

# **International Strategic Management (21.144)**

**Degree/study:** IBE/GRAU

**Course:** 3<sup>rd</sup> Year

**Term:** 3<sup>rd</sup> Trimester

**Number of ECTS credits:** 5

**Hours of student's dedication:** 150 hours

**Language or languages of instruction:** English

**Professor:** Funda Sezgi ([funda.sezgi@upf.edu](mailto:funda.sezgi@upf.edu), [docfsezgi@iese.edu](mailto:docfsezgi@iese.edu))

## **Timetable:**

### **Theory classes:**

Thursday 10:30 – 12:00 and Friday 10:30 – 12:00

### **Seminars:**

Monday 14:00 – 15:30; Wednesday 09:00 – 10:30; Wednesday 10:30 – 12:00

## **1. Presentation of the subject**

International business strategy means effectively and efficiently matching an organization's internal strengths (relative to its competitors) with the opportunities and challenges found in geographically dispersed environments that cross international borders. Such matching is a precondition to creating value and satisfying stakeholder goals, both domestically and internationally. International Strategic Management course intends to educate and sharpen the intuition of (to-be) managers and/or researchers of (potentially or currently) global businesses, when faced with strategic opportunities and challenges in international environments.

Most complex issues in international strategic management revolve around seven core concepts, i.e. internationally transferrable firm-specific advantages, non-transferable advantages, location advantages, value creation through recombination of resources, complementary resources of external actors, bounded rationality, and bounded reliability. These seven concepts form a unifying framework that constitutes the essence of international business strategy, and reflects the foundations of global corporate success. This course discusses in detail the complexities associated with each of these concepts, as well as the subtle linkages among them.

Upon the successful completion of this course, each student should be able to:

- Understand how to analyze industry dynamics, assess organizational strategic capabilities, respond to competitive challenges, and improve corporate performance;
- Develop and demonstrate decision making abilities and skills in analyzing global corporate directions and in making strategic decisions;
- Engage in strategic management and value creation that add to the company's competitive position and its corporate social responsibility;
- Comprehensively integrate different functional areas of business, with special emphasis on local and regional markets

To achieve these purposes, the course will evolve around a theoretical and a practical base simultaneously. While the theoretical part concentrates upon the fundamental issues related to international strategic management, the practical part is about building insights from real life situations. The participants of this course, hence, are expected to adopt a bird's-eye-view perspective, and pay attention to both the theoretical and practical aspects of the subject.

It's worth mentioning that the main focus of the course rests on for-profit-organizations operating in a competitive environment. However, I will make a serious attempt to elaborate on the general applicability of the international strategic management process to other types of organizational settings.

## 2. Competences to be attained

The course is organized with a combination of theory, case discussion, and group presentations (final project). The skills emphasized during the delivery of this course following the planned scheme for IBE studies are:

G1.	Understand and interpret relevant and reasoned written texts of academic level and character.	Individual work, cases, project
G2.	Being able to justify their own positions consistent arguments and to defend them publicly.	Participation in class, seminars (cases) and final project
G3.	Being able to communicate properly in both oral and written both expert and inexperienced audiences.	Seminar (cases) and final project
G4	Being able to use English in all areas of work (read, write and speak in a high register)	Participation in class, Seminars (cases), final project
G6	Be able to work as a team, participating actively in the work and negotiating with divergent views to reach consensus positions	Seminars (cases), final project
G7	Develop the ability to reason with distance self-critical issues or controversial issues.	Participation in class, seminars (cases), final project
G8	Accepting diversity of views as a fundamental ingredient of academic life and integral to contemporary society, and be able to present their own opinions while respecting differing opinions.	Theory, Seminars (cases)
G9	Having consolidated habits of self-discipline, self-demanding and rigor in the conduct of academic work and in the organization and its proper timing.	Seminars (cases), final project
G10	Be proactive in the desire to know what ignored, essential in any learning process and in any professional activity projection.	Seminars (cases), final project
G11	Being able to flexibly and creatively apply the acquired knowledge and to adapt to new situations and contexts	Seminars (cases), final project
G16	Use the appropriate information in the formulation of proposals and problem solving	Seminars (cases), final project
G17	Apply economic reasoning to adopt decisions making in high risk situations.	Seminars (cases), final project
G18	Apply the knowledge and procedures relevant to a range of complex situations.	Seminars (cases), final project
G19	Identify the key factors of a problem	Seminars (cases), final project
G20	Demonstrate a critical approach to different situations	Seminars (cases), in-class cases
E2	Understanding the mechanisms of internationalization of a company and all routes of entry into foreign markets	Lecture discussions, in-class cases, seminars (cases), final project
E3	Evaluate the constraints and opportunities different foreign markets, with the goal of internationalization decisions of a company.	Lecture discussions, in-class cases, seminars (cases), final project

### 3. Contents

Our course is motivated by three fundamental questions:

1. What are the core concepts associated with doing business internationally?
2. What are the functional issues associated with creating value domestically and internationally?
3. What are the dynamics of global strategy?

More specifically, the first part of the course focuses on the conceptual foundations of international strategic management, the critical role of firm-specific advantages, the nature of home country location advantages, the problem of host-country location advantages, and on combining such advantages in a multinational network. In this part, we will seek to understand why should firms (not) internationalize. The second part of the course focuses on functional issues, such as international innovation, production, finance, marketing, and human resource management in international settings. This part aims to address the difficulties in making international strategy work in practice. The third part of the course deals with the dynamics of international strategies, including the entry mode dynamics such as strategic alliances, mergers and acquisitions. In this part, we will also analyze the role of emerging economies, and international strategies of corporate social responsibility as well as corporate environmental sustainability. We will conclude the course with a discussion on the true foundations of global corporate success.

### 4. Assessment

#### Deliverables

##### Classroom performance

Classroom performance is evaluated individually. Past experience shows that students that attend classes regularly tend to obtain higher final grades. Moreover, class participation is an integral part of the learning experience in this course. Every session should be considered as a business meeting where participants will use their collective knowledge, experience, and brainstorm not only to discuss theoretical concepts, but also and mainly to analyze, discuss and solve complex business issues and problems. This means you cannot remain as a passive observer. You have to come to class prepared to analyze and act in genuine managerial situations.

##### Class quizzes

I reserve the right to give unannounced quizzes during the course, which may cover a case, assigned readings, or other material from previous classes. No make-up opportunities will be available if you are absent or late. Quizzes will contribute to individual class participation grade.

##### Individual assignment

Students will be assigned a short case and questions related to the case. This assignment should be done individually. The report should not be more than 1000 words. **The deadline for the report is the end of 7<sup>th</sup> week of the course.**

### Group case reports

Students will be asked to prepare group reports on the business cases we will study in the seminar hours. The report will be based on questions that will be distributed in due time for each case. The case reports are to be sent by email on **each Sunday before the relevant seminar session**. **Late deliveries will lose points.** The discussion questions included for the case should provide the framework within which the case is to be analysed. This does not preclude the inclusion of additional issues that a group wishes to discuss, but the questions provided should be answered. In the write-ups, make sure to combine the analysis of the case with the conceptual material in the course. The write-up should be based on quantitative and qualitative information from the case.

### Final group project

In teams of 3-5 students, you will provide a detailed strategic analysis of a self-selected internationalizing organization (which can be for-profit organization, non-profit organization, or a social enterprise). The organization chosen has to be already internationalized in at the very least two countries, and should be planning to internationalize further. Groups are asked to:

- Compare selected organization's internationalization to industry leader
- Or, if the group chose industry leader, compare with closest competitor

In the report, groups are expected to apply all relevant insights delivered during class, while answering two practical questions regarding the organization chosen:

- How could the past internationalization strategy have been improved?
- What future internationalization strategy would you recommend as a group?

The report should not exceed 5000 words (per group). **The final deadline for handing in electronic and hard copy of written case is the end of the 8<sup>th</sup> week.** However, the organization choice also has to be approved by the professor. If two or more groups wish to investigate the same organization, the groups will have to negotiate. Hence, **by the end of 2<sup>nd</sup> week, I expect all groups to email me a maximum 1-page proposal stating which organization you have chosen and why.**

The last three theoretical classes are assigned to the presentation of the group projects. Regarding the report and its presentation, I suggest using visuals to summarize arguments, and being clear, succinct, and to the point. Each group has 15 minutes to present its report. All students are required to be present during all presentation days.

### **Grading**

The course is graded from 0 to 10 points. Passing the course necessitates *a minimum grade of 4.0 point obtained in the final exam AND an average grade of 5.0 points in total.*

At the ordinary term, the final grade for the course will be determined on the following basis:

Assessment Elements	Deadlines / Time Period	Weight
Individual classroom performance	Throughout the course	10%
Individual project	Due the end of 7 <sup>th</sup> week	10%
Group case reports (6 in total)	Before every seminar session	30%
Final group project & presentation	Due the end of 8 <sup>th</sup> week	20%
Final exam	Due the end of term	30%

### **Terms and conditions for extraordinary exam sitting:**

At the extraordinary exam sitting, the final grade for the course will be determined on the following basis:

Class participation & individual project	10%
Group projects and presentation	10%
September exam	80%

### **Further specifications on grading and assignment rules:**

1. Both for the ordinary and extraordinary grading periods, all evaluation items are compulsory. Therefore failing to take exams and deliver assignments, save for justified reasons, imply 0 in that item. In case of justified absence in the final exam, grades accumulate to the final exam. Failing to take the final exam implies the qualification of “Not Attended”.
2. If two (or more) students (or groups) turn in same / very similar assignments or quizzes, both items will be graded as zero points.
3. Late delivery of any assignment implies losing points.

## **5. Bibliography and teaching resources**

### **5.1. Basic bibliography: Suggested textbooks**

Peng, M. W. (2013). *Global*, 2<sup>nd</sup> Edition, South Western Press

Verbeke, A. (2009). *International Business Strategy*, 1<sup>st</sup> Edition, Cambridge University Press

### **5.2. Additional bibliography: Suggested classics as background readings**

The following readings serve as the basis of the topics that are introduced in this course. In class, we will discuss how the field has evolved ever since these classic articles have been written.

Prahalad, C.K. and Hamel, G. (1990) “The Core Competence of the Corporation”, Harvard Business Review (v. 68, no. 3) pp. 79–91

Porter, M.E. (1990, 1998) "The Competitive Advantage of Nations", Free Press, New York, 1990.

Ghemawat, P. "Distance Still Matters: The Hard Reality of Global Expansion", Harvard Business Review 79, no. 8 (September 2001): 137-147.

Bartlett, C.A. and Ghoshal, S. (1986) “Tap Your Subsidiaries for Global Reach”, Harvard Business Review 64: 87-94.

Kuemmerle, W. (1997) “Building Effective R&D Capabilities Abroad”, Harvard Business Review 75: 61-70.

Ferdows, K. (1997) “Making the Most of Foreign Factories”, Harvard Business Review 75: 73-88.

Lessard, D.R. and Lightstone, J.B. (1986) “Volatile Exchange Rates Can Put Operations at Risk”, Harvard Business Review 64: 107-114.

Levitt, T. (1983) “The Globalization of Markets”, Harvard Business Review 61: 93.

- Black, J.S. and Gregersen, H.B. "The Right Way to Manage Expats", Harvard Business Review 77: 52-63.
- Arnold, D. (2000) "Seven Rules of International Distribution", Harvard Business Review 78: 131-137.
- Hamel, G.; Doz, Y.L. and Prahalad, C.K. (1989) "Collaborate With Your Competitors – And Win", Harvard Business Review 67: 133-139.
- Ghemawat, P. and Ghadar, F. (2000) "The Dubious Logic of Global Megamergers", Harvard Business Review 78: 65-74.
- Khanna, T.; Palepu, K.G. and Sinha, J. (2005) "Strategies that Fit Emerging Markets", Harvard Business Review 83: 63-76.
- Vachani, S. and Smith, N.C. (2004) "Socially Responsible Pricing: Lessons from the Pricing of AIDS Drugs in Developing Countries", California Management Review 47: 118.
- Porter, M.E. and van der Linde C. (1995) "Green and Competitive", Harvard Business Review 73: 120.

## 6. Methodology [Format: Title 2]

The classes will be delivered through presentations during lecture hours. Seminar hours will cover a case based on a real life situation illustrating one or more of the topics covered in the lectures. For the seminars, students have to organize themselves in small groups. Each week, one group presents that week's case study, which is then discussed with the other students. Students will be graded both on their presentation, which accounts for half the grade, and their participation in class, which accounts for the other half. It should be noted that the purpose of the chosen cases is not to cover all the issues covered in class, but to illustrate how various organizational concepts shape the decisions on real-world problems. Students will be encouraged and are expected to participate in the discussion of the topics delivered by the instructor in lecture hours AND during seminar hours.

## 7. Activities Planning

- I. Week 1:** Introduction and practicalities. Conceptual foundations. Illustrative cases Honda, Four Seasons.
- II. Week 2:** The role of firm-specific advantages. Illustrative cases 3M, IKEA.
- III. Week 3:** Home country location advantages. Illustrative cases Silicon Valley, Shiseido
- IV. Week 4:** Host country location advantages. Illustrative cases Starbucks, Wal-Mart
- V. Week 5:** Combining FSAs & location advantages. Illustrative case Nestlé
- VI. Week 6:** International innovation. Illustrative cases, Siemens, Sony
- VII. Week 7:** Managing internationalization. Illustrative cases Inbev, LVMH
- VIII. Week 8:** Emerging economies and entry modes. Illustrative cases Dell, Danone, CEMEX
- IX. Week 9:** Corporate social responsibility and environmental sustainability. Illustrative cases Nike, Shell
- X. Week 10:** Presentations team project

The cases mentioned in this section represent the examples we will focus on during theory classes. The cases for seminar sessions will be assigned during the term.