

SEMESTER AT SEA COURSE SYLLABUS
University of Virginia, Academic Sponsor

Voyage: Spring 2015

Discipline: Business

SEMS 2500-101: Foundations of International Business

Division: Lower

Faculty Name: Dong Lili, Beijing Foreign Studies University

Credit Hours: 3; Contact Hours: 38

Pre-requisites:

There are no specific academic pre-requisites, although a general knowledge of countries, cultures, business, and economic theories would be helpful.

COURSE DESCRIPTION

The Foundations of International Business course will provide students with an overall picture, as well as key theoretical principles and practices, of the international business field. It will cover a wide range of topics such as the social/cultural, economic, political and legal aspects of the international business environment, the theories and institutions related to international trade and foreign investment, the world financial environment, the dynamics of international business-government relationships, and the strategies used to enter international markets. It is designed to be a comprehensive course embodying lectures, a lot of class discussion, field assignments, and case studies.

COURSE OBJECTIVES

1. To understand how international business has changed dramatically since World War II, and the implications of those changes for businesses, both domestic and international, currently and into the future.
2. To develop an ability to analyze the cultural, social, economic, political and other forces in the countries visited, and how they interact with global forces. Based on this analysis, be able to determine optimal approaches to conduct business in each country.
3. Be able to develop strategic plans for business entry in particular countries, combined with plans for the implementation of strategies and methods for adapting to changes.

REQUIRED TEXTBOOKS

AUTHOR: Hill, Charles W. L.
TITLE: Global Business Today,
PUBLISHER: McGraw-Hill Irwin
ISBN #: 0-07-813721-7
DATE/EDITION: Sep. 2010, 7e

Cases:

Case study 1: To trade or not to trade: NAFTA and the prospects for free trade in Americas (Harvard case 9-705-034)

Case study 2: India's failure to attract FDI (Ivey case 9B06M082)

Case study 3: Lundbeck Korea: Managing an International Growth Engine (Ivey case 9B10M012)
Case study 4: Nora-Sakari: a proposed JV in Malaysia (Ivey case 9B06M006)
Case study 5: Eli Lilly in India: rethinking the JV strategy (Ivey case 9B04M016)

TOPICAL OUTLINE OF COURSE

Depart Ensenada- January 7:

A1- January 9:
Course Overview
Globalization
Reading: Chapter 1

A2-January 11:
National differences in political economy
Reading: Chapter 2

1. Janet Haddock-Fraser, Nigel Poole, Mitsuhiro Doishita. "The failure of multinational food retailers in Japan: a matter of convenience?". *British Food Journal*, (2009) 111.4, pp. 327-348
2. Tony Fang, Caroline Gunterberg, Emma Larsson. "Sourcing in an Increasingly Expensive China: Four Swedish Cases". *Journal of Business Ethics* (2010) 97.pp. 119–138

A3- January 13:
National Differences in Culture
Reading: Chapter 3

1. John Saunders, Ton Hong Chong. "Trade with China and Japan", *Management Decision*, (1986) 24.3 . pp. 7-12.

Hilo: January 14

A4-January 16:
Ethics in International Business
Reading: Chapter 4

1. Ahmad Sharbatoghlie, Mohsen Mosleh and Taha Shokatian. "Exploring trends in the codes of ethics of the Fortune 100 and Global 100 corporations". *Journal of Management Development*. (2013) 32.7. pp. 675-689

A5-January 18:
International Trade Theory
Reading: Chapter 5

A6- January 22:
The Political Economy of International Trade
Reading: Chapter 6

A7-January 24:

Special seminar: Japan-early success and faltering recovery

What are the factors underlying the impressive success of Japanese companies in the world market since 1980's?

In contrast to many other developed economies, Japan has kept continuous surplus in the foreign trade for quite a long time. Why?

Similarly, Japan has very huge outward direct investment in sharp contrast with small size in FDI inflow, which makes it distinct from most other developed economies too. How to explain this situation?

What does this imply to the companies interested in entering into Japanese market?

Readings:

1. Saeed Samiee, Adam Mayo. "Barriers to Trade with Japan: A Socio-cultural Perspective". *European Journal of Marketing*, (1990) 24.12. pp.48-66.
2. Syed H. Akhter, Toshikazu Hamada. "Japanese Attitudes toward American Business Involvement in Japan: an Empirical Investigation Revisited". *Journal of Consumer Marketing*. (2003) 20.6. pp. 526-535.
3. Robert T. Green, Trina L. Larsen. "Japanese Trade in International Perspective". *International Marketing Review*. (1991) 8.5, pp. 12-26.

Yokohama: January 26-27

In-Transit: January 28

Kobe: January 29-31

A8- February 1:

Special seminar: Chinese Business Culture and Etiquette

Why are there so many banquets/business dinners? Where shall I seat in the banquet? What does 'cooking'/'eating' mean to the Chinese?

Readings:

1. Jonathan Wilson, Ross Brennan. "Doing business in China: is the importance of guanxi diminishing?" *European Business Review* (2010) 22.6: pp. 652-665
2. Romie F. Littrell, Ilan Alon, Ka Wai Chan. "Regional differences in managerial leader behavior preferences in China ", *Cross Cultural Management*, (2012) 19.3. pp. 315-335

Shanghai: February 3-4

In-Transit: February 5-6

Hong Kong:7-8

A9- February 9:

Foreign Direct Investment

Discussion: Vietnam- Another party-led modernizer comes (late) to the growth party

Reading: Chapter 7 &14

1. Joseph Raudabaugh, "Asian investment: Lessons from the Japanese experience", *Strategy & Leadership*, (1995), 23.1. pp.38-40
2. Klaus E. Meyer & Ornjira Thaijongrak. "The dynamics of emerging economy MNEs: How the internationalization process model can guide future research". *Asia Pac J Manag* (2013) 30: pp. 1125-1153
3. Kenji Nozaki. "Regional disparity and economic linkage in the Greater Mekong Sub-region".

International Journal of Development Issues. (2014) Vol. 13 No. 1, pp. 59-71

Ho Chi Minh: February 11-16

**A10- February 17:
Regional Economic Integration**

Reading: Chapter 8

Discussion: TPP

Trans-Pacific Partnership <http://www.ustr.gov/tpp/>

How will TPP reshape the international economic regime?

Singapore: February 19-20

A11-February 22:

Case study 1: To trade or not to trade: NAFTA and the prospects for free trade in Americas

Rangoon: February 24-March 1

A12-March 2:

Midterm Chap 1-8

A13- March 4:

Case study 2: India's failure to attract FDI

Cochin: March 6-11

A14-March 12:

The Foreign Exchange Market

Reading: Chapter 9

Assignment:

Calculation of the purchasing power parity (PPP) and reflection on the deciding of the exchange rate between different currencies

The class will be divided into several teams for the fieldwork in each ports visited. Each team will track the prices of three goods or services selected on your own. In addition groups will record the price of McDonald's Big Mac and Pizza Huts' Veggie Lover Pizza (small size). Use this information to calculate the Purchasing Power Parity in each country visited, and the fair exchange rate between different currencies. Compare it with the real governing current middle exchange rate to find the difference.

Each group will also list at least 5 non-tradeables they notice.

A15-March 15:

The International Monetary System

Reading: Chapter10

1. Amy Hilland and Stephen Devadoss. "Implications of Yuan/dollar exchange rate for trade". Journal of International Trade Law and Policy.(2013) Vol. 12 No. 3, pp. 243-257
2. Tony Cavoli and Ramkishan Rajan, (2010) "A note on exchange rate regimes in Asia: Are they

really what they claim to be?", Economics Bulletin, Vol. 30 no.4 pp. 2864-2876.

3. Amit Ghosh. "Exchange rate flexibility in Latin America", Journal of Financial Economic Policy (2013). Vol. 5 No. 2, pp. 238-250

Assignment:

What is the difference between the current account and capital account?

What is the status of Balance of Payments in the countries involved in the voyage, compared with other major economies?

<http://www.imf.org/external/country/index.htm> (staff report)

A16- March 17:

The Strategy of International Business

Reading: Chapter 11

Port Louis: March 18

A17-March 20:

Case study 3: Lundbeck Korea: Managing an International Growth Engine

A18 – March 23: Group work topic DUE.

A18- March 23:

Entering Foreign Markets

Reading: Chapter 12

Film: BBC series: The Chinese Are Coming. First episode on Africa. DVD.

[May also be viewable on: <http://topdocumentaryfilms.com/chinese-are-coming/>]

Assignment:

World Bank reports on South Africa, and other interested African countries

Question:

Is there a disproportionately high FDI in mining and agriculture?

What is the role of India and China in the FDI?

What are the pros and cons of FDI in mining and agriculture?

Cape Town: March 25-30

A19- March 31:

Case study 4: Nora-Sakari: a proposed JV in Malaysia

Walvis Bay: Apr. 02-06

A20-April 7:

Case study 5: Eli Lilly in India: rethinking the JV strategy

A21- April 9:

Exporting, Importing, and Countertrade

Reading: Chapter 13

1. Importer Guide and Exporter Guide by Bank of America, available at

<http://corp.bankofamerica.com/business/smb/trade-supplychain>

A22-April 12:

Global Marketing and R & D

Reading: Chapter 15

1. Kazuhiro Asakawa & Ashok Som. "Internationalization of R&D in China and India: Conventional wisdom versus reality". *Asia Pacific J Manage* (2008) 25: pp.375–394
2. Frédérique Sachwald. "Location choices within global innovation networks: the case of Europe". *J Technol Transfer* (2008) 33: pp. 364–378

A23: April 15:

Global Human Resource Management

Reading: Chapter 16

1. Jan Selmer. "Expatriate cross-cultural training for China: views and experience of "China Hands". *Management Research Review*(2010) Vol. 33 No. 1, pp. 41-53
2. Hanan AlMazrouei and Richard J. Pech. "Expatriates in the UAE: advance training eases cultural adjustments". *Journal of Business Strategy* (2014) VOL. 35 NO. 3, pp. 47-54

A24: April 17

**Group presentation: Business plans for entry to a country being visited
Detailed requirements shown in the "Group Work"**

Casablanca: April 18-22

Global Lens Exams and Study Day: April 24

A25: A Day Finals, April 25

Final Exam chap 9-16

April 29: Arrive in Southampton

Assignment Questions for Case Study

Case 1: To trade or not to trade: NAFTA and the prospects for free trade in Americas

Exhibit 2, 3, 4, 5, 6, 9

1. Why did the US, Canada and Mexico sign the NAFTA? Which sectors would you expect to gain most from this agreement?
2. Has NAFTA been beneficial for the countries that signed it?
3. Should the US encourage the formation of the Free Trade Agreement of the Americas (FTAA) ?
4. Compared with EU in Europe and NAFTA in North America, which both play a dominant role in the regional economic integration, Asian economic integration shows a very complicated picture. ASEAN, ASEAN-China Free Trade Area (FTA), China-Japan-South Korea FTA (CJK FTA), China-South Korea FTA, Trans-Pacific Partnership (TPP), already in practice or still under negotiation, are all involved in Asian economic integration. However, in contrast to the flourishing negotiation, the actual integration level in Asia is far below that of America or Europe. What are the factors underlying this situation? How do you expect the future development of Asian economic integration? Is it possible to achieve significant progress in the near future? What kind of roles will China, Japan, Korea, and U.S. play?

Case 2: India's failure to attract FDI

1. Describe the roots of India's political paradigm of socialism and autarky. What factors explain India pursuing this paradigm long after other countries rejected it?
2. Evaluate the rationale and impacts of the 1991 reforms.
3. Is democracy an obstacle to reform and growth? Is a federal nation with powerful state governments an obstacle to reform and growth?
4. India has achieved rapid growth rates with relatively little FDI. Does this reality support the argument that FDI is over-rated as a determinant of growth?
5. Evaluate the World Bank Investment Climate Indicators. Do they explain the differences in growth between China and India?
6. Compare the growth prospects for India and China. Evaluate India from the perspective of a potential foreign investor. Can India catch up to or surpass China?

Case 3: Lundbeck Korea: Managing an International Growth Engine

1. What priorities will the local, regional, and headquarters managers have? How will their

backgrounds and positions in the company influence their concerns?

2. What type of organizational mentality does Lundbeck have? Why has this mentality developed? Does it reflect a good balance between global integration and local responsiveness for Lundbeck?
3. What is the value of having a regional division? Should Andersen separate Lundbeck Korea from Lundbeck Asia?
4. Can you devise a win-win-win solution; one which meets Andersen's needs and does not result in either Jun or Rajar leaving the company?

Three teams will be asked to present a synopsis of the case, each from the perspective of one of the managers. This can help you understand that beliefs and priorities vary from the local to the regional to the headquarters level.

Case 4: Nora-Sakari: a proposed JV in Malaysia

1. Why have the negotiations so far failed to result in an agreement? Try to identify the problems with the two parties.
2. Is the formation of the JV between N and S the best option for both companies to achieve their respective objectives?
3. As Zainal, what would you do to ensure that N fulfills the TMB contract? Discuss the pros and cons for various options / for both S and N
4. If Zainal decides to renegotiate, how should he restructure the terms of the deal? PLS refer to the Appendix after the Assignment Questions.

Case 5: Eli Lilly in India: rethinking the JV strategy

1. Eli Lilly in the 1990s and the India opportunity

Assessing the IJV startup (did Eli Lilly pursue the right strategy to enter the Indian market?)

-right country?

-right entry strategy?

-right partner?

-right structure?

-right leadership?

2. Evolution of the IJV

Carefully consider the evolution of the JV. Evaluate the three successive IJV leaders. Identify the unique challenges faced by each. What kind of qualification and personality are required for leadership at different stages?

3. How would you assess the overall performance of the JV? What did the partners learn from

the IJV?

4. Action plan

What options does Eli Lilly have regarding the Ranbaxy partnership?

What action would you recommend? What are the implications of your recommendation?

How would you implement this?

Appendix for Case 4: Nora-Sakari: a proposed JV in Malaysia

Unresolved issues from the July meeting

Issues	Sakari (Finland)	Recommended Terms of New Deal	Nora(Malaysia)
Equity	51% Nora; 49% Sakari		70% Nora; 30% Sakari
Technology	JV assembles the switch		JV develops the switch
Royalty	5% of gross sales		2% of net sales
Expatriate salaries	Short-term---USD 1260/day + expenses; Long Term--- USD 20000/month		Short-term---RM 1170-1350/day (no expenses); Long Term--- RM 20700 to RM 27900/month
Arbitration location	Helsinki		KL

FIELD WORK

Field lab attendance is mandatory for all students enrolled in this course. Please do not book individual travel plans or a Semester at Sea sponsored trip on the day of your field lab.

FIELD LAB (At least 20 percent of the contact hours for each course, to be led by the instructor.)

The Tata Group is made up of over 100 companies involved in seven businesses in more than 80 countries. As India's largest industrial conglomerates and most respected brands for over 140 years, the Tata companies' sales exceed \$100 billion per year and employ over 450,000 people.

Tata Consultancy Services was established in 1968 as a part of the Tata group. TCS is an IT services, consulting and business solutions organization that delivers real results to global businesses, ensuring a level of certainty that no other firm can match.

We will visit TCS and have two presentations by the executives on Tata Group and TCS respectively. We will also visit the company facilities and take a look at the digital products which shape our lives and the business.

After the visit to TCS, we will go to a local market to observe and experience how the business is transacted locally.

Academic objectives:

1. To study the organization and operation of Tata Group and their values and purpose.
2. To observe and experience the digital revolution and its impact on business.
3. To analyze the international competitive environment for Tata Consultancy Service and Tata Group.
4. To observe and experience the local market, and analyze the Indian business environment.

FIELD LAB REPORTS: 20% of final grade.

Following the field labs, students will submit online report with no less than 2000 words.

The report may be on the Tata group, TCS, or India business environment, relevant to any topics in the course. The report must incorporate the experience on the port and encouraged to make comparison with its competitors and other major economies.

The report will be graded upon its originality and thoughtfulness. **The report is due on March 15.**

GROUP WORK : 20% of final grade

Business plans for entry to a country being visited

Students are required to research on a real company regarding its entry to or expansion in a country being visited.

(1) The presentation should include three major sections:

- Facts and analysis (political economy of the target market, cultural issues, industrial analysis, etc.)
- Identification and analysis of key issues (Entry or expansion? Major challenges?)
- Recommendations and solutions (Specific implementation plan)

(2) Your analysis should be based on the information collected from public source or personal interviews, using concepts learned from this class, as well as other related courses.

(3) The project should be done in a group, with 4-6 members. The tutor will team up for you based on the registration information.

(4) The group presentation will be scheduled on April 22 (A24), each lasting about 10 minutes, then 5 minutes Q&A.

METHODS OF EVALUATION / GRADING RUBRIC

1. Class Participation (20%) – Students are expected to attend class regularly and participate in everyday case discussion. Each student should be prepared to discuss the assigned readings, articles and cases at all times.
2. Mid-term Exam 20%
3. Final exam 20%
4. Team presentation on a country being visited 20%
5. Field lab report 20%

RESERVE BOOKS AND FILMS FOR THE LIBRARY

None

ELECTRONIC COURSE MATERIALS

The instructor has all the readings listed in the syllabus.

ADDITIONAL RESOURCES

Cases:

Case study 1: To trade or not to trade: NAFTA and the prospects for free trade in Americas (Harvard case 9-705-034)

Case study 2: India's failure to attract FDI (Ivey case 9B06M082)

Case study 3: Lundbeck Korea: Managing an International Growth Engine (Ivey case 9B10M012)

Case study 4: Nora-Sakari: a proposed JV in Malaysia (Ivey case 9B06M006)

Case study 5: Eli Lilly in India: rethinking the JV strategy (Ivey case 9B04M016)

HONOR CODE

Semester at Sea students enroll in an academic program administered by the University of Virginia, and thus bind themselves to the University's honor code. The code prohibits all acts of lying, cheating, and stealing. Please consult the Voyager's Handbook for further explanation of what constitutes an honor offense.

Each written assignment for this course must be pledged by the student as follows: "On my honor as a student, I pledge that I have neither given nor received aid on this assignment." The pledge must be signed, or, in the case of an electronic file, signed "[signed]."

Charles W L Hill. Charles Hill's Global Business Today, 8e has become the most widely used text in the International Business market because its: Currentâ€”it is comprehensive and up-to-date. Application Richâ€”it goes beyond an uncritical presentation and shallow explanation of the body of knowledge. Relevantâ€”it focuses on managerial implications. Integratedâ€”it maintains a tight, integrated flow between chapters, and incorporates ancillary resources that enliven the text and making it easier to teach.