AEM 4940. SPECIAL TOPICS IN APPLIED ECONOMICS AND MANAGEMENT: GLOBAL BUSINESS STRATEGY
3 credits

January 4 – 22, 2016

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Course Objectives
In today’s increasingly globalized and interconnected world, international transactions as part of business are the norm. Even purely domestic firms have to deal with international issues, be it in the form of imported supplies or foreign competitors. In addition, more and more companies are going abroad to pursue their major business objectives. How can they take advantage of the global marketplace and create economic value through their multimarket activities?

This course has three integrated objectives:
-- First, to give you a basic grounding in global business, so that you can become capable of understanding and analyzing events and trends in the global business environment and their impact on managerial decision making;
-- Second, to help you understand the analytical frameworks on strategy formulation and implementation in an international context;
-- And third, through a series of concrete case discussions and a local product internationalization project, the course aims at developing your practical skills in applying the tools of global strategic analysis in concrete business situations. Its ultimate goal is to help you become better prepared to serve in and lead business organizations in today’s globalized world.

Course Readings
A Reading Packet will be available for purchase at the campus store in early December. 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.
Distance Learning Organization of the Course

(1) Lectures. The course’s core conceptual material will be introduced through detailed lecture notes.

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 that you can 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 Forum on Blackboard for each class session.

Do you have 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.

Course Requirements and Grading Policy

Your grade will be based on your performance on the following items: (a) participation in class discussions on Blackboard (40 points); (b) two case write-ups (15% each, total 30%); and (c) a final research paper (30%).

(a) Participation in Class Discussions (40%)

As the percentage breakdown indicates, participation in online discussions is an important part of the learning process. You have the flexibility to reflect on the assigned material at a time that is convenient for you, with a deadline for posting by 11:59 pm on the day before the class session.

What counts as a post: (a) one answer to one discussion question (all discussion questions will be posted in advance); (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).
(b) Case Write-Ups (30%)
You have to write two essays on any two of the following five cases that will be discussed in class: Intel’s Site Selection Decision in Latin America (January 8); Trouble in Paradise (January 12); Starbucks and Conservation International (January 14); The Shakedown (January 15); and Burma Pipeline (January 18).
Each write-up should be an answer to the respective discussion questions for the case (they are listed in the Syllabus) and should be up to 1,300 words.
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 - Internationalization Project (30%)
You will have the opportunity to gain first-hand practical experience with international business by developing an export plan for a local company. You can develop this final paper either on your own or in a group setting (your preference).

Your task is to identify a suitable international market/country for a local product (Salamida’s spiedie sauce, Raymond Corporation’s automated lift truck, a Stakmore Co. folding chair) or any other local product of your choice. You have to propose a relevant plan (strategy) for bringing the local product to the selected international market/country. Information about the three companies – including presentations of their CEOs – will be available on Blackboard. You will also be able to address directly executives from these companies by email with any more specific questions.

The Final Executive Report that you have to submit should, first, identify the most important factors in the selected country’s business environment, as sources of international expansion opportunities and risks for our local company. Second, based on this analysis, you have to propose a relevant plan for entering the selected country’s market.

The standard for the paper is as follows: 12-point Times New Roman font, 1-inch margin, double-spaced, page-numbered, maximum 10 pages in length, and saved as a Word document. References and any exhibits/appendices you deem necessary do not count against this limit.

More detailed guidelines on your final projects and executive reports will be provided during the first week of class sessions.
Your final Executive Reports are due on January 22nd Friday by 12 noon ET. Please send them to me by email.

Detailed Class Schedule

January 4, Monday
(1) Globalization of Markets and Internationalization of the Firm
Readings:
January 5, Tuesday
(2) Global Governance and Regulation of Corporate Behavior
Readings:
UN-ILO. Corporate Codes of Conduct and Labor Standards (Blackboard).
Supporting materials on the World Bank; International Monetary Fund; World Trade Organization (Blackboard).

January 6, Wednesday
(3) Regional Economic Integration
Readings:

January 7, Thursday
(4) Strategy and Organization in the International Firm
Readings:

January 8, Friday
(5) Expanding Abroad: National Sources of Competitive Advantage and the Changing Global Mosaic
Readings:
Overview:
Intel has decided to locate its next assembly and testing plant in Latin America. Four countries have made the short list: Brazil, Chile, Mexico, and Costa Rica. The Telford, International Site Selection Analyst for Intel, needs to recommend a final site. There are two key issues that must be resolved first: (1) what kind of national business environment is most suitable to Intel's comparative strengths and weaknesses; and (2) how can Intel leverage its competitive advantages most effectively. The case illustrates the advantages for a high-technology company such as Intel, with its strong need to operate in a country with stable, predictable rules of business, and to invest in a fully consolidated democracy.
Discussion Questions:
(1) Why did Intel decide to invest in Latin America?
(2) What were the criteria influencing Intel managers’ site selection decision?
(3) If you were part of the selection team, which of the four shortlisted Latin American countries (Brazil, Mexico, Costa Rica, and Chile) would you recommend for locating Intel’s assembly plant? Please motivate your selection.

**January 11, Monday**

*(6) Global Market Opportunity Assessment*

**Readings:**


**January 12, Tuesday**

*(7) Entry Strategies. Making Strategic Alliances Work*

**Readings:**


**Discussion Questions:**

(1) Is the joint venture Zhong-Lian Knitting Company Limited between the U.S. apparel company Heartland Spindle and the Chinese manufacturer Suzhou First Textile Company beneficial to both companies?

(2) What dilemma does Mike Graves, general manager of the joint venture, face?

(3) What are the four experts’ commentaries on Mike’s dilemma? Which recommendation for approaching the dilemma are you in favor of? Why?

**January 13, Wednesday**

*(8) Assessing and Managing Risk in Global Organizations*

**Readings:**


**January 14, Thursday**

*(9) Global Trade and Justice*

**Readings:**

*Case: Starbucks and Conservation International* (Reading Packet).

**Discussion Questions:**

(1) What are the key success factors for the Starbucks – Conservation International partnership on the Chiapas coffee project in Mexico?
(2) How does Starbuck’s relationship with Conservation International compare to that of its relationship with the Fair Trade Movement organizations Global Exchange/TransFair? In that regard, do the criticisms against Starbucks make sense to you? (3) What would you recommend to Starbucks regarding the future of its relationship with Conservation International? What might you change?

**January 15, Friday**

**10) Dealing with Corruption**

Readings:
- *Case: The Shakedown*, by Phil Bodrock (Reading Packet).

Discussion Questions:
1. Did Customer Strategy Solutions bribe Mylofienko for the expedite installation of phone lines?
2. Why are the tax officials “picking” on Customer Strategy Solutions?
3. In your view, how should Customer Strategy Solutions respond to the extortion request: pay off the tax officials in Kiev and stay; do not pay and stay; or do not pay and leave Ukraine? Please motivate your answer.

**January 18, Monday**

**11) Global Labor Standards and Human Rights**

Readings:
- *Case: The Burma Pipeline* (Reading Packet).

Discussion Questions:
1. What were the concrete risks associated with the launching of the Yadana project in Myanmar? How did Unocal and Total manage them?
2. Consider the company’s options for response: withdraw from the project; ignore the critics; or manage the situation. Which one would you favor, and for what reasons?
3. Is it possible for a foreign investor to isolate itself from the political environment of a host country? If not, how could a foreign investor manage its dependence on the local political environment?

**January 19, Tuesday**

**12) Strategic Community Engagement and Corporate Social Responsibility**

Readings:


January 20, Wednesday

Readings:

January 21, Thursday
(14) Concluding Discussion: Key Success Factors for Global Business Management

Readings:

January 22, Friday
Final Executive Reports are due by 12 noon.