AEM 4940. SPECIAL TOPICS IN APPLIED ECONOMICS AND MANAGEMENT: RISK MANAGEMENT IN EMERGING MARKETS
3 credits

June 17 – July 7, 2015

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Course Objectives
In an increasingly globalizing world and the rise of emerging markets such as India, China, Brazil, Russia, Mexico, South Africa and many others, more and more companies are pursuing their major business objectives in these markets. What are the opportunities and market potential, as well as the challenges and risks of operating in such markets? This course has two interrelated goals: first, to introduce you to the business potential in the world of emerging economies; and second, to equip you with the tools by which you can assess and mitigate risk in these countries. More specifically, we will discuss the specifics of the socio-political, economic and cultural environments of emerging-market countries. You will further learn about the various types of risk that international businesses face when operating in these markets, and the major approaches to risk assessment and management. Through a combination of readings, lectures, case discussions and risk assessment projects you will gain practical skills in evaluating and assessing risk, and in developing business models and strategies that are suitable for success in emerging markets.

Course Resources
A Reading Packet will be available for purchase at the campus store in early May. If you are on campus, you can go to the campus store and buy a copy of the reading packet. If you have already left Ithaca, you can call the Book Information Desk (607-255-2933) and order your reading packet. The store will ship it out to you at a designated address for a small shipping fee.
**Additional Readings**: will be posted on Blackboard.

**Lecture Notes**: Will appear on Blackboard at 2 am for each day when the class will hold sessions.

**Videos**: There will be a web link provided in either the syllabus or the lecture notes.

**Business Journals**: Review of international business news on a regular basis is highly recommended for this course – it will greatly enhance your understanding of the major international business concepts that will be discussed in class. Journals to consider are *The Wall Street Journal*, *The Economist*, *The Financial Times*, *Bloomberg BusinessWeek*, and *Fortune*.

![Pedagogy and Distance Learning Organization of the Course](image)

**Pedagogy and Distance Learning Organization of the Course**

(1) **Lectures**. The course’s core conceptual material will be introduced through lectures and relevant articles. Many of the lecture examples will be pulled from current events and developments in the global business environment – regular reading of *The Wall Street Journal*, *The Economist*, *Bloomberg BusinessWeek*, *Financial Times* and other sources of business news is recommended.

Each day of the week, Monday through Friday, there will be a PPT lecture for the day posted on Blackboard at around 2 am. The lecture notes are below each slide. You have to download the lecture from Blackboard to your computer and study it. Each lecture will consist of approximately 30 slides.

(2) **Assigned Readings**. In addition to the lecture notes for the day, you have to study the assigned readings for the day. They are listed in the syllabus after each class session. You can find them on Blackboard, in the Course Documents folder, as well as in a Reading Packet which is available for purchase from Cornell’s Campus Store.

(3) **Discussion Board**. Once you have read the lecture notes and the assigned materials for the day, you can raise questions or come up with comments related to the topics under discussion. We will open a discussion board on Blackboard for each class session.

Will you need to be on Blackboard/online for a specific time of the day, in order to participate in group discussions? The answer is No. Overall, the course has a flexible schedule - you are not required to be at your computer at a certain time of the day for class discussions; you can access your email at a time that is convenient for you; and you can download the lecture notes and do the readings any time of the day or night.

(4) **Fulfilling the Course Requirements**. Finally, you have to fulfill the course requirements which are listed below.

Appendix 1 to this Syllabus provides additional useful information about the basics of online learning and how to become a successful online learner.
Course Requirements and Grading Policy

Upon successful completion of the course, you will receive 3 semester hours of respective credit. Your grade will be based on your performance on the following items: (a) participation in class discussions over email (30 points); (b) two case write-ups (20% each, total 40%); and (b) a final paper (30%).

(a) Participation in Class Discussions (30%)

As I wrote above, there will be a discussion of the material for each class session, through Blackboard. Each morning I will open the discussion of the respective topic for the day by outlining some key points and raising some key questions. I expect you to take part in the discussion by voicing your opinions and critical comments in regard to the covered material. You have the flexibility to reflect on the assigned material at a time that is convenient for you, throughout the day.

What counts as a post: (a) one answer to one discussion question (already posted on Blackboard by me or a student moderator); (b) one separate comment on the assigned readings that is unrelated to the posted discussion questions for the day (You can post your comments on anything that has interested you and attracted your attention after you have read the assigned readings for the day); or (c) a comment - analysis of how a recently published article in the media relates to the respective topic under discussion (attach the article to your post or provide a link to the article in your post).

You do not have to post on every discussion forum but you need at least 10 posts throughout the duration of the course in order to earn the 30 points from discussion participation. Having less than 10 posts will reduce your class participation points accordingly. This quantitative criterion is based on the understanding that your posts are of high quality.

Timing of postings for a discussion forum: you can post any time of the day but there is a deadline – the forums will be closed for postings at midnight of the day when we have the discussion. So look at the syllabus and the Discussions folder on Blackboard to figure out what class discussion is listed for each day, and decide in advance how you would like to distribute your posts throughout the duration of the class.

Bonus points. You can earn 5 bonus points toward your final grade if you volunteer to be a moderator of a discussion forum – that is, to post discussion questions as a general orientation for the students, and to summarize and analyze their postings after the discussion ends at midnight.

Length of your discussion posts. Try to be efficient and say as much as you could within a paragraph (half a page at the most) per post.

Appendix 2 provides basic netiquette guidelines on how to write and receive communications in an online course.

(b) Case Write-Ups (40%)

You have to write two essays on any two of the following five cases that will be discussed in class: Tesco PLC (June 22); The Mozal Project (June 24); NES China (June 29); Red Star China (June 29); Shell in Nigeria (June 30); and Haier: Taking a Chinese Company Global (July 2);
Each write-up should be an answer to the respective discussion questions for the case (they are listed in the Syllabus). Please answer separately each of the discussion questions and create a clear structure of your write-up – that is, identify your answers to each question by using subheadings (for example: Question 1 - Answer; Question 2 - Answer; etc.).

Length: Up to 1,300 words. Less words is not bad; I will be evaluating the quality of your logical thinking and critical assessment of the case, not the quantity of words with which you express yourself. In any case you have to assume that quantity and quality are often interdependent. With more space/words you can increase the general quality of your answer by bringing additional relevant evidence/data in support of your argumentation.

Formatting: Use any easily readable font and margins of your liking. Please save your essay as a Word document and send it to me by email.

Your essays are due by 11 pm on the day before the respective case will be discussed in class. Please send them to me by email.

(c) Final Paper (30%)

On July 4th I will send you by email a recently published journal article that will discuss issues of business organization or strategy in the context of the global marketplace. I will also include a set of questions on the contents of the article. Please write a concise essay in response to these questions, by using the theoretical framework and perspectives of the course readings and lecture notes. You are welcome to use additional materials beyond the assigned article in support of your arguments.

Formatting. The standard for the paper is as follows: 12-point Times New Roman font, 1-inch margin, double-spaced, page-numbered, maximum 1,500 words (4-5 pages in length), and saved as a Word document. References and any exhibits/appendices you deem necessary do not count against this limit.

Your final paper is due on July 7th by 8 pm ET. Please send it to me by email.

Detailed Class Schedule

June 17, Wednesday

(1) Emerging Markets and the World Economy. Emerging-Market Potential

Readings:


June 18, Thursday
(2) Institutional Voids and Risk in Emerging Markets
Readings:

June 19, Friday
(7) How to Assess Risk? Risk Assessment Methodologies and Indices
Readings:
*Lloyd’s Risk Index 2011.*
The PRS Methodology @ [http://www.prsgroup.com](http://www.prsgroup.com)

June 20, Saturday
(4) Risk Mitigation Strategies. Political Risk Insurance
Readings:

June 22, Monday
(5) Approaches to the Risk Management Function in an Organization. Risk, Control and Corporate Governance
Readings:
*Case: Tesco PLC*
Discussion Questions:
1. What structures are used for risk management within Tesco?
2. How would you assess the effectiveness of the specific tools used by Tesco PLC to manage the risks associated with its position as a major global retailer?
3. How is risk management linked to performance management at Tesco?
June 23, Tuesday
(6) Business Models for Emerging Markets
Readings:

June 24, Wednesday
(7) Deterrence (Structuring) Approaches to Asset Expropriation
Readings:
Case: Financing the Mozal Project (Reading Packet).
Discussion Questions:
1. Who are the Mozal Project’s partners?
2. What types of risk is the Project facing in Mozambique?
3. How are the Project partners managing these risks?
4. In your opinion, what are the three key factors for the success of the Mozal Project?

June 25, Thursday
(8) Regulatory Risk
Readings:

June 26, Friday
(9) Dealing with Economic Crime. Fraud and Intellectual Property Theft
Readings:

YouTube Video: The Fight Against Counterfeit Drugs
http://www.youtube.com/watch?v=6Djftj0bwus (13:12 min)
June 29, Monday

(10) Corruption and Variation in Standards of Morality

Readings:

Case: NES China: Business Ethics (A) (Reading Packet).

Discussion Questions

(1) Should NES China give “gifts” to government officials to facilitate the approval process for the establishment of a holding company in Beijing, to coordinate its investment in China?

(2) Consider Chen’s views vs. the German team’s views: would gift-giving to Chinese government officials be unlawful? Would it be immoral?

Case: Red Star China. Discovering the Essence of Guanxi (Reading Packet).

Discussion Questions

(1) Why does Howard Zhao of Red Star China believe that he must first establish guanxi with Pan Weidong, Director of Logistics at NCC, a Sino-German joint venture, in order to secure business with NCC?

(2) After Pan’s demotion at NCC, Howard has to decide whether to: (i) continue building guanxi with Pan, who appears to have lost his usefulness for satisfying Howard’s purposes; (ii) switch his attention to NCC’s new Director of Logistics, Hans Hol, who is German; (iii) start all over again by finding a new person at NCC to build guanxi with. What decision do you think Howard has to make? Why?

June 30, Tuesday

(11) Mitigating Human Rights Risk

Readings:

Case: Royal Dutch Shell in Nigeria (Reading Packet).

Discussion Questions:

1. Despite its local community projects, Shell faced serious human rights issues in Nigeria. What were they, and how did the company respond to them?

2. In your opinion, did the company develop the right strategy in response to the human rights issues that it faced in Nigeria?

3. In your opinion, how should companies deal with human rights issues while operating in non-democratic countries?

July 1, Wednesday

(12) Reputational Risk and Risk Communication

Readings:


Materials on Mattel’s 2007 toy recalls.

Coca Cola’s Dasani Fiasco in the UK
July 2, Thursday

(13) Emerging-Market Multinationals as Competitors

Readings:


Discussion Questions:
(1) Why was Haier so successful in China?
(2) Was Haier’s decision to globalize into developed markets early on a good strategy?
(3) Can Haier build on its success in niche products to become a dominant global brand in high-end white goods?

July 3, Friday

(14) Concluding Discussion: How to Win in Emerging Markets?

Readings:


Discussion Questions:
(1) What capabilities should MNCs try to develop that would allow them to anticipate and respond to upcoming opportunities as well as disruptions and risk in emerging markets?
(2) What mix of local and global leadership is required from a MNCs to avail the opportunities and hedge the risks in emerging markets?
(3) How could a MNC engage in effective partnerships with local actors in emerging markets? Will local partners accelerate the multinational’s ability to learn about the local market?
(4) How could a MNC respond to increasing competition from emerging-market companies?
(5) Should a MNC adopt a consistent strategy for all its business units within one country? Across emerging-market regions?

July 4, Saturday

Final assignment sent to class

July 7, Tuesday

Final Papers are due by 5 pm
Appendix 1
Tips for Being a Successful Online Learner
http://teaching.uncc.edu/academic-technologies/moodle-2/students/tips-being-successful-online-learner

Online learning requires commitment from the student. The student must complete all work on time and stay current with assignments. This reading will provide you with tips that will help you to succeed in the online environment.

(These are loose guidelines for online learning in general.)

Tips to Succeed in Online Learning

1. **Be open minded and share experiences in the learning process.** The online environment should be a place where a student is free to express themselves. The student has time to think carefully about what they want to share before responding.

2. **Communicate through your writing.** All communication is written, so it is very important that students are able to express their opinions in a written format.

3. **Be disciplined and self-motivated.** Students must be responsible and committed to keep up with the course workload. The instructor will not be able to tell if the student is having trouble if assignments are not completed on time.

4. **Meet all time commitments and requirements for the course.** On average, many students feel that online courses require more time and commitment than traditional learning environments.

5. **Use critical thinking and decision making** in your learning process. Students must be able to receive information and carefully consider all solutions before responding.

6. **Think through ideas before responding.** Your responses are vital to the learning efforts of the group as a whole. The input you carefully consider before responding will enlighten the learning environment.

7. **Understand that high quality learning can take place in an online environment.** Your input and participation are the key to your success. An online learner is expected to use technology correctly and communicate effectively in writing.

8. **Set aside a place that provides a conducive study environment.** Find a place that is well lit, well ventilated and a minimum number of distractions.

Advantages of Online Learning

1. **Flexibility.** Online students are able to learn and study at their own pace. Students have freedom to work on their schedule.

2. **Interaction.** Team learning is encouraged because online learning focuses on learner-centered instruction. Discussion forums and the sharing of diverse materials increase student interaction in the course.
3. **Technology.** Online learning teaches technology skills that will help students excel in the workforce.

4. **Team Learning.** Online learning facilitates team learning where individuals can work together online to complete activities.

**Pitfalls to Be Aware of in Online Learning**

1. **Isolation.** An online environment can sometimes feel more isolated than the traditional classroom setting. Students taking online courses do not always receive the same kind of social interaction that they would receive in a traditional classroom.

2. **Support.** Sometimes, instructors cannot provide the instantaneous feedback online that they could give in the classroom. It may be up to the student to take a more active role in seeking feedback from the instructor and fellow students in an online class. Also, students may encounter technical issues during the course, so it is important to contact the university help center when these situations arise.

3. **Technology Requirements.** Students must have access and knowledge of certain technology. Your computer system must meet minimum standards and have to have a high speed connection. A student must have access to a computer with an internet connection.

4. **Different Facilities.** An online learner will not necessarily receive the same facilities as a student on a traditional campus, though an online equivalent may exist (e.g., online library course reserves).

- See more at: [http://teaching.uncc.edu/academic-technologies/moodle-2/students/tips-being-successful-online-learner#sthash.nOzlFPRG.dpuf](http://teaching.uncc.edu/academic-technologies/moodle-2/students/tips-being-successful-online-learner#sthash.nOzlFPRG.dpuf)
Appendix 2
Netiquette Guidelines
http://teaching.uncc.edu/academic-technologies/moodle-2/students/netiquette-guidelines

Remember: We are all humans. Computers give us the illusion that we are writing to a machine. Human beings react to email responses with human behaviors and we need to be sensitive to that.

Communication Guidelines for Sending & Receiving

Guidelines for Received Communications

1. Forgive other people’s mistakes. Most people have accidentally said something online that they regret, or sent an email message to everyone when it should have gone to one person. Accept apologies and move on.
2. Respect other people’s privacy. If someone contacts you outside the chat room or the listserv, consider those messages as private communications and do not share them with others. If someone, however, sends inappropriate messages, let your professor know immediately.

Guidelines for Sending Communications

1. Adhere to standards of behavior. Be polite, sincere, and respectful of others. Avoid gossiping about others online.
2. Make yourself look good online. Check spelling, re-read for grammatical errors, format emails for easy responses, avoid “flaming” and project an image of a good student. (NOTE: “Flaming,” means to send an angry, hostile or abusive electronic message.).
3. Help keep “flames” under control. Only use appropriate language online. If others “flame,” try to move readers away from those inappropriate comments.
4. Share expert knowledge. When appropriate, help other students understand the assignment and learn the content. Before you ask your professors questions, see if other students can ease your confusion.

Writing Emails for Easier Responses

Guidelines for Composing Email

1. Avoid using humor or use it sparingly. What seems funny to you may not seem funny to others. Also, jokes and sarcasm can be offensive, and witticisms can fall flat.
2. Customize wording according to the audience. Don’t use the same language when writing to professors as you would use with your peers. Use standard spelling, punctuation, complete sentences and black readable font on a white background for communications with professors. Also, include your name and the class you are taking.

3. Write short paragraphs. Short paragraphs aid readability and avoid the problem of too much text on the screen.

4. Write lines shorter than 70 characters. Shorter lines are easier to read on the screen (think of a newspaper column).

Guidelines for Formatting Email

1. Use headings to help the reader find and preview the information. Headings allow the reader to find specific information, get a “preview” of what you are discussing, and aid in comprehension and memory.

2. Write informative, descriptive subject lines to describe your message. For example: If you send a message to Automobiles’ Newsgroup, a subject like “66MG Midget for Sale: Oregon” is much more informative than “Car for Sale.”

3. Separate your paragraphs with blank lines. Avoid indenting paragraphs and be sure to leave blank space between paragraphs so the reader can skim the paragraphs quickly.

4. Make your questions clear. Avoid the common condition of writing a statement instead of the actual question. Be sure to ask the question you mean to ask in as specific, concrete terms as possible.

5. Use only upper and lower case. ALL CAPS are extremely difficult to read on the screen and on the page. In addition, ALL CAPS imply screaming – a practice you will want to avoid.

6. Preview your message by sending it to yourself before you send it to others. You may have been interrupted while composing or you may have done some editing that will cause your message not to make sense.

Guidelines for Continuing Email Conversations

1. Respond to email received within a reasonable time frame. “Reasonable” will depend upon the recipient’s expectations and the subject being discussed.

2. Trim back the old messages. Most email clients will keep copying older messages at the bottom of an email. Delete the older messages so as to keep your message size from getting too large and to keep your messages looking clean.

Developed in part by Dr. Deborah S. Bosley, Director of University Writing Programs
UNC Charlotte, Charlotte, NC 28223-0001

- See more at: http://teaching.uncc.edu/academic-technologies/moodle-2/students/netiquette-guidelines#sthash.RYWezwqI.dpuf