.2 Book Chapter 7 Risks in International Business 25.3 Motorola and the microprocessor industry in 1996 (INSEAD398-001-1)	

Note:

Restrictions on class size

Due to the nature of interactivity envisaged during contact hours, the maximum class size may not exceed 60. International Exchange students to PGP are welcome. Diversity in class and learning by doing would be emphasized through one individual assignment and one group project.

INDIVIDUAL ASSIGNMENT: INTERNATIONAL BUSINESS

Pick any country (provided no one else has chosen it before you!) and using publicly available data from databases in the library and other information of relevance, study the country risk and political risk in that country using the framework discussed in class. Consider in the context of a greenfield foreign direct investment by your firm in a fully owned new subsidiary company there which would own and operate a manufacturing facility for making technology intensive products (on which you hold a patent) for sales in that country and exports from that country.

GROUP PROJECT: INTERNATIONAL BUSINESS

I Objectives

The aim of the group project work is

(a) to provide opportunities to deepen your learning in this course through independent work as a group on a theme you consider worth pursuing, and,

(b) to enable all groups to learn from each other through the work presented and discussed in class.

Key Datelines :

Announcement of chosen Individual Assignment Country (First come first accepted) and Group Project: By 23.9.2015 (by email to anmathur@iimahd.ernet.in and malayp@iimahd.ernet.in identifying the Group Coordinator. Maximum 4 persons to a group; Minimum 2-3 persons in a group. No change to topic or group composition is possible after that.

You may begin working on your individual assignment country as soon as the AA confirms this to you.

Project Report (**softcopy in RTF or WORD + hardcopy**): to be submitted to a mutually agreed date and time which must be before the beginning of session 23

(Text to be limited to an upper limit of 8000 words around 32 pages double spacing, including references which should be fully cited as per IIMA citation guidelines and a maximum of 10 pages of exhibit/graphs/statistical tables/annexures)

Group Presentations and Discussions: soft copies of ppt by email and hard copy 3 slides to a page by beginning of session 24.

II Project Work

Each group may pick any one from three possibilities and decide on their topic:

- A. Choose any business firm or registered organisation (a firm or organisation you are familiar with), not a Group of Companies, and examine how the firm or organisation can gain more from the design of and participation in international value chains beyond what the firm or organisation has done. For example, you may like to evaluate the international footprint and propose something new. Or you may like to propose opportunities for foreign commercial presence, a mode of entry for products/services to be made or procured or marketed there or joint ventures or strategic alliances or M&A or any/all of these. Whatever you propose, you should clearly present rationale for your choice.

Recommendations (not an exhaustive list): CIPLA, Wockhardt, ONGC Videsh, Hindustan Petroleum, BHEL, Siemens, Mahindra Satyam, ITC Limited, Sankara Netralaya, Ambuja Cement, LIC, SBI Life, Kotak Mahindra, MRF, Apollo Tyres, Engineers India, Mphasis, SKF India, Sun Pharma, Suzlon Energy, Bharat Gear, Godrej, Harrisons Malyalam, Tata Global Beverages, Jubilant Organosys, Fabindia, Dabur, Marico.

- B. Select one country and first analyse the attractiveness (risks, advantages) of structuring an investment there (FDI) from the perspective of a greenfield venture in the 'energy and environment' space. Then design a value chain and develop a business plan with attention to all relevant business environment factors.

Recommendations (not an exhaustive list): Any of the BRICS countries except India, Any EU country, Canada, Australia, South Africa, Peru, USA, China, Japan, South Korea.

- C. Develop any new business idea of your own that can be scaled or scoped

internationally to design a value chain that can create flows of incomes and returns for stakeholders involved by choosing from the basket of entry modes (exports, imports, licensing, franchising, joint ventures, management contracts, representative agents, foreign commercial presence, subsidiaries, strategic alliances etc) for one or more countries. Then present a business plan with attention to all relevant business environment factors indicating the desired trajectory of your international footprint and its rationale.