

## The Bath MBA

# Course Outline

Module Title:	Business Strategy in the Global Economy
Module Code:	***
Year:	2010-11
Module Leader:	Professor Klaus Meyer
Session Dates:	18-20 <sup>th</sup> April 2010
Room:	***

## Reading

**Core Text(s) Provided** Ghemawat, Pankaj (2007): *Redefining Global Strategy*, Harvard Business School Press.

Peng, Mike & Meyer, Klaus (2011): *International Business*, Cengage Learning (“P&M”).

Note that the course will largely follow the structure of Ghemawat with additional materials, cases and examples drawn from M&P.

**Required pre-Module Reading** Readings and cases as indicated in the session-by-session outline below.

**Recommended Readings** The module will build on the modules ‘**Strategy**’ and ‘**Managing Emerging Contexts**’. You may find it helpful review the material from those two courses, including in particular the textbook:

Grant, R, *Contemporary Strategy Analysis*, 7<sup>th</sup> ed., Wiley-Blackwell.

We may also refer back to cases that we have discussed in those earlier courses, in particular “**Novo Nordisk**”, “**GN Netcom**”, and “**Rolls Royce**” (The latter two are include as integrative cases in P&M).

Other texts that may be helpful for deepening the material include:

Bartlett, C.A., Ghoshal, S. & Birkinshaw, J. (2007): *Transnational Management: Texts, Cases and Readings in Cross-Border Management*, 5<sup>h</sup> edition, McGraw-Hill.

Dicken, P. (2007): *Global Shift: Mapping the Changing Contours of the World Economy*, 5<sup>th</sup> edition, Sage.

Spulber, D.F. (2007): *Global Competitive Strategy*, New York: Cambridge University Press.

Verbeke, A. (2008): *International Business Strategy*, Cambridge: Cambridge University Press.

Yip, G.S. (2003): *Total Global Strategy II*, Prentice Hall.

## Notes for Students

**Advice from Module Leader**

### COURSE OVERVIEW AND INTRODUCTION

This module is concerned with the opportunities and challenges faced by multinational enterprises (MNEs) when operating on the international stage, as opposed to national

operations. A special focus will be on emerging economies, both as a place of doing business, and as the origin of new competitors on the global stage.

In this course our main emphasis will be on working with cases of MNEs aiming to establish and exploit competitive advantage with business models that exploit opportunities created by the international dimension of business, or react to challenges arising on this ‘global stage’. A key question in the background of our discussions thus is: how can MNEs develop and implement strategies that generate superior performance in their global operations?

Course Schedule and Themes	
Monday am	What is Globalization, and why does it matter?
Monday pm	Adaptation: Foreign entry and subsidiary development
Tuesday am	Aggregation: Economies of scale and innovation
Tuesday pm	Arbitrage: Offshoring and global supply chains
Wednesday pm	Competing with emerging economy MNEs

### **COURSE PREPARATION**

Given the focused nature of the course, careful preparation is critical. This will not only allow for a more interactive class discussion and a more valuable and enjoyable learning experience but also facilitate preparation for the exam at the end of the course. Three areas of preparation are highlighted in the following.

**Required readings.** Please read and study the indicated required readings before the course. They introduce key concepts that shall be applied in the class discussions, and will very briefly be covered in lectures.

***Case analysis.*** Throughout the course we will use a range of cases to apply methods of strategic analysis and gain insight into a diverse range of countries, industries and organisations. There are three ‘big’ cases that we will discuss in detail: ***Acer, Dentek and Baosteel.*** Please ensure that you have not only ***carefully read these three cases*** but that you have ***prepared an initial analysis*** based on your interpretation of the strategic challenges suggested in the case.

A number of short cases from P&M will also be discussed in class. These will be introduced by different groups (to be allocated at the beginning of the class), but everyone should have read all the cases such that we can discuss them.

In your preparation draw on the tools of environmental and strategic analysis in earlier modules. You are encouraged to make notes which you can draw on during group and class discussion.

**Reflection on own practice.** In addition, you are encouraged to reflect on some of the strategic issues that faced an organisation you are familiar with, such as the organisation in which you worked most recently. You are encouraged to feed your findings into the class discussion as far as issues of confidentiality allow.

***Module Objectives***  
*(as defined in the Unit Description)*

The general **aims** of the course are as follows:

- provide students with an in-depth appreciation of the challenges facing businesses in an international environment
- explore the strategic options by which firms can make best use of the business opportunities arising in the global economy;
- to further develop powers of strategic thinking, analysis and judgement.

The intended **learning outcomes** are as indicated in the following:

- display a sound understanding of theories of strategic management as they apply to international contexts, and be able to appraise models and evidence critically;
- determine how the international environment (economic, legal, social, political) conditions the strategies of an organization;
- evaluate and interpret new information and theory, and engage in problem solving, thereby demonstrating a capacity to think clearly, logically and practically about a range of international business issues;
- analyse and characterise the nature of the strategic situation facing a firm in an international context;
- identify feasible strategic responses in a given situation;
- assess strategic responses for suitability;
- advocate a strategic option after assessment.

***Contact Details***

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# Monday AM

## *Title*

**What is Globalization, and Why Does it Matter?**

## *Description*

The course begins with a discussion of the notion of ‘globalization’ and ‘semiglobalization’ and its implications for business. The class will explore the tensions between convergence across countries, and the persistent differences and distances that generate obstacles and opportunities for companies acting on the global stage.

On this basis, we shall explore how regional and global strategies can create value by linking operations at different locations. Three analytical tools will be introduced that provide the foundations for this week: the CAGE distance framework, the ADDING value scorecard, and the AAA typology of global strategies.

## *Required pre-session Reading*

Ghemawat, chapters 1 to 3  
Peng & Meyer, chapter 1 & 9

## *Instructions for Students*

**Please prepare for discussion of the case**

- **“Acer: Taiwan’s Rampaging Dragon”**  
(HBS 9-399-010)

**and the short cases**

- **GE Base of the Pyramid** (P&M, chapter 1)
- **Bharti Airtel** (P&M, chapter 6)
- **SAP** (P&M, chapter 4)
- **Alstom** (P&M, chapter 4)

## Monday PM

<b>Title</b>	<b>Aggregation: Economies of Scale and Innovation</b>
<b>Description</b>	This session will explore business opportunities and challenges of operating as a global company, and integrating all or parts of the operation region-wide or worldwide. We will explore aggregation strategies that allow greater scale economies and generate synergies of global innovation systems, and discuss the operational challenges arising in such organizations.
<b>Required pre-session Reading</b>	Ghemawat, chapter 5 Peng & Meyer, chapter 14 & 15
<b>Instructions for Students</b>	<b>Please prepare to discuss the following short cases:</b> <ul style="list-style-type: none"><li>• <b>Danisco</b> (P&amp;M, chapter 14)</li><li>• <b>Big Four</b> (P&amp;M, chapter 15)</li><li>• <b>Nokia</b> (P&amp;M, chapter 14)</li><li>• <b>Siemens</b> (P&amp;M, chapter 15)</li></ul>

## Tuesday AM

<b>Title</b>	<b>Adaptation: Foreign Entry and Subsidiary Autonomy</b>
<b>Description</b>	This session will explore opportunities for value creation arising from adaptation to the unique idiosyncrasies of different host contexts, thus accommodating rather than overcoming differences. We will explore levers that allow localization of aspects of the operation, while retaining benefits of global synergies.
<b>Required pre-session Reading</b>	Ghemawat, chapter 4 Peng & Meyer, chapter 11 & 12 Meyer, K.E. & Tran, Y.T.T. (2006): Market Penetration and Acquisition Strategies for Emerging Economies, <i>Long Range Planning</i> , 39 (2), 177-197.
<b>Instructions for Students</b>	<b>Please prepare for discussion of the case “Dentek UK Decision”</b> (Integrative Case)  <b>and as short cases:</b> <ul style="list-style-type: none"><li>▪ <b>Kapersky Lap</b> (P&amp;M, chapter 11)</li><li>▪ <b>Avon China</b> (P&amp;M, chapter 4)</li><li>▪ <b>LG Nortel</b> (P&amp;M, integrative)</li><li>▪ <b>Dutch-Chinese JV</b> (P&amp;M, integrative)</li></ul>

## Tuesday PM

<b><i>Title</i></b>	<b>Arbitrage: Offshoring and Global Supply Chains</b>
<b><i>Description</i></b>	This session explores the opportunity of creating value by taking advantage of different resource endowments and cost conditions across countries. Businesses may use such cross-country differences to locate their production in line with local comparative advantages. We will explore when such dispersion is appropriate, and how such worldwide operations can be managed in a global supply chain.
<b><i>Required pre-session Reading</i></b>	Ghemawat, chapters 6 and 7. P&M, chapter 17
<b><i>Instructions for Students</i></b>	<b>Please prepare to discuss the short cases</b> <ul style="list-style-type: none"><li>• <b>Dell</b> (P&amp;M, chapter 1)</li><li>• <b>Li &amp; Fung</b> (P&amp;M, chapter 17)</li><li>• <b>Ribe Maskinfabrik</b> (P&amp;M, integrative)</li><li>• <b>Better Generation</b> (P&amp;M, chapter 11)</li></ul>

## Wednesday AM

<b><i>Title</i></b>	<b>Competing with Emerging Economy MNEs</b>
<b><i>Description</i></b>	This session will focus on the rise of MNEs from emerging economies and their competitive interactions with established MNEs in Europe. It will provide an open forum to discuss issues arising in companies that you are working with.
<b><i>Required pre-session Reading</i></b>	Ghemawat, chapter 8 Peng & Meyer, chapter 13
<b><i>Instructions for Students</i></b>	<b>Please prepare to discuss the case</b> <ul style="list-style-type: none"><li>▪ <b>Baosteel Europe</b> (P&amp;M, p. 611-18)</li></ul>