

## **MOT 6XXX, International Business and Finance Sample Syllabus**

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This course presents international management material as an intrinsic component of the curriculum in the MBA-MOT Program. The topics selected reflect the objectives of the program, interests of the executives, expertise of your instructors and are also preparatory to the overseas residency. It represents purposely a mix of macro and micro perspectives on the evolving international economy. Professor McIntyre will emphasize topics relating to international business environmental analysis, globalization trends, cross-cultural managerial issues, international strategy, entry strategies into overseas markets. Professor Eun will cover foundational international finance issues, focusing on (i) international monetary system, (ii) foreign exchange markets, and (iii) currency risk management.

The final grade for the course is therefore made up of three components which, by tradition and practice, are computed proportionally as follows:

Dr McIntyre's modules: 55%, Dr. Eun's modules: 45%.

### ***Grading policy for MOT 6XXX:***

Professor McIntyre (55% of overall course grade made up of the following:)

1. Class participation (20%) (Includes web-based out of class assessment exercise )
2. Group country study/analysis overview: (5 or so pages with appropriate appendices in a group written report and oral presentation) (40%)
3. Short Written Group Case #1: ("Philips and Matsushita"), due (20%) (about 3-4 pages in length)

4. Short Written Group Case # 2: ("Cameron Auto Parts A & B"), due October 13, (20%) (about 3-4 pages in length)

List all names and student numbers for each written group assignments on the front page.

Professor Eun (45% of overall course grade)

1. International Finance Take-home Assignment (100%).

### ***Topical Coverage and Assignments by Class Days:***

#### ***I. The Global Political Economy: A Roadmap to Globalization for Managers***

(Prof. McIntyre)

This first session is designed to provide an overview of the global political economy (trade, technology, currency, capital and human flows as well the environmental forces shaping it in a forecasting mode) from a business decision maker's standpoint. We will try and provide a sense of how globalization has worked in the past fifteen years or so and is likely to shift in coming years.

1. "A Survey of the World Economy," September 20, 2003, The Economist (Special Survey of the World Economy). pp. 3-32  
(Website: [www.economist.com](http://www.economist.com))

2. "China and India – The Challenge", BusinessWeek, August 22, 2005

3. John Micklethwait and Adrian Wooldridge, "The Five Myths of Globalization," (Chapter 6), in A Future Perfect: The Essentials of Globalization, NY: Crown Publishers, 2001, pp. 97-118.

4. Ivey School of Business, Short group project: "Where Have You Been? An Exercise to Assess your Exposure to the Rest of the World's Peoples," 2002 (in package to prepare for this session for a brief group presentation)

Training Video: Commanding heights: The Battle of the World Economy, Episode Three, "The New Rules of the Games," WGBH Boston Video: 2002. (shown in class either today or next session, as time allows) (You may read the script and view the entire video on the internet at your leisure on [http://www.pbs.org/wgbh/commandingheights/lo/story/tr\\_menu\\_03.html](http://www.pbs.org/wgbh/commandingheights/lo/story/tr_menu_03.html))

**In-class Assignment for Today:** (just oral presentation of results, no written)

A simple group debriefing exercise: "Where Have You Been: Assessing your Exposure to the Rest of the World's Peoples," Ivey School of Business Exercise, 2002. Consider the following questions, out of class and report in class by group:

- Estimate the grand total for each group on page 11.
- Why is there variability in individual profiles?
- What are the implications of each profile for one's career?
- What would it take to get you to personally change your profile?
- Which of these countries can be classified as "emerging" (see lecture)?

## ***II. Country Risk Analysis: Choosing the Right Country, the Right Market, for the Right Reasons: Macro Considerations***

(Prof. McIntyre)

We may carry forward the theme of globalization from the morning's session.

1. P. Ghemawat, "Distance Still Matters: The Hard Reality of Global Expansion," Harvard Business Review, September 2001, pp. 137-147.
2. . Harvard Business School, 9-797-092, "Country Analysis: A Framework to Identify and Evaluate the National Business Environment," pp. 1-10.
3. Gerald P. O'Driscoll, et al., "Methodology: Factors of the Index of Economic Freedom," 2004 Index of Economic Freedom, N.Y.: The Heritage Foundation and the Wall Street Journal, 2001, pp. 43-61 (for reference; note: I have substituted the 2004 version)
4. "Executive Summary: The World Competitiveness Landscape in 2004: Hot Issues," IMD World Competitiveness Yearbook 2004, Lausanne, Switzerland: IMB, 2004, pp. 40-47.

A resource CD on rankings of countries' competitiveness will be provided each team for Downloading by members and for limited class use only.

NOTE: The country analysis is due October 21 for group presentation and brief paper analysis due same day.

Prepare the following assignment for tomorrow (you already have it in your readings):

**Assigned Case for tomorrow:** "Philips and Matsushita: A Portrait of Two Evolving Companies," Harvard Business School Case No. 392-156 . (Oral case discussion/brief group presentation to be held next class, Saturday, October 7, for Philips and Matsushita)

### ***III. Globalization of Managerial Practices: Organizational Structures and Challenges***

(Prof. McIntyre)

(We focus on international strategy and structure in a globalizing world economy).

1. C. A. Bartlett and Sumantra Ghoshal, "Responding to Conflicting Demands: The Environmental Challenge," Transnational Management, 2nd Edition, Boston: Irwin-McGraw-Hill, 1995, pp. 112-128
2. Howard V. Perlmutter, "The Tortuous Evolution of the Multinational Corporation," in C. A. Bartlett and S. Ghoshal, Transnational Management, 1995, pp. 92-101.
3. John Micklethwait and Adrian Wooldridge, "Managing in a Global Age," in A Future Perfect: The Essentials of Globalization, N.Y.: Crown Publishers, 2001, pp. 119-139.
4. (Brief Video Interview with CEO of Philips at time of case)

#### ***TODAY'S IN-CLASS ASSIGNMENT: PRESENTATION AND SHORT WRITTEN REPORT Due TODAY***

Each team should be prepared to make a 10-minute ~ presentation debating the following case questions:

#### ***Philips and Matsushita: A Portrait of Two Evolving Companies (The Twin Challenge of Structure and Strategy in a Globalized Market)***

1. How did Philips become the leading consumer electronics company in the world in the postwar era? What distinctive competences did it build? What distinctive incompetences?
2. How did Matsushita succeed in displacing Philips as No. 1 globally? What were its distinctive competences and incompetences?
3. What do you think of the change(s) each company has made as of the case's date, 1990, in terms of objectives, implementation, impact? Why is change so hard for both of them?
4. What recommendations would you make to Jan Timmer of Philips N.V. and to Ako Tanii of Matsushita?
5. Both companies are moving forward with their global restructuring process. Based on latest available information, were the structural and strategic impetus set in motion in the case carried forward in the 1990's?

#### ***IV. Choice of Entry Strategy: The Right Approach for the Right Country Market***

(Prof. McIntyre)

(Placing emphasis on entry strategies, particularly for SMEs, we will deal with Export, Licensing, Joint Venture, Turnkey Projects, Technology Transfer, Joint Ventures and Strategic Alliances. We will build on the first exercise of country target choice)

1. Franklin R. Root, "Designing Entry Strategies for International Markets," Entry Strategies for International Markets, Rev. & Expanded, Jossey-Bass, Inc., 1994., pp. 1-49
2. Paul Beamish, "Notes on International Licensing," Ivey Case Material 96G008.
3. **Assigned Case:** Cameron Auto Parts (A), Revised and Cameron Auto Parts (B) Revised, Ivey Cases 87G001 & 87G002 (Oral case discussions on Cameron for NEXT class)

#### ***TODAY'S COUNTRY ANALYSIS ASSIGNMENT AND GROUP CLASS PRESENTATION:***

A. Each MBA-MOT team will choose a different country from among this list: Colombia, France, Germany, Spain, United Kingdom, Mexico, Brazil, Chile, Singapore, Australia, Malaysia, South Korea, Japan, Poland.

B. Working as a group, decide on the salient issues and key variables you want to identify as factors for a U.S. company to consider as it decides whether to enter or not this market or not (regardless of the strategy to choose later). (Lecture on Index of Economic Freedom and IMD World Competitiveness Index to provide a systematic review of variables and their rankings, if you wish to use one of these frameworks).

C. To access the most recent international business sources of information, use the Georgia Tech CIBER website at <http://www.ciber.gatech.edu>, click on Links and Resources, and find ten categories of websites with international business and economic resources. I place emphasis also on three very good sources (one site, two portals):

1. The Economist ([www.economist.com](http://www.economist.com)). On this website, consult the following: Backgrounders, Survey (countries) to obtain background information.
2. <http://www.grai.com/links.htm#GeneralInternationalBusinessInformation>  
GRA Research Hotlinks. Perhaps the best source of globalization information on international economic, business, and political topics for risk professionals. Over 100 links.
3. <http://globaledge.msu.edu/ibrd/ibrd.asp>  
Global Edge, formerly the website of the Michigan State University CIBER Center.

A superior source of country, marketing, and global reports, and analyses. Perhaps one of the better business-oriented websites based at a business school.

D. Present and discuss the results of your country analysis to the next class session as a team (each team should take about 15-20 minutes). Reach a recommendation (go-no go) as to the market opportunities, the risks of your chosen target country. You might consider it a country-level SWOT analysis. Prepare a summary written report of your key findings to turn in.

***V. The Cross-Cultural Dimensions of Management: When Best Business Practice Is Not Enough (first half) and The International Monetary System (second half)***

(Prof. McIntyre)

1. D. J. Hickson and D. S. Pugh, Management Worldwide: The Impact of Societal Culture on Organizations Around the Globe, London: Penguin Books, 1995, pp. 12-46, pp. 249-271.

2. **Assigned Case:** Gordon Adler, "The Case of the Floundering Expatriate," Harvard Business Review, July-August 1995, pp. 4-15. We will talk about this case in class. Read it. No assignment written or oral on it.

3. **Training Video:** "Going International, Part II: "Managing the Overseas Assignment," Griggs Productions (about 28 minutes). (may substitute out of class web-based assessment; subject to time constraint)

4. We may use a web-based cross-cultural work-related diagnostic tool, CultureActive, if time allows.

***TODAY'S ASSIGNMENT and PRESENTATION: CAMERON AUTO PARTS (A) AND (B)- Written Analysis Due***

Half of the teams will choose (A) and the other half (B).

Each team will present their findings and recommendations regarding the following questions in 5 minutes or so in class

**(A) Case Guiding Questions:**

1. Should Cameron have licensed McTaggart or continued to export?
2. Was McTaggart a good choice for licensee?
3. Was the royalty rate reasonable?

**(B) Case Guiding Questions:**

1. What have we learned so far about McTaggart?
2. What is your appraisal of the Australia joint venture proposal?

3. What about the Micheland proposition?
4. What should Cameron do about the European market?

(Prof. Eun)

Lecture Notes by Prof. Eun

- International Monetary System: A Brief History
- Emergence of the Euro
- Recurring Currency Crises
- Fixed vs. Flexible Exchange Rate Regimes

### ***VII . Foreign Exchange Markets***

(Prof. Eun)

Lecture Notes by Prof. Eun

- FX Markets: Organization and Functions
- Triangular Parity
- Currency Forward and Options Contracts
- Interest Rate Parity

### ***VIII. Foreign Exchange Markets (continued)***

(Prof. Eun)

- What Drives Exchange Rates?
- The Dollar vs. the Euro: Power Contest

### ***IX. Exchange Risk Management***

(Prof. Eun)

Take-home final distributed

Lecture Notes by Prof. Eun

- Exchange Risk Exposure and the Firm Value
- Predicting Exchange Rates
- Tools for Exchange Risk Management
- A Mini Case