

**The George Washington School of Business**  
**IBUS 3001**  
**International Business**  
**Fall 2017**

TR, 9:35-10:50AM, 12:45-2:00PM and 2:20-3:35PM; Room: 1957 E Street 112

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Office Hours: By appointment

**DESCRIPTION:**

In 1990, there were fewer than 37,000 business organizations with operations in more than one country; by the end of 2016, there were 109,200. During this period, the number of foreign subsidiaries increased 10 times, to reach 1,635,000. We commonly visualize the internationalization of business or globalization as large companies like Dell outsourcing their software development to Bengaluru; Toyota direct investing in Kentucky and dominating the auto industry far away from its headquarters country; or the establishment of global brands like McDonald's and Coke. The consequences of globalization, however, include the small Wyoming hardware store going out of business after Home Depot got to town, the Mexican transportation entrepreneur struggling to renew its fleet to abide to NAFTA regulation, and the North Carolina amusement park receiving insurance payments from French investors each time it closes for rain.

Behind globalization is the market liberalization of several national economies and multiple international trade agreements, processes that have resulted in arguably the greatest degree of economic global interconnectivity ever. Today, the internationalization of business affects directly or indirectly every firm, regardless of size, profitability, industry, and geographical location.

What are the social, political, and economic factors behind this pattern? What are the different modes of internationalization and why do firms choose one versus another? How do different strategies affect firm performance? Moreover, what are the societal consequences of globalization? Very related, deglobalization has resurged as a social movement mainly after the 2007-08 financial crisis and forms of nationalism have gained political traction in some countries in the past five years. What are the potential implications for contemporary firms?

IBUS 3001 has been designed to systematically tackle these questions. We embark in theme-centered sessions and use a combination of discussion, readings, and individual and team exercises that provide you with the foundations of international business. These include:

- The role of international trade and economic integration on the evolution of the internationalization of production, distribution, and consumption.
- The country-specific factors that have fostered the generation of national comparative advantages.
- The different organizational forms that the firms use when entering a foreign market.
- The cultural, demographic, political, economic, and legal factors that determine the business feasibility of national markets.
- The organizational structures and strategies that may facilitate the capacities of the firm as a global competitor.

**Textbook:** Hill, Charles. & T. M. Hult, 2017. International Business: Competing in the Global Marketplace. McGraw Hill, 11<sup>th</sup> Edition.

### **GRADING:**

- 1. Class participation (25%).** Each class will center on discussion of the session theme and correspondent readings. My main role will be to moderate such discussion. On several days, we will use case analysis to explore the issues at hand. Careful preparation is essential. I expect you to read all of the assigned materials for each session in advance of the class. You should be prepared to analyze the concepts from the readings and to discuss the study questions I will provide beforehand. If you cannot answer the questions, you are not prepared for class. Organize your participation around the session questions, but always complement with your own ones.

I will use cold calling to ensure preparation and to establish an even level of participation throughout the course. I expect you to participate actively to help your learning and that of your peers. A productive learning environment requires active engagement of all class members.

Three factors determine good class participation. First, given thorough and careful preparation, you should be able to identify the important global issues related to the readings. You should be able to show how a concept is illustrated in a case. Second, you should be able to use that analysis to define a concise and logical position on the issues. Please avoid pure repetition of case facts. Third, you should be able to analyze constructively the positions your classmates take.

Quality, not quantity, will be the main driver of your score. A high-quality comment may make an insightful point, make a connection among points that others have made, raise an issue or perspective that hasn't yet been considered, or challenge a point that is not being examined closely because it is either assumed or accepted as clear consensus.

Of course, the underlying condition for class participation is attendance. I expect you to attend all sessions and I will be taking attendance. Arriving late is disrespectful to your colleagues and, for attendance purposes, is treated as a distinct event from being present at the start of class.

- 2. Global memos (20%).**
  - a. By 9:00pm on September 18,** you will submit a short post linking the class readings and discussion to 1) a related example from i) a story of recent headlines, ii) an organization that you are interested in as potential employer, or iii) a firm you directly know—perhaps a company where you worked, one that belongs to someone you know, or one that operates(ed) in your community.

This memo will be evaluated on your ability to use the course concepts and frameworks to generate insight into a context relevant to you personally, professionally, or that is unfolding in the news.

This post will be visible to everyone in the class to allow for peer learning.

Your memo should not exceed 500 words.

- b. **By 9:00pm on November 10**, you will submit a second memo answering inquiries on the case “: “Lincoln Electric.” The instructions will be distributed on Blackboard.

This memo should not exceed 1,000 words. Penalties will be imposed for posts that exceed this word limit.

**3. In-class mid-term exam (20%).**

**4. Team final project and presentation (35%).**

- a. The goal of this assignment is to use theories and concepts from the course to analyze and explain the global strategy of a given firm. You will analyze an actual firm that allows you to demonstrate your understanding and ability to apply what we have learned. In choosing a focal firm, remember that you may not choose a firm highlighted in the cases from the course.
- b. This assignment requires you to prepare a global report and a presentation summarizing your work. Each team will have up to 6 members; we will arrange for you to be able to sign up for teams on Blackboard.
- c. As the first step, your team should prepare a one-page proposal that describes the company you are planning to study, what aspects your analysis will focus on, and how you plan to gather data; **this should be submitted on Blackboard by September 29.**
- d. The choice about the relative weight to put on different issues, theories and concepts in explaining the firm’s activities and its performance is yours. In evaluating your paper, the teaching team will look to see whether the theories and concepts you use are described accurately (i.e. substantively correct), applied appropriately (i.e. fit the context you describe), and most relevant to the situation (i.e. you picked the theories and concepts that best illuminate the firm’s situation).

Your final report, **due on December 14 on Blackboard**, will include the following sections:

- i) Short history/overview of the focal firm with particular emphasis to its global strategy—what was the motivation for foreign expansion?
- ii) Analysis of the social, economic, and political determinants in the focal geographical market (i.e., the country or region where the firm has expanded or seeking to expand). Think about the factors that pertain to the evolution of the focal firm in the analyzed country or region. These may include social factors such as:
  - a. Culture, i.e., how the firm’s culture deals with differences in national culture that affect its activities, available resources, hiring and retention;
  - b. Business protection laws, policies, institutions, and norms;
- iii) Management of the multinational firm. This should include:
  - a. Entry mode issues. This should include sequence of entry, where appropriate;
  - b. Organizational structure;
- iv) Overall assessment of the firm’s capabilities as a global competitor. For instance, what are the feasibility or performance in other countries or regions?
- v) Recommendations and conclusion.

The write-up should be printed double-spaced, using 12-point Times New Roman Font. The maximum length is 20 pages not including Exhibits. Please include an Executive Summary and Word Count on a title page. You will have to be concise and make choices about what issues to discuss. I recommend that you begin work on the paper early, to avoid a last-minute crunch. The best strategy is to start collecting relevant corporate and national information and in line with the themes that each class session introduces.

During class, we will discuss about the general expectations for the team presentation. Your team members will have the opportunity to evaluate your contribution to the project.

You may want to explore and draw from the following sources of information. This is a partial list. Please check with the Library for additional resources.

#### Country-level

- [World Economic Forum Global Competitiveness Report](#)
- Economist Intelligence Unit Country Reports
- World Bank
  - [Doing Business Guides](#)
  - [Business Environment](#)
  - [Investment Climate](#)
  - [Investing Across Borders](#)
  - [Enterprise Surveys](#)
  - [Private Sector Data](#)
  - [Governance Indicators](#)
- United Nations
  - [Foreign Direct Investment Report](#)
  - [Investment Prospects](#)
- [International Labor & Employment Statistics \(compendium of web resources from Int'l.](#)

#### [Labor Organization \(ILO\)](#)

- [International Comparative Labor Statistics from U.S. Bureau of Labor Statistics](#)
- [Transparency International Corruption Perceptions](#)
- [CIA World Factbook](#)
- [Heritage Institute Index of Economic Freedom](#)
- IHS Global Insight
- ISI emerging markets
- Factiva

#### Industry- and Firm-level

- Business Monitor International
- Euromonitor
- Orbis (includes Datamonitor)
- EBSCO Business Source Complete
- ISI emerging markets
- Factiva
- [PROMT](#)

#### **CLASSROOM RULES:**

- Attendance is mandatory and punctuality is a must; for excused absences see program office.
- There will be a seating chart.
- Electronic devices (including laptops, tablets, and phones) are not allowed.

### COURSE OUTLINE:

Session	Themes and Preparation Material
I	Introduction
8/29	1. Chu, Michael. "Play It Safe at Home, or Take a Risk Abroad? A US lease-to-own chain considers whether to test its business in Mexico." Harvard Business Review 90.1-2 (2012): 145-149. <a href="https://hbr.org/2011/10/case-study-play-it-safe-at-home.html">https://hbr.org/2011/10/case-study-play-it-safe-at-home.html</a>
II	The Concept of Globalization
8/31	1. Textbook, Chapter 1
III	International Trade—Foundations
9/5	1. Textbook, Chapter 6
IV	International Trade—Implications and Trends
9/7	1. Trade, China, and U.S. Labor Markets (Podcast episode) <a href="http://www.econtalk.org/archives/2016/03/david_ator_on_1.html">http://www.econtalk.org/archives/2016/03/david_ator_on_1.html</a> 2. Trump, Pena Nieto transcript of phone conversation: <a href="https://www.washingtonpost.com/graphics/2017/politics/australia-mexico-transcripts/?tid=a_inl&amp;utm_term=.b07f020f73fa">https://www.washingtonpost.com/graphics/2017/politics/australia-mexico-transcripts/?tid=a_inl&amp;utm_term=.b07f020f73fa</a> 3. The crumbling BRICS: <a href="https://www.theglobeandmail.com/report-on-business/international-business/why-the-brics-failed-to-meet-lofty-expectations/article29652151/">https://www.theglobeandmail.com/report-on-business/international-business/why-the-brics-failed-to-meet-lofty-expectations/article29652151/</a>
V	Economic Integration
9/12	1. Textbook, Chapter 9 2. Pierre Lemieux. "Free Trade and TPP." February 1, 2016. Library of Economics and Liberty. Retrieved August 7, 2017 from the World Wide Web: <a href="http://www.econlib.org/library/Columns/y2016/Lemieux TPP.html">http://www.econlib.org/library/Columns/y2016/Lemieux TPP.html</a>
VI	Economic Integration— Implications and Trends
9/14	1. Russell Roberts. "How Safe is that Trucker in the Window?." March 5, 2001. Library of Economics and Liberty. Retrieved August 7, 2017 from the World Wide Web: <a href="http://www.econlib.org/library/Features/Robertstruck.html">http://www.econlib.org/library/Features/Robertstruck.html</a> 2. Is Donald Trump right to call NAFTA a "disaster"? <a href="http://www.cbsnews.com/news/is-donald-trump-right-to-call-nafta-a-disaster/">http://www.cbsnews.com/news/is-donald-trump-right-to-call-nafta-a-disaster/</a> 3. <a href="https://www.brookings.edu/articles/worsening-american-income-inequality-is-world-trade-to-blame/">https://www.brookings.edu/articles/worsening-american-income-inequality-is-world-trade-to-blame/</a> 4. Apple and the labor conditions in China: <a href="http://www.dailymail.co.uk/news/article-3582640/Open-sewers-mildewed-walls-one-toilet-FORTY-people-Shocking-pictures-dirty-dormitories-Apple-s-iPhone-workers-live-like-animals.html">http://www.dailymail.co.uk/news/article-3582640/Open-sewers-mildewed-walls-one-toilet-FORTY-people-Shocking-pictures-dirty-dormitories-Apple-s-iPhone-workers-live-like-animals.html</a>

Session	Themes and Preparation Material
	5. NAFTA winners and losers (PODCAST): <a href="http://www.scholarsstrategynetwork.org/podcast/nafta-winners-and-losers">http://www.scholarsstrategynetwork.org/podcast/nafta-winners-and-losers</a>
9/18	<b>GLOBAL MEMO 1 DUE</b> <b>(Submit on Blackboard by 9:00pm)</b>
VII 9/19	Discussion: Global Memo 1
VIII 9/22	The Global Financial System—FOREX and the International Monetary Market 1. Textbook, Chapter 10
IX 9/26	The Global Financial System—Monetary Market 1. Textbook, Chapter 11
X 9/28	Cross-National Differences—Political, Economic, and Legal Aspects 1. Textbook, Chapter 2 2. Ghemawat, P (2001) “Distance Still Matters: The Hard Reality of Global Expansion” <i>Harvard Business Review</i> 79(8): 137-147.2.
9/29	<b>ONE-PAGE PROPOSAL OF FOCAL FIRM FOR TEAM PROJECT DUE</b> <b>(Submit on Blackboard by 9:00pm)</b>
XI 10/3	Cross-National Differences—Cultural and Institutional Aspects 1. Textbook, Chapter 4
XII 10/5	Cross-National Differences—Managing their Effects (Part A) 1. Summary of Frameworks of the Internationalization of the Firm 2. Ghemawat, Pankaj (2007) “Managing Differences: The Central Challenge of Global Strategy” <i>Harvard Business Review</i> 85(3): 58-68.
10/10	FALL BREAK
XIII 10/12	Cross-National Differences—Managing their Effects (Part B) 1. Case A: “Grolsch: Growing Globally”.
10/17	<b>MID-TERM EXAM</b>
XIV 10/19	The Decision of Internationalizing the Firm 1. Textbook, Chapter 13
XV	The characteristics of the contemporary effort to internationalize the firm

Session	Themes and Preparation Material
10/24	1. Guillen, Mauro; Garcia-Canal, Esteban, "The American Model of the Multinational Firm and the "New" Multinationals from Emerging Economies", <i>Academy of Management Perspectives</i> , 2010 2. "Amazon Invades India," <i>Fortune Magazine</i> , January 1, 2016 <a href="http://fortune.com/amazon-india-jeff-bezos/">http://fortune.com/amazon-india-jeff-bezos/</a>
XVI	Entry Strategy—Part A
10/26	1. Textbook, Chapter 8
XVII	Entry Strategy—Part B
10/31	1. Textbook, Chapter 15
XVIII	Organizing the MNE—Part A
11/2	1. Textbook, Chapter 14
XIX	Organizing the MNE—Part B
11/7	1. A merge and the role of employee incentives and motivation 2. Disney goes abroad. The case of Euro Disney
<b>11/10</b>	<b>GLOBAL MEMO 2 DUE (Submit on Blackboard by 9:00pm)</b>
XX	Discussion: Global Memo 2 Assignment Discussion: Case C "Lincoln Electric" HBS Case 9-707-445
11/14	
XXI	Political and Systemic Risks and Uncertainties
11/16	1. Bremmer, Ian 'Managing Risk in an Unstable World', <i>Harvard Business Review</i> , June 2005: 83(6) 51-60 2. Ballesteros L, Kunreuther H (2017), <i>The Rise of Systemic Risk on the Corporate Agenda</i> , Excerpt from forthcoming book (Oxford) and a Wharton Working Paper
XXII	Strategic CSR, Business Ethics and Social Norms—Doing well
11/21	1. Porter, M. E., & Kramer, M. R. 2006. The link between competitive advantage and corporate social responsibility. <i>Harvard Business Review</i> , 84(12): 78–92. 2. Certo, S. T., Connelly, B. L., & Tihanyi, L. (2008). Managers and their not-so rational decisions. <i>Business Horizons</i> , 51(2), 113-119.
11/23	<b>THANKSGIVING</b>
XXIII	Strategic CSR, Business Ethics and Social Norms—Doing good
11/28	1. Friedman, M. (1970). The Social Responsibility of Business is to Increase its Profits. <i>The New York Times Magazine</i> , (32), September 13. <a href="https://doi.org/10.1007/978-3-540-70818-6_14">https://doi.org/10.1007/978-3-540-70818-6_14</a> . 2. Ballesteros, L., Useem, M., & Wry, T. (2017). Masters of disasters? An empirical analysis of how societies benefit from corporate disaster aid. <i>Academy of Management Journal</i> , 60(5), 1682-1708.

Session	Themes and Preparation Material
XXIV 11/30	Course review
XXV 12/5	Team Presentations
XXVI 12/7	Team Presentations and Farewell IBUS 3001
12/14	<b>FINAL PROJECT DUE</b> <b>(Submit on Blackboard by 9:00pm)</b>

**ACADEMIC INTEGRITY:** The code of academic integrity applies to all courses in the George Washington School of Business. Please become familiar with the code. All students are expected to maintain the highest level of academic integrity throughout the course of the semester. Please note that acts of academic dishonesty during the course will be prosecuted and harsh penalties may be sought for such acts. Students are responsible for knowing what acts constitute academic dishonesty. The code may be found at: <http://www.gwu.edu/~ntegrity/code.html>

**UNIVERSITY POLICIES:**

**Religious Accommodation**

Students should notify faculty during the first week of the semester of their intention to be absent from class on their day(s) of religious observance. Faculty should extend to these students the courtesy of absence without penalty on such occasions, including permission to make up examinations. Faculty who intend to observe a religious holiday should arrange at the beginning of the semester to reschedule missed classes or to make other provisions for their course-related activities.

**Disability Support Services (DSS)**

Any student who may need an accommodation based on the potential impact of a disability should contact the Disability Support Services office at 202-994-8250 in the Rome Hall, Suite 102, to establish eligibility and to coordinate reasonable accommodations. For additional information please refer to: [gwired.gwu.edu/dss/](http://gwired.gwu.edu/dss/)

**Mental Health Services 202-994-5300**

The University's Mental Health Services offers 24/7 assistance and referral to address students' personal, social, career, and study skills problems. Services for students include: crisis and emergency mental health

consultations confidential assessment, counseling services (individual and small group), and referrals.  
[Counselingcenter.gwu.edu/](http://Counselingcenter.gwu.edu/)