# IB 403 – INTERNATIONAL BUSINESS AND NATIONAL POLICIES

### Fall 2020 Monday, Wednesday, Friday

010 Business Bldg. 11:15 - 12:05 pm (Section 01)

010 Business Bldg. 12:20 - 01:10 pm (Section 02)

Prof: Peter Mhando Phone: 814 865 0611

Smeal College of Business

Office: 315 Business Building Email: [pxm269@psu.edu](mailto:pxm269@psu.edu) Office hours: Tuesday 12:00 – 2:30pm via zoom

<https://psu.zoom.us/j/96517771443> and by Appointment

**COURSE DESCRIPTION**

Using an interdisciplinary approach, this course explores the dynamics of International business. It specifically focuses on the explanation of how and why world’s countries differ, present a thorough review of the economics and politics of international trade and investment, explain the global finance system, examine strategies and structures of international business and assess the special roles of an international business’s various functions. Thus, the main objectives of the course are: to be familiar with the strategies and structures of international business as well as consequent implications and relate the understanding of major theories behind international business to how these are affected by differences among countries around the world, given the fast-changing nature of the business environment. How do multinational companies manage basic business processes in responding to challenges of operating in international environment with diverse culture, economy, and political systems? It is highly recommended that you complete IB303 BEFORE taking this course.

### GRADING

Course grades will be determined as follows:

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| --- | --- | --- | --- |
| First exam | 25% | Attendance & Participation | 10% |
| Second exam | 25% | Group project | 20% |
| Weekly Quiz/Homework | 20% |  |  |

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| --- | --- | --- | --- |
| A 93 -100 | B+ 87 - 89 | C+ 77 - 79 | D 60 - 69 |
| A- 90 - 92 | B 84 - 86 | C 74 - 76 | F Below 60 |
|  | B- 80 - 83 | C- 70 - 73 |  |

Exams

The two essay/short answers mid-term exams will be held during the weekends of **March 14th** (Friday – Sunday 11.59pm) and **Apr 25th** (Friday – Sunday 11.59pm). A directive on the take home exam questions will be provided prior to exam dates. Please plan accordingly.

Quizzes/Homework

There will be weekly quizzes or take-home questions on coverage and readings. A drop-box will be set for each. In total there will be at least **12 such tasks**. Your two lowest scores will be dropped to retain the required 10 quizzes. Thus, **there will be no make-ups** for missed quizzes/take-home assignments. Please plan accordingly.

Attendance and participation

Attendance is mandatory (physically, synchronous or asynchronous – as appropriate); a necessary but not sufficient condition to earn full grade in ‘attendance and participation’ category. Each student is encouraged to participate actively and engage in **class discussions online**. You will be expected to come to the class prepared to engage your classmates in productive discussions. I will post discussion questions every now and then. Each student will respond to the question and comment/ respond to three other students’ posts.

Group Project

Students will be assigned in teams to each prepare a term paper (12-15 pages), on a course topic. A guide/ rubric will be provided. Each group term paper topics will be approved on a first come basis, **no later than 2/26**. The **Term papers are due no later than 5/3.**

In-Class Conduct

You should expect to be treated with respect and you should also treat others with respect. Disruptive behavior in class include, but limited to, talking on the phone, using your laptop or tablet for purposes other than taking notes, engaging in private conversations, reading newspapers/magazines, arriving late or leaving early (without the instructor’s consent), as well as making rude and sarcastic comments will not be tolerated. The instructor will seek removal from the class those whose behavior is disruptive to learning, in accordance with laid down University policies. Please make sure your cell phone/ microphone is off/ on silence, always during class (unless instructed otherwise).

BOOKS AND SUPPLEMENTAL READINGS

The required Reading Packet (RP) for the course can be purchased through the Penn State University Bookstore.

Other readings and cases will be made available on Angel or handouts in class.

Reading international articles in business publications will be helpful. The Economist, The Wall Street Journal and The Financial Times are some of the popular readings.

Readings will at times be complemented by video clips and video lectures on related subject matter. Recommended:

Rodrick, Dani (2011). *The Globalization Paradox: Democracy & the Future of the World Economy.* New

York. London. W.W. Norton & Company.

# Course Schedule and Reading Assignments

Jan 20 **- Introduction & Overview**

International Business and the Evolving Role of Global business

Jan 22 **– Globalization & Business**

Fareed Zakaria (2008). “The Rise of the Rest,” Newsweek, May 12, pp. 24-31. (Canvas)

Zhou, Yongxiu (2010). Manipulation of Globalization. *Asian Social Science* Vol. 6, No. 7; July (Canvas) Globalization can be remade to work for everyone (Canvas)

#### Jan 25 – National Differences & Political Risk

Country Analysis: A Framework to Identify & Evaluate the National Business Environment (RP)

#### Jan 27 – National Differences & Political Risk

Lowengart & Menipaz (2015). The Attractiveness of a Host Country and a Region for a MNC (Canvas) Ian Bremmer. 2005. “Managing Risk in an Unstable World,” Harvard Business Review, June (Canvas) Business people need to think harder about political risk. *The Economist*, Feb 10th 2011 (Canvas)

#### Jan 29 – Evolution of International Business & Global Change

Perlmutter, H. (1969). The Tortuous Evolution of the Multinational Corporation. Columbia Journal of World Business. Sept-Feb 1969. pp. 9-18; (RP)

Becht, B. (2010). Building a company without borders. Harvard Business Review, April (RP)

**Feb 1** **– Differences in Culture**

Cultural Differences in Business (Canvas);

#### Feb 3 – Ethics in International Business

Doing Well by Doing Good. Economist 4/22/2000 (Canvas);

#### Feb 5 – Globalization & Free trade

Rodrick, D. (2010). The Globalization Paradox Chp 3 (Canvas)

Isenberg, D. J. (2008). ‘The Global Entrepreneur’, Harvard Business Review 86(12): 107–111.

#### Feb 8 – Europe: European Union & Economic Integration

Trumbull, G. & D. Choi (2011). European Union: The Road to Lisbon. HBS Case 711-032 (RP) Guay (2014). Ch. 8 - Promoting Business in Business Environment of Europe (Canvas) Buruma. Is European Dream Dead? (Canvas); Zakaria. Europe’s Real Problems (Canvas)

#### Feb 10 – Europe: EU & Globalization

EU – Promoting Business (Canvas); Think Again: European Decline (Canvas).

Porter, M., Ramirez-Vallejo, J., & Eenennaam, F. (2011). The Dutch Flower Cluster. Harvard Business Press 9-711-507 Rev. April 21, 2011 (RP)

#### Feb 12 – Europe: EU & U.S.

Marcelo Bucheli. Banana War Maneuvers. Harvard Business Review. Nov 2005 (Canvas) The Future of the EU. *The Economist* – Special Report March 25th 2017 (Canvas)

**Feb 15** **– MNC in Europe**

Trumbull, G. & Gay, L. (2004). Wal-Mart in Europe. Harvard Business Press July 20 2004. (RP)

Feb 17 **– MNC in Europe**

Tesco Case (Canvas and Handout)

#### Feb 19 – Emerging Europe

Russia’s Emerging MNC (Canvas)

Emerging Russian Multinational companies: Managerial and corporate challenges, 2012 (Canvas)

#### Feb 22 – Emerging Economies: Emergence of Emerging Economies

New Business Models in Emerging Markets. Harvard Business Review (RP)

#### Feb 24 – Emerging Economies: New Giants

Khanna, T. & Palepu, K. (2006). Emerging Giants: Building World-Class Competitors in Developing Countries. Harvard Business Review, October 2006, pp. 60-69 (RP)

#### Feb 26 – Emerging Economies: Future Giants, Opportunities & Risk

Luo & Tung, (2007). International expansion of Emerging Market Enterprises: A Springboard Perspective (Canvas).

#### Mar 1 – Emerging Economies: Opportunity & Risk

Luo & Tung, (2007). (Canvas).

#### Mar 3 – Latin America: New Game in Latin America

Special Report: Latin America. The Economist. 9/9/2010 – 1. A Latin American Decade? 2. So near yet so far. <http://www.economist.com/node/16964135>

Mar 5 **– Latin America: Brazil**

Brazil Grounded: Special Report on Brazil. *The Economist*, 9/26/2013 (RP)

Musacchio, A. (2008). Brazil under Lula: Off the Yellow BRIC Road. Harvard Business Press

#### Mar 8 – Latin America: Costa Rica – Born Global

Lopez, L. E., Kundu, S. K., and Ciravegna, L. (2009). ‘Born global or born regional? Evidence from an exploratory study in the Costa Rican software industry’ (RP)

**Mar 10 - Group project Discussion and Review**

**Exam 1 Mar 12 -14 (Due 11.59pm)**

## Mar 15 – Asia: Asian Tigers & Dragons

Kwon, J. & Kang, J. (2011). The East Asian Model of Economic Development. Asian Pacific Economic Literature, [Volume 25, Issue 2.](http://onlinelibrary.wiley.com/doi/10.1111/apel.2011.25.issue-2/issuetoc) <http://onlinelibrary.wiley.com/doi/10.1111/j.1467-8411.2011.01317.x/pdf>

**Video:** Hans Rosling: Asia’s Rise—How and When (TED)

Mar 17 **– Asia Rise**

Singapore, Japan, S. Korea, Taiwan (Canvas)

#### Mar 19 – Asia: Case Study –

Singapore Exception (Canvas); HP in Singapore (Handout);

Mar 22 **– China: China Rising**

Business in China: Back to business. Special Report on China. *The Economist*, 9/12/2015 (RP).

**Video:** Yasheng Huang – Does Democracy Stifle Economic Development? (TED)

**Mar 24** **– China: Why China**

Stalk, G & Michael, D. (2011). What the West Doesn’t Get about China. Harvard Business Review, June, pp. 5-27 (RP)

#### Mar 26 – China: What Next

Hout & Ghemawati (2011). China vs the World (Canvas)

#### Mar 29 – China: What Next

Evolutionary Process of MNC Entry Mode in Chinese Mar ket - PrMar er & Gamble in China (Canvas) Dodson, Bill (2011). China Inside Out: 10 Irreversible Trends Reshaping China & Its relationship with the World. (John Wiley & sons) pp. 225-238; Afterword. (Canvas)

**Mar 31** **– MNCs in China**

KPMG. MNCs in China – Making the Right Moves (Canvas)

Apr 2 **– India: India’s Rise**

Vietor, R. & Thompson, E. (2008). India on the Move. Harvard Business Press, 9-703-050, Rev. March 10, 2008. (RP). **Video:** [Nandan Nilekani: Ideas for India's future (Links to an external site.)](http://www.ted.com/talks/nandan_nilekani_s_ideas_for_india_s_future.html) (TED)

#### Apr 5 – India: Global Transformation

Kumar et al (2009) Transforming Indian Business from Local to Global (Canvas)

**Video:** Nirmalya Kumar – [India's Invisible InApration](https://www.ted.com/talks/nirmalya_kumar_india_s_invisible_innovation) (links to external site) (TED)

#### Apr 7 – India: Next

Special Report: India - Adventures in Capitalism. The Economist. 10/22/2011 (Canvas) [http://www.economist.com/node/21532448 (Links to an external site.)](http://www.economist.com/node/21532448)

#### Apr 9 – Africa: Next Growth market

[Susan Lund](https://store.hbr.org/search.php?search_query=Susan%20Lund&section=product),  [Paul Jacobson](https://store.hbr.org/search.php?search_query=Paul%20Jacobson&section=product),  [Acha Leke](https://store.hbr.org/search.php?search_query=Acha%20Leke&section=product). (2016). These 6 Sectors of Africa's Economy Are Poised for Growth. Harvard Business Review, *H03543-PDF-ENG* (RP)

**Video:** Euvin Naidoo on Investing in Africa [Why Invest in Africa](https://www.ted.com/talks/euvin_naidoo_why_invest_in_africa) (Links to external site) (TED)

#### Apr 12 – Africa: Doing Business

Could Africa be the Emerging Market Story of the Decade (Canvas)

**Video:** Ngozi Okonjo-Iweala: [Want to help Africa? Do business here](https://www.ted.com/talks/ngozi_okonjo_iweala_want_to_help_africa_do_business_here) (Links to external site) (TED)

**Apr 14** **– Africa:** IB opportunities in Africa From the perspective of Top African companies.

Apr 16 **– The Middle East**

Donboli, J. H. and F. Kashefi. Doing Business in the Middle East: A Primer for

U.S. Companies, *Cornell International Law Journal* Vol. 38 #2 (Canvas).

Apr 19/ **21– The Middle East**

PWC - Doing Business Summaries for Bahrain, Israel, Kuwait, Qatar, Lebanon, Saudi Arabia. Rising Star: Why Israel shines as a major investment destination.

**EXAM 2 Apr 23 - 25 (Due Apr 25 11.59pm)**

**Apr 26, 28, 30**: **IB & the Future**

Sage, N. (2011). Investing in the Post-Recession World: Where Companies should go for Growth Amid Uncertainty. Harvard Business Review, Jan-Feb 2011, pp. 150 – 155 (Canvas)

**Special IB Topics –** COVID-19 and International Business

**ACADEMIC INTEGRITY**

According to the Penn State Principles and University Code of Conduct:

*Academic integrity is a basic guiding principle for all academic activity at Penn State University, allowing the pursuit of scholarly activity in an open, honest, and responsible manner. According to the University’s Code of Conduct, you must neither engage in nor tolerate academic dishonesty. This includes, but is not limited to cheating, plagiarism, fabrication of information or citations, facilitating acts of academic dishonesty by others, unauthorized possession of examinations, submitting work of another person, or work previously used in another course without informing the instructor, or tampering with the academic work of other students.*

Any violation of academic integrity will be investigated and, where warranted, corrective academic and/or disciplinary action will be taken. For every incident where a penalty is assessed, an Academic Integrity Incident Report form must be filed. The form can be found on the Smeal College Intranet at this URL: [https://intranet.smeal.psu.edu/handi/undergraduate-incident-report-form-aiir/2012-universal-academic-](https://intranet.smeal.psu.edu/handi/undergraduate-incident-report-form-aiir/2012-universal-academic-integrity-form.pdf) [integrity-form.pdf*.*](https://intranet.smeal.psu.edu/handi/undergraduate-incident-report-form-aiir/2012-universal-academic-integrity-form.pdf)This form is to be used for undergraduate courses. The report must be signed and dated by both the instructor and the student, and then submitted to Jeff Sharp, Associate Dean for Undergraduate Education, 202 Business Building.

**Smeal Honor Code:**

*We, the Smeal College of Business Community, aspire to the highest ethical standards and will hold each other accountable to them. We will not engage in any action that is improper or that creates the appearance of impropriety in our academic lives, and we intend to hold to this standard in our future careers.*

**PLAGIARISM / COPYING**

All work you submit for grading or academic credit is designed to reflect your knowledge and skill related to the course subject matter. Therefore, unless otherwise indicated, all work submitted is to be done on an individual basis. This includes but is not limited to all exams, quizzes, homework, papers, written assignments, and presentations.

Plagiarism is claiming work as your own that you have copied from another person, whether that other person knows about it or not. This includes copying from web sites without proper source citation and using homework or papers prepared by current or past students whether working as an individual or working in a group / team.

**AFFIRMATIVE ACTION & SEXUAL HARASSMENT**

The Pennsylvania State University is committed to a policy where all persons shall have equal access to programs, facilities, admission, and employment without regard to personal characteristics not related to ability, performance, or qualifications as determined by University policy or by Commonwealth or Federal authorities. Penn State does not discriminate against any person because of age, ancestry, color, disability or handicap, national origin, race, religious creed, gender, sexual orientation, or veteran status. Related inquiries should be directed to the Affirmative Action Office, 328 Boucke Building.

**Students with Disabilities**

Penn State welcomes students with disabilities into the University’s educational programs. Every Penn State campus has an office for students with disabilities. The Student Disability Resources Web site provides [contact information for every Penn State campus](http://equity.psu.edu/sdr/disability-coordinator): [***http://equity.psu.edu/sdr/disability-***](http://equity.psu.edu/sdr/disability-) ***coordinator.*** For further information, please visit the [***http://equity.psu.edu/sdr.***](http://equity.psu.edu/sdr.)

In order to receive consideration for reasonable accommodations, you must contact the appropriate disability services office at the campus where you are officially enrolled, [participate in an intake interview,](http://equity.psu.edu/sdr/applying-for-services) [and provide documentation](http://equity.psu.edu/sdr/applying-for-services): [***http://equity.psu.edu/sdr/applying-for-services.***](http://equity.psu.edu/sdr/applying-for-services) If the documentation supports your request for reasonable accommodations, your [campus’s disability services office](http://equity.psu.edu/sdr/disability-coordinator) will provide you with an accommodation letter. Please share this letter with your instructors and discuss the accommodations with them as early in your courses as possible. You must follow this process for every semester.

**COVID MATTERS**

Penn State Covid-19: <https://virusinfo.psu.edu/> Smeal Covid-19: <https://www.smeal.psu.edu/virus-info>

Class expectations are **aligned with University policy, that all students, faculty and staff:**

* Must wear face masks or other approved personal protective equipment in classrooms, labs, offices, and all buildings. Students and employees also should practice social distancing, avoid large gatherings and wear face masks while on campus, as well as within their local communities in line with local and state requirements.
* Maintain social distance of at least six feet from other individuals, whenever possible.
* Practice good personal hygiene by covering coughs and sneezes, staying home if sick, and washing hands thoroughly with soap and water or using hand sanitizer before and after class.
* Follow related guidance communicated by the University and via public postings/signage related to directional traffic flow, maximum occupancy of spaces, assigned seating, and closed-off desks/chairs/room sections.

With the exception of bottled water, all food and drink consumption is prohibited in classrooms. Those drinking water should be especially conscious of maintaining social distancing and minimizing the time their mask is moved aside; straws are recommended for this purpose.

These guidelines are meant to keep everyone safe and healthy. Adhering to the policies helps everyone get back to the campus life we want to have. Everyone will abide by the same policies.

**Correct compliance is IMPORTANT**. Masks/face coverings need to cover both the nose and mouth and stay in place at all times. See: (<https://news.psu.edu/video/618912/2020/05/06/when-and-why-should-i-wear-cloth-mask-ask-cidd> )

On a case-by-case basis, students may consult with Student Disability Resources for accommodations if they cannot wear a mask. Students requiring such accommodations may be advised to take advantage of and participate in the course through synchronous remote learning, if available. Students requiring such accommodations should consult with academic advisers before the end of the drop/add period to locate alternative course offerings that will allow their participation remotely. Emphasize that, per university policy, nobody is permitted to attend class without a mask; accommodations will be for synchronous or asynchronous remote attendance only.

The University policies on classroom behavior allow for instructors to ask non-compliant students to leave the classroom, or, if all else fails, instructors may end class if a student refuses to wear a mask appropriately. All cases of non-compliance should be referred to the Office of Student Conduct by filing a report: <https://cm.maxient.com/reportingform.php?PennState&layout_id=0>. Information addressing what constitutes appropriate masks as defined by Penn State Environmental Safety and Health can be found here: https://ehs.psu.edu/sites/ehs/files/covid19-clothmasks.pdf.