

NEW JERSEY INSTITUTE OF TECHNOLOGY
School of Management

Course Title: International Business

Course Number: MGMT 391-452

Instructor: Bill Rapp

Semester: Spring 2019

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Office Hours: Wednesday 3:45 - 5:45pm or by arrangement

Office: CAB 2002

Class Schedule: On-line

Course Materials: Global Business Today 9th Ed., ISBN: 978-0-07-811291-1 or MHID 0-07-811291-5 Plus Readings and Handouts on Class Website: Moodle

Course Description: International Business is an advanced level undergraduate course designed primarily for juniors and seniors majoring or minoring in business that have taken basic classes in economics and business. *It thus assumes students understand basic business and economic principles. If you have not had such courses, it is likely you will struggle.* The course introduces students to the *international* aspects of various business concepts such as accounting, marketing and strategy in an integrated manner. That is, it shows the international or global dimensions of materials presented in various functional courses. The course also takes the perspective of managers facing international issues and evaluates some of the analytic approaches they can use to make decisions for their companies in a global context. While we consider and read about many firms and organizations, the emphasis is on large companies in the so-called Triad countries of North America, Europe and Japan plus major MNEs from the BRICS [Brazil, Russia, India, China and South Africa].

Case studies are used throughout the course to illustrate certain concepts and to reflect the integration in a global context of various managerial principles and functional disciplines. The cases require students to examine diverse situations across a variety of firms by industry, size and geography with various outcomes in terms of business success. From these varying perspectives and situations, students will see that making business decisions in different cultural and national environments is not easy and will frequently have different impacts depending on the competitive context.

Because it is taught on a distance-learning basis that requires students to keep pace with the assignments, this course necessitates students spend several hours a week to complete it.

Course participation requires not just knowledge of the material and listening to the recorded lectures, but also demands critical and creative thought regarding applying this knowledge within specific situations and then discussing and explaining this with other students on-line.

Learning Goals & Learning Outcomes:

Learning Goal 1: Analytical & Problem Solving Skills

Learning Outcome 1.1 Demonstrates knowledge of business concepts and the ability to apply these concepts to solve business problems in an international context.

Learning Outcome 1.2- Ability to use quantitative methodologies as tools to help understand business problems.

Learning Goal 2: Information & Communication Skills

Learning outcome 2.1 (Written Communication & Information Literacy) - Ability to write clear and concise answers to short quizzes, problems and case summaries.

Learning Goal 3: Interpersonal Skills & Team Dynamics

Learning Outcome 3.1 Learn and manage to work effectively on-line as a team member.

Learning Goal 4: Ethical Reasoning

Learning Outcome 4.1 Understand the moral implications, ethical schema and legal issues of individual and organizational decisions and actions in an international environment.

Learning Goal 5: Technological Skills

Learning Outcome 5.1 Ability to use technology for effective team management.

Learning Goal 6: Globalization

Learning Outcome 6.1 Understanding the global context in which business is conducted.

Course Policies: Absent a medical excuse verified by the Dean of Students assignments are expected to be turned in on-time according to the Syllabus below.

Course Deliverables:

Assignments (Team and Individual)

Case Studies

Presentations

On-line responses to case presentations

Exams

Quizzes

Peer evaluation and Discussion

Problem Sets

Upon course completion students should have advanced and integrated their skills in several important management areas that cover Globalization and The Cultural/Business Interface.

SYLLABUS
MGT 391-452
Spring 2019
(Bill Rapp)

INTERNATIONAL BUSINESS

THIS COURSE IS A DISTANCE LEARNING COURSE.

Be warned! Because this is both a distance learning course and designed for seniors or juniors majoring or minoring in business it assumes students understand basic business and economic principles and are prepared to do the self-study required in a distance learning context. Therefore, if you have not had the necessary background courses and/or are not committed to keeping pace with the assignments, please take another section of 391.

The course will combine history, theory, and casework to provide an integrated perspective on the problems and opportunities of competing in the international business environment. Its focus is on the enormous and continuing changes in international business over the past sixty years and their impact on companies and countries. To highlight such changes in addition to the general readings on international business, money markets, and trade; various countries and geographic regions will be examined.

Time will be spent assessing the development of alternative models to Western corporate organization in terms of firm structure, managerial behavior, and competitive strategies to show the importance of understanding and analyzing the international competitive environment from a flexible as well as a global perspective. This is because in many industries it will be seen Western firms' options are now constrained by foreign competition and that foreign firms often set the worldwide competitive agenda. This is a significant change since the 1950s and 60s when US multinationals dominated the global business environment.

Topics covered:

1. Beginning with the observable facts of globalization, international brands, and cultural differences, the class will examine how and why the same product may be sold differently in one national or regional environment than another and how this affects firm organization.
2. Still, to provide a common framework and basis for analyzing competitive advantage in these different situations, the theory of trade and its relationship to foreign direct investment (FDI) will be assessed. Beginning with a relatively simple case, the analysis will become more complex and dynamic as the course evolves and cases of international sourcing and marketing are addressed. **This section will include homework Problem Set #1 that poses these issues in concrete terms. The 6th lecture addresses this assignment in detail.**
3. This analysis leads naturally to an examination of how changes in the competitiveness of countries, industries, and companies occur and the relationship between such competitive shifts and the success or failure of specific firm policies and strategies. This analysis includes

examining different patterns of international corporate evolution and competition such as Michael Porter's Diamond or Raymond Vernon's International Product Cycle.

4. Because multinationals are the major actors and instruments of many of these changes in the international business environment, most of the cases studied will be based on their experiences, though we shall see that smaller firms also are involved in and impacted by international business. Indeed, our text, Global Business Today, 9th Edition, has several such examples. In certain situations, foreign economic actors such as governments, corporations and markets as well as particular events can impact even domestic businesses and vice versa. Therefore, all businesses must take into account changes in the global environment and their direct and indirect impacts on competition and competitiveness.

For example, rising US auto imports and the decline in the North American auto industry during the early 1980s and again in 2008-2009 affected shops in towns where plants were closed. This development then impacted companies that supplied those shops as well as local financial institutions. More directly, US liberalization of telecommunications has led to decontrol of communications in other markets that when combined with major technological changes and the Internet has redefined the industry and helped globalize competition.

5. These situations often involve regions as well as countries. So regional issues and themes will be addressed too, such as the EU, Eastern Europe, APEC, NAFTA, ASEAN and Mercosur.

6. As cost and price are closely intertwined with competitiveness, international money and financial markets are also a key aspect of international business due to foreign exchange effects. It is therefore important that students gain some understanding of global capital movements, money market fluctuations, derivatives, hedging and speculation. **Homework Problem Set #2 will help to give more reality to some of these concepts and is covered in Lecture #10. Thus, it is important for understanding these issues that students at least try and complete the two problem sets. They will then have an opportunity to resubmit their answers for extra credit after solutions to the problems have been posted on the Moodle class website.**

7. Naturally, governments play a critical role in international business through a variety of policies and actions that directly and indirectly define and effect the international business environment and global finance. Therefore, time will be spent examining such policies and actions in a variety of countries and business contexts to gain a fuller appreciation of why such policies are taken and their likely influence on business in different situations. How a business person can respond to or influence such actions or events will be addressed as well.

While this is a large class, discussion is important in that students are expected to have done the readings and to have prepared and posted comments and questions on the class website based on various course materials. **You also need to listen in a timely way to the lectures for each chapter available through the class Moodle website. Your textbook, which is available at the bookstore and via Amazon also offers used and rental versions with two-day delivery for students or instant Kindle e-downloads. Thus, there is no excuse for not having the textbook from the beginning of class!**

Further though the student presentations and the text's case studies will cover some of the same material, they will do so from different perspectives to convey alternative analyses and interpretations. Therefore, the lectures, PowerPoint slides and discussion are supplementary to the

readings and not a substitute. To promote class interaction, the class will be divided into teams and each team will be given a case to present **using a PowerPoint presentation format** and another case on which the team members must *individually* comment and ask questions.

You are also each individually responsible for contacting other team members and participation in your team assignments. Assignments are also posted in the class calendar.

The student team case presentations in PowerPoint format should be posted on the class website by 12:00PM (noon) every Saturday and the comments should be posted by 12:00PM (noon) the following Monday with the presenters' responses to those questions by 6:00PM the next day (Tuesday). This means discussion depends on having comments contributed on-line to the class website "Discussion" section. These *individual* required case comments are tracked during the semester and will determine **5%** of your grade. *In addition, 1 grade point will be added to the grade of any student contributing to the case study comments in addition to the required team presentation and the case comment. Thus, contributing to class discussion can add as much as 8 points to your overall grade though this opportunity ends two weeks after each case presentation and for the last case with the first Reading Day before exams.* Check the class calendar on the class Moodle website regarding the schedule for these assignments in addition to this Syllabus.

Importantly, because this course is taught on a distance learning basis, it is really critical that teams keep to this schedule! Thus, your grade will be affected if you do not.

Further to manage the course efficiently, it is imperative each student has a njit e-mail address and that this is correctly posted on Moodle. Please check it is correct.

If a student has questions that cannot be answered via Moodle or email and wishes to meet with the instructor, please come during regular office hours, Wednesday 3:45-5:45PM (3020 CAB) or e-mail for an appointment.

There is no teaching assistant for the course. Case presenters should thus contact the instructor regarding issues on putting their detailed PowerPoint presentations on the class website under *Discussion Forum*. These presentations should fully explain all the key points in each case.

Since doing the readings and on-line class attendance are critical to effective class interaction, it is important everyone is prepared to participate. Also to insure students are keeping up, there will be an **identification quiz** approximately every **other** week. The quiz questions will be alphabetically posted on the class website at 9:00AM, generally on certain Fridays as stated in this syllabus. You will have until 11:55PM the next day or Saturday to return your answer in Microsoft Word or PDF to rappw@njit.edu or to post it in the Assignment Section of the class Moodle website. If for some reason you cannot access the class website, you should e-mail rappw@njit.edu after 9:00AM and ask for a copy to be e-mailed back. The quizzes will cover materials from the text and from the *Additional Text Readings'* section of the class website. *Also, please note the Moodle Assignment "Calendar" that will also note when quizzes or exams are due.*

Please read this Syllabus carefully and note these times!

In the identification quiz, you will be asked to identify an item or concept found in the text or *Additional Text Readings* for the currently assigned Readings and to briefly note its relation to or effect on international business from the perspective of a business manager working in the specific firm or industry discussed in the text or the *Additional Text Readings*. Because you will have access to the text and the *Additional Text Readings*, the latter part of the question, that is your ability to understand a concept or case's application to a specific business situation, will primarily determine your final grade. These quizzes will be added together at the end of the term with the lowest grade eliminated in computing your average. However, there will be no further allowance since students should be able to organize their schedules to be available on-line and take quizzes at the pre-scheduled times. These 5 quizzes will count for 15% of your grade.

A good ID answer is one that first clearly identifies the main aspects and business importance of the concept, person or entity and then specifies its impact or relation to the specific firm and/or industry and its competitive situation as stated in the quiz question.

For example, if tariffs were the concept to be identified, a good answer to first part of the quiz would state that tariffs are a tax imposed on imports either as a percent of value or a specific amount per unit. The second part of the quiz question would then proceed to ask what the impact was on a specific company's manager such as a Honda manager in North America who would be responsible for handling the firm's local content rules under the New North American Trade Treaty so as to avoid the imposition of such tariffs. The situation would be different if you were located in a Honda plant in China. That is, the impact on you as a Honda manager and your perspective towards tariffs will vary depending on the company and country where you are a manager, its industry and the specific relationship to Honda.

There will be one take-home midterm and one take-home final exam in addition to the biweekly ID tests, team case presentation, team case comment, first problem set and second problem set as noted above.

As already noted above the on-line presentations should be posted in the “**Discussion Forum**” of the Class website by 12:00PM (noon) on the **Saturday** for which the presentation is due. This schedule can also be checked in the “**Assignment Section**” of the class Moodle website. You can check with me by e-mail if you have problems posting them in the Discussion section. If you need to arrange a team meeting, you can also do this by e-mail. The members of the team commenting should post their *individual* questions and comments in the Discussion Forum by 6:00PM the following Monday with responses from the presenters due by 6:00 PM the next day (Tuesday). As this on-line class is on an asynchronous basis, additional comments and questions regarding a lecture, case, or commentary can be posted until the following Thursday or roughly a two-week window.

One question on the final exam will ask you to examine a company covered in the course and to then briefly explain the specific types of international strategic problems or issues the company has faced as outlined in the text and how it has addressed these situations over time. It would explain the firm's international business situation, note the specific firm actions, and then note the actual business results of those actions. There may also be a question related to a case not covered in the course but where you will need to apply its analytical principles. The final will be a

take- home final and will be due **Monday May 13th by 11:55PM.**

Grades are composed of the ID Quizzes (15%), team case presentation (15%), case team and other discussion comments (5%), midterm exam (20%), problem sets (10%: 5% each) and final exam (35%) plus bonus points for additional case comments (up to 8). A D is 59.5-69.4; C is 69.5-77.4; C+ is 77.5-79.4; B is 79.5-87.4, B+ is 87.5-89.4; A is 89.5 or over. **The text for the course is Global Business Today by Charles Hill (CH), 9th edition (ISBN 978-0-07-811291-1). Be sure to get the 9th edition and not the older 8th edition or even older 7th or 6th Edition. Copies are available at the NJIT bookstore or through Amazon. Amazon offers used copies and rental versions in paperback and e-formats with substantial discounts and quick delivery for all college students.**

The video clips noted in this syllabus can be found on the Moodle website. These will be supplemented by “Additional Text Readings,” and “Other Required Readings” posted on the class Moodle website.

With respect to your answers on the ID quizzes, the midterm and the final, no common or group answers will be accepted to any question. Further, any material from the text should not be quoted but must be paraphrased in your own words!

If you have questions, my office hours are Wednesday 3:45-5:45PM, 2d floor of the School of Management (Room 2002). You can also e-mail me for an appointment at rappw@njit.edu.

Students should read CH Chapters 1 and 2 before the second week!

Week 1/21/2019 **Introduction and overview of the course with review of the Syllabus. The globalization of the business environment.**

CH Chapter 1 plus posted articles on Hyundai and Daewoo and posted videos on Korea (“Hardtimes”) and American Presidents’ Line (“APL”)

Team assignments posted on class website by Friday the 25th.

Week 1/28 **Politics, institutions and International Business. What determines firm advantage in a market?**

Reading: CH Chapters 2 & 3 plus Additional Text readings posted on Microsoft in China and GE in Hungary

1st Problem set is posted on class website 2/1 and is due back Saturday 2/16

Reading: Posted articles on Citibank in China plus Citi and Banamex. See website for optional Citibank case. See video on Piracy posted on class website.

First ID Test!! (Posted website 9:00AM on Friday 2/1 and due on 2/2)

Week 2/4 **Culture, Ethics, Religion: their effects on consumption patterns, employment and legal regimes; Government and strategic responses of international business; Protectionism and culture.**

Reading: CH Chapters 4 & 5 plus Prior Presentation and posted Disney in Europe video.

First Case Presentation Boeing's globalization of Production. Should be posted by Team #1 noon Saturday the 9th. See also pages 179 on first mover advantages and scale in aircraft development and 285-286 on Embraer.

Week 2/11 Ethics and IB. Theory of trade and the Ricardian Model; Distributive effects of trade and the consequent politics. Forms of government intervention: tariffs, quotas, and other devices. What determines national or corporate competitive advantage? The clustering of businesses; Rise and fall of various industries, firms, and economies.

1st Problem set is due on Saturday 2/16 by e-mail attachment or fax to 914-923-1416

2d ID Test (posted 9:00AM on 2/15 and due Saturday 2/16).

Reading: CH Chapter 6; Additional Text Reading and posted video on McDonald's.

2d Case Presentation on Apple's globalization of production and markets illustrated by the i-Phone. Posted by Team #2 by noon Saturday the 16th. See also page 131 on i-Pod Production and 419-420 on Supply chain plus Moodle postings on its tax strategies.

Week 2/18 Trade Politics and Institutions. GATT, US trade law, Protectionism. Market opening measures & industrial policy. MNC strategies, risks & rewards. Rise and fall of industries, firms, economies continued.

Readings: CH Chapter 7 and NY Times articles posted on class website including Indonesian protests against a Japanese food additive.

3d Case (Team 3's Presentation): on Best Buy's and e-Bay's cultural and competitive missteps in the Chinese market due Saturday 2/23. See also material on Disney in Europe posted on Moodle.

Week 2/25 Growth and Competition, Foreign Direct Investment (FDI) as another form of global competition; Strategic Expansion of MNCs. Patterns of internationalization such as International Product Cycle, Politics of FDI.

3d ID Test posted 9:00AM Friday March 1 and is due Saturday the 2nd.

Reading: CH Chapter 8 and description of Honda vs. Tohatsu and Yamaha in motorcycles posted on class website.

4th Case Presentation on Saturday the 2nd: Cemex's Global Development and Foreign Investment using M&A and proprietary technology to gain advantage [page 229].

Week 3/4 Mid-term Exam - Tests posted on class website at 12:00PM (noon) on Friday March 8th. Must be returned in Word or PDF by 11:55pm the following Monday the 11th.

No common or group answers accepted to any question and material from text should be paraphrased in your own words!

Week 3/11 Regionalization, Sourcing, International Marketing.

Midterm Exam due by 11:55pm on Monday 3/11

Reading: CH Chapter 9 plus Additional Text Reading on Toyota. Website posted video “Summit of Americas” (NAFTA).

2d Problem set posted on class website 3/15; due back Saturday April 7th.

5th Case Presentation: On Greek Sovereign Debt Crisis [p268 and p282] due noon Saturday the 16th

Week 3/18 Spring Break

Week 3/25 Financial Institutions, Global Monetary System, Foreign Exchange, Financial Flows & Capital Markets. Determination exchange rates: Interest rate parity and Purchasing power parity.

4th ID Test (posted 9:00AM Friday 3/29 and due 3/30)

6th Case Presentation on Volkswagon’s FX Debacle [page 291] due noon Saturday 3/30

Reading: CH 10 plus Additional Text Reading on JAL and chapters Kindleberger’s Manias, Panics and Crashes posted on class website, also posted NY Times article.

Week 4/1 Intervention FX markets. Real exchange rates. Euro and coordinating national policies; Translation and accounting exposures. Economic exposures and global operations. Managing and hedging FX risks using derivatives. National regulatory and tax differences. Tax-arbitrage and transfer pricing. International Monetary Systems: Fixed & floating exchange rate regimes, Breakdown Bretton Woods.

Reading: CH Chapter 11 plus Additional Text Reading on Thai Baht and posted case readings on Asian Financial Crisis and Iceland; Look at video posted on Ruble crisis.

2d Problem set due at 11:55PM on Saturday the 7th by e-mail attachment in Word or send a fax to 914-923-1416.

7th Case Presentation comparing Mexican Tequila Crisis [p 327] with Iceland Crisis [pp 311-312] due noon Saturday April 7th.

Week 4/8 International Business Strategies: Core Competencies, Organizational Structures and Global Expansion.

5th ID Test (posted 9:00AM Friday 4/12 and due Saturday 4/13)

Reading: CH Chapter 12; look at Disney video; P&G in Japan pdf postings

8th Case Presentation on Ikea’s global strategy compared to P&G’s shifting international strategy [p 361] due noon Saturday April 13th. See also p 433.

Week 4/15 Entering Foreign Markets. Using trade, investment, finance, strategic alliances, acquisitions, joint ventures, sourcing, political economy, and technology to achieve a sustainable competitive advantage globally.

Reading: CH Chapter 13 plus Additional Text Readings on GM.

9th Case Presentation comparing Tesco's global strategy [375] with Starbuck's [371-372] due noon Saturday the 20th.

Week 4/22 International Business Functions: Exports and Global Marketing

Take home final posted [noon] on class website on Friday April 26th and due in Word as e-mail attachment (rappw@njit.edu) by 11:55 PM Monday May 13th or fax (914-923-1416).

6th ID Test (posted 9am) on Friday April 26th and due Saturday 4/27.

Reading: CH Chapters 14 (pp 391-402) & 16

10th Case Presentation on H&M [pp 445-446] compared to Levi Strauss [p 470] due Saturday 4/27.

Week 4/29 Managing Operations, Logistics and Staffing to Achieve Strategic Objectives

Reading: CH Chapters 15 &17 (pp 467-474) plus Additional Text Readings on Bose & Timberland; Airwalk (posted) video

Week 5/7– Review [5/9&10 are Reading Days]

5/13 - Take home final DUE in Word or pdf as e-mail attachment (rappw@njit.edu) by 11:55 PM Monday May 13th or by fax (914-923-1416).