SCHOOL OF BUSINESS AND ECONOMICS
BUSINESS

Syllabus

A. General Information

- Course: International Business: Environment and Strategy
- Prof: Pablo Traverso
- Code: EEI343
- Pre – requisites: Non
- Co – requisites: Non
- Credits: 10
- Number of sessions per week: 2
- Academic hours per semester: 64
- Teaching assistant hours per semester: 0

B. Course expectations

This course introduces the students into the international business with a particular scope that mixes the scientific available literature with practical and real case studies of now a day’s business world. The module will develop a better understanding of the environment and strategy for transnational corporations, business globalization, theories for the internationalization and the difference between markets in different countries. On the practical side, the teacher will share with the students his personal experience working in different countries around the world and apply the theory to real situations.

C. Course general objectives

Objective:

Understand how firms strategically manage globalisation, through creativity and innovation, in order to generate new international opportunities.

Benefits:

Students will be able to demonstrate an understanding of the key issues and key drivers of globalisation; demonstrate the ability to apply key concepts and theoretical frameworks to the analysis of global business problems; and understand the main issues related to globalisation and critically analyse strategic thinking using the ideas and models introduced in this course.
D. Contents

1. - Theories of Regional Advantage

We examine theories of regional competitive advantage and international trade. The goal is to clearly identify location specific advantages, and the ability of TNCs to tap into these.

Specific focus is given to the theory of comparative advantage, Linder’s ‘Overlapping Product Range’ theory, Posner’s ‘Technology Gap’ theory, and Porter’s ‘Competitive Advantage of Nations’

Reading:


Critique of Porter:

‘Double Diamond’ Models:

2. - Globalization of the world economy

Drivers of globalization, Globalization of markets and production, The pros and cons of globalization, Overview of IB

Reading:


3. - The Role of Transnational Corporations (TNCs) in Globalization

Here we consider 3 key issues: why TNCs exist, the way in which TNCs operate, and the impact of foreign direct investment (FDI) by TNCs on host and home regions.

Reading:
4. - Internationalization of emerging market enterprises

Unique characteristics of emerging market enterprises. Motives of internationalization by emerging market enterprises. The role of home-country factors especially government policy in driving internationalization of these firms. Applicability of traditional FDI theory to emerging market MNEs.

Reading:


5. - Foundations: the Industry Life Cycle (ILC)

In this set of lectures we examine the industrial dynamics associated with the Industry Life Cycle (ILC). This is the foundation for many other theories of innovation management.
We will consider the key ‘stylized facts of ILC’s, and the different theoretical explanations for ILCs provided by Vernon, Abernathy-Utterback, Klepper, and Windrum-Birchenhall.
We also look at key concepts of innovation built on the ILC: shake-outs, technological paradigms, exploration – exploitation, and architectural – modular innovation.

Reading:

6. - Managing internationalization process

Different types of motives for internationalization, Process of internationalization – Uppsala model

Reading:


7. - International Mergers and Acquisitions

This part of the course examines international mergers & acquisitions (IMA) in the context of corporate strategy. The objective is to develop an understanding of main conceptual frameworks for mergers and acquisitions, their motivation and benefits, potential advantages and disadvantages as well as their performance aspects. It concludes by considering the particular costs and benefits of IMAs.

Reading:


8. - International entry strategy

Advantages and disadvantage of each entry strategy: exporting, licensing, franchising, joint venture, wholly-owned subsidiary , Factors that influence the choice of the various entry modes and factors that influence the choice between equity joint venture and wholly-owned subsidiary

Reading
Shenkar, Oded and Luo Yadong. (2008). International Business, second edition, Ch10,
9. - Consumer Demand and Technology Lock-in with Contemporaneous Competitions

This section of the course focuses on the role played by the demand side in the innovation process. It reviews the literature on increasing returns, network effects, learning and information diffusion for firm strategies. These affect which technology variant wins in contemporaneous competitions that occur in stage 1 of the ILC.

Reading:


10. - Global production and sourcing

Factors that determine where to produce, Factors that influence firms’ choice between vertical integration and global sourcing

Reading:


11. - First Mover Advantages and Sequential Technology Competitions

We examine the strategic management literature on how firms can create and sustain ‘first mover advantages’ (FMAs). As well as examining the basis of FMAs that can provide early entrants with a dominant market position, the lecture critically considers the long-term sustainability these FMAs. We will link this discussion to sequential technology competitions and the conditions under which new technology entrants can overcome the initial advantages of established firms.
**Global social enterprise and base-of-the-pyramid investment**

Special lecture by Margaret Lengerich (CEO & Founder at HMSolution, Industrial Civil Engineer, MSc. Innovation Management and Entrepreneurship en Brown University)

In this class we will consider global social enterprises and base-of-the-pyramid investments.

Homework:
2. 1 paragraph answer to the following question relative to Mountain Hazelnuts: Consider the stakeholders in this case; what are the farmer's and the company’s economics from this venture?

Readings:

12. - Global strategic alliances

Motives of forming strategic alliances, Managing alliances: (1) partner selection (2) alliance structure and reduction of opportunism

Reading:
13. - Services and services innovation

This section of the course examines services and services innovation. We address the key issue of whether and how services innovation differs from innovation in manufacturing. What are the strategic implications for innovation and globalisation by service firms? What relationships need to be established in supply chains? We consider these issues for both public and private sector service organisations.

Reading:

14. - The strategy of international business: strategic choice

Two asymmetric forces that international business faces: pressures for cost reduction and pressures for local responsiveness , Key differences between the four strategies and conditions each works best.

Reading:

15. - Strategic choice and organizational structure

Advantages and disadvantages of centralized and decentralized decision systems, Basic organizational forms of MNEs , The fit between strategies and structures

Reading:

16. - Multinational enterprises and knowledge transfer
Why and how multinational firms transfer knowledge, The determinants of knowledge transfer

Reading:


E. Instructional Methodology

Instructional methodology will include a combination of lectures, class discussion, presentations and case studies. The lecturers will argue specific topics in the assigned text. Supplementary materials will be passed out by the lecturer as deemed necessary. Students are encouraged to share relevant articles, experiences, etc. Your participation in class discussions are imperative. Students are expected to do all readings assignments before class. Whether or not you are in class you are responsible for all assignments and no exceptions will be made.

F. Assessment

This course will use several assessment procedures, as follows:

- Midterm 1: 25%
- Midterm 2: 25%
- Essay: 10%
- Tests: 10%
- Exam: 30%

Minimum class attendance: 80% of formal sessions. Students with less attendance are not allowed to give the exam. The 20% of margin does not require any kind of justification. Justified reasons such as illness, travel, or any other are included in the 20% margin. Minimum exam grade to approve: 4.0

G. Bibliography

Supporting texts

There are dedicated readings for each section of the course. All journal papers are available electronically through the library, and all books are available in hardcopy in the library.

Additional Texts


**Note: Some changes in Cases may occur through the semester.**