

# **Strategic Management of Multinational Enterprises**

**Department of International Business**

**National Taiwan University**

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## **Descriptions and Objectives**

The past decades have witnessed the fast and growing trend of globalization in our modern societies. Globalization, beginning with the adventure of Silk Road and flourishing at the Age of Discovery by Western countries, has brought forth profound and everlasting influence on human civilization, and also generates tremendous opportunities and challenges to individuals, companies, and governments around the world.

Public sentiment about globalization, nevertheless, has taken a sharp turn in the past few years. The everlasting China-US tension, the surging geopolitical unrests, and the progressing of nationalism as well as ultra-right parties in Europe and other areas are all symbols of mounting displeasure with the free movement of trade, capital, people, and knowledge. In addition to the political and social uncertainties around the globe, the outbreak of Covid-19 posed yet another unprecedented challenge to the global supply chain and the overall operations of multinational enterprises. It is accordingly imperative for business and public policy leaders to have a close investigation on how various agents react and strive in global markets under the context of very different dynamics and institutions. *This course intends to first identify the major challenges of globalization facing global managers, then to familiarize the students with the related analytical frameworks and theoretical logics developed from both academia and practice (what and why), and finally to build up the capabilities for their application (how).*

What makes the study of globalization and multinational enterprises unique? How does it differ from and relate to conventional management and organization studies? One of the most striking characteristics of multinational enterprises (MNEs) is having subsidiaries or agents simultaneously operating in various countries with distinct economic, social, and political context. Global managers thus have to deal with the diversity, dynamics, and inter-dependency arising from both external and internal environments facing MNEs. Among the wide encompassed commercial globalization phenomenon, this course mainly focus on studying *how global managers managing*

*the challenges associated with devising strategies, building organization capabilities, and governing the operations of the enterprises whose activities stretch across national boundaries.* Therefore, in addition to the traditional focus on the *environmental* and *strategic challenges* to globalization, the *organizational* and *management challenges* to globalization, both critical but rather under-studied, will be well examined in this course. In particular, taking the perspective that *human capital* is the key resource and ongoing foundation of a successful strategy, we investigate the behaviors and decision-making process of various *global managers*, and study how their roles, responsibilities, and relationships within the MNE's are developed and evolved through the internationalization process.

Accordingly, the contents of this course are hence organized as follows:

- Part I Environmental Challenges to Globalization*
- Part II Strategic Challenges to Globalization*
- Part III Organizational Challenges to Globalization*
- Part IV Management Challenges to Globalization*

### **Class Administration**

The class focuses on *participant-centered learning*. A discussion-oriented class is a partnership in which students and instructor share the responsibilities and power of teaching, and the privilege of learning together. A discussion group must evolve from a collection of individuals into a learning community with shared values and common goals. In particular, in order to achieve the expected learning effectiveness, students in this class are *required* to accomplish the following:

#### *Pre-class*

1. Read the materials and prepare the weekly assignments individually;
2. Participate in study group for the assignments, sharing and revising individual perspectives;
3. Do the two-page write-up assignment individually and e-mail to TA before the deadline (i.e., 6 pm of the day before class).

#### *In-class*

1. Attend every class on time;
2. Active listening and responding, expressing your perspectives and challenging others. Relate your own experience to the subject. Different views are normal, desirable, and inevitable. There is not necessarily only one single conclusion or right answer about each case or issue;

3. Some basic values for the participation:
  - *Civility*: politeness, openness, and sharing;
  - *Willingness to take risks*: encourage daring and innovation, no sense of fear;
  - *Appreciation of diversity*: in backgrounds, personalities, questions posed, learning styles, frames of inquiry, and spectrum of interpretations.

### **Post-class**

1. Personal reflections: What impresses you most in the class today? Do I learn anything unknown before? How can I reinforce the learning effects, and feed back into my own knowledge system?
2. What can I learn from other students and instructor in particular about the ways of interpersonal communication, as well as the attitudes and skills towards making points and counterpoints in public?
3. List what I can do to improve in the learning process for the next session, and carry them out.

### **AI Policy**

I expect you to use AI (ChatGPT and etc.) in this class. Learning to use AI is an emerging skill, but be aware of the limits of ChatGPT:

- You need to refine your “prompts” into a more precise and comprehensive version in order to get good results.
- Don’t trust anything it says, and you need to further check with other sources.
- AI is only a tool, and you need to acknowledge using it. Failure to do so is in violation of academic honesty policies.
- Your writeups are anticipated to reflect your own genuine reflections of the assignments. You need to demonstrate how you go beyond what ChatGPT says when you use it.

### **Grading**

Your grade of this course will be evaluated based upon the following:

<b>Case Write-up Assignments</b>	<b>30%</b>
<b>Presentation and In-Class Discussion</b>	<b>20%</b>
<b>Mid-term Exam</b>	<b>20%</b>
<b>Final Exam</b>	<b>30%</b>

1. Students will be allocated into **four or eight study groups**. Each **student** has to *e-mail the write-up of each case to TA or upload it on NTUCOOL on or before 6 pm of the day before class*. The **write-up** should focus only on *your recommendations* and the *accompanying analysis* to the major questions asked in

the assigned cases, without repeating the case facts. It also requires you to **apply the concepts and framework** learned in this class to the analysis and recommendations for the case. It should be done **independently** and completely by each individual student.

2. Each student has to prepare to be called upon by the instructor in class. Your **participation** grade will be based on both the frequency and quality of the participation in class.
3. Each **study group** will select one case to lead the **presentation** and organize the **in-class discussion**.
4. For each case, each **study group** needs to discuss the questions well before the class, and e-mail the **Group Meeting's Minutes** to TA on the same time for the individual write-up.

### **Text and References**

1. Text: C. Bartlett and P. Beamish (2018), *Transnational Management: Text, Cases, and Readings in Cross-Border Management*, eighth edition, Cambridge University Press.
2. 參考書：H. Mintzberg (2004), *Managers, Not MBAs*, Berrett Koehler. (中譯本: *MBA ≠ 經理人*, 2006年, 台灣培生教育出版).
3. 參考書：J. Micklethwait and A. Wooldridge (1997), *The Witch Doctors: What the management gurus are saying, why it matters and how to make sense of it*, Heinemann: London. (中譯本: *企業巫醫*, 2005年, 商周出版社).
4. 參考書：P. Rosenzweig (2007), *The Halo Effect: ...and the Eight Other Business Delusions That Deceive Managers*, (中譯本: *商業造神*, 2021年, 商周出版社).
5. 參考書：E. Schmidt, J. Rosenberg, and A. Eagle (2019), *Trillion Dollar Coach*, Alphabet Inc. (中譯本: *教練*, 2020年, 天下文化)。
6. 參考書：Valerie Hansen (2012), *The Silk Road: A New History*, Oxford University Press (中譯本: *絲路新史*, 2015年, 麥田出版)。
7. 參考書：Joel Kotkin (1992), *Tribes: How Race, Religion and Identity Determine Success in the New Global Economy*, Random House Inc. (中譯本: *全球族*, 1994年, 聯經)。

### **Class Schedule and Assignments**

#### **Session      Topics and Assignments**

#### ***Part I: Environmental Challenges to Globalization***

- 1 (2/20)      **Overview: Transnational Enterprises and Global Economy**

- (1) Text, Chapter 1.
- (2) The Economist, Will Covid kill globalization?  
<https://youtu.be/KJhlo6DtJlk>
- (3) Wooldridge, A future imperfect: why globalization went wrong  
<https://youtu.be/agjGFwpTFaM>
- (4) Riding the waves of culture: Fons Trompenaars at TEDxAmsterdam  
<https://www.youtube.com/watch?v=hmyfjKjcbm0>

## 2 (2/27) Management Education and International Business Studies: What Business Are We In?

- (1) S. Ghoshal, Bad Management Theories Are Destroying Good Management Practices.
- (2) H. Mintzberg, *Managers, Not MBAs*, Berrett Koehler. (中譯本: *MBA ≠ 經理人*, 2006年, 台灣培生教育出版). Chapters 2 and 4.
- (3) P. Rosenzweig (2007), *The Halo Effect: ...and the Eight Other Business Delusions That Deceive Managers*, (中譯本: *商業造神*, 2021年, 商周出版社). Preface and Chapter 1.
- (4) J. Micklethwait & A. Wooldridge, *The Witch Doctor: What the Management Gurus are saying, Why it matters and How to make sense of it*. Heinemann: London. (中譯本: *企業巫醫*, 2005年, 商周出版社). Preface, and Chapter 2.
- (5) IB curriculum at U of South Carolina  
[https://www.sc.edu/study/colleges\\_schools/moore/study/international\\_business/index.php](https://www.sc.edu/study/colleges_schools/moore/study/international_business/index.php)  
[ib\\_web.pdf \(sc.edu\)](https://www.sc.edu/study/colleges_schools/moore/study/international_business/ib_web.pdf)

*Write-up Assignment:* (1) Write a feedback on these readings, in particular share your genuine personal reflection of **your journey** of management studies thus far. What have you learned from the journey and how has this exploration affected you? (2) Is the curriculum design of **IB department at NTU** more like *International Extension School* or *Integrated Comprehensive Approach*? Why? What is the major differences between the international business curriculum of **University of South Carolina** and that of NTU? What would you suggest for NTU to improve?

**3 (3/6) Environmental Challenges to Globalization**

- (1) Text, Chapter 2.
- (2) Levitt, The Globalization of Markets.
- (3) Khanna, Contextual Intelligence
- (4) C. K. Prahalad & Y. Doz, *The Multinational Mission*. Chapter 2.

**4 (3/13) Managing National Differences in Global Competition**

- (1) M. Porter, The Competitive Advantage of Nations.
- (2) *Case: Global Wine War 2015: New World versus Old (Text: Case 2-1)*.

*Write-up Assignment:* Compare and contrast the different business model and organizational model of the wine industry from both Old World and New World, and provide the feasible recommendations to respective players in this industry from France, Australia, and China.

***Part II Strategic Challenges to Globalization***

**5 (3/20) Globalization and its Impacts: Is the Earth Flat?**

- (1) K. Kling and I. Goteman, IKEA CEO Anders Dahlvig on international growth and IKEA's unique corporate culture and brand identity.
- (2) Jonsson and Foss, International expansion through flexible replication: Learning from the internationalization experience of IKEA.
- (3) *Case: Ingvar Kamprad and IKEA*

*Write-up Assignment:* Explain why IKEA, facing fragmented furniture market structure with distinct demand characteristics in different countries, applies such a strategy to internationalize? Take an example of entering China, how would you balance between standardization and localization? What have been the core for IKEA to standardize when go international? Discuss in detail how your recommendations and analysis related to our assigned readings. Explain what kinds of management processes and coordination mechanisms IKEA applied to implement such a strategy for globalization.

## 6 (3/27) Developing Strategies for Globalization

- (1) Text: Chapter 3.
- (2) D. Bell and M. Shelman, KFC's Radical Approach to China.
- (3) Sull, Homkes, and Sull, Why Strategy Execution Unravels – and What to Do About It
- (4) **Case: Levendary Café: The China Challenge (Text: Case 7-1)**

*Write-up Assignment:* What strategic tasks of restaurant industry need to be standardized in its international operations? What to be localized? What is your evaluation of the strategy and management of the entry of Levendary Café into China? How would you envision and manage the roles, responsibilities, and relationships between headquarter and subsidiaries over times? What would Mia Foster do about Louis Chen and other associated issues? Prepare a specific action program for her.

## 7 (4/10) Entry and Expansion Strategies of MNE's

- (1) Bartlett and Ghoshal, Going Global: Lessons from Late Movers.
- (2) T. Khanna and K. Palepu, Emerging Giants: Building World-Class Companies in Developing Countries.
- (3) Kumar and Steenkamp, Diaspora Marketing.
- (4) **Case: Jollibee Foods Corporation (A): International Expansion**

*Write-up Assignment:* As Noli Tingzon, rank what you want to do since assuming the new job. How would you evaluate the strategic options? How would you implement your decision? What are the general characteristics of Chinese entrepreneurs? How would these characteristics affect the decision-making and management process? Discuss in detail how the **external opportunities** facing a firm and **internal capabilities** of a firm interplay and affect its strategic choice and implementation of internationalization.

## 8 (4/17) Mid-term Exam

### **Part III Organizational Challenges to Globalization**

## 9 (4/24) Organizational Challenges to Globalization

- (1) Text: Chapter 4.
- (2) Text: Reading 4-3.

**10 (5/1) Developing Organizational Capabilities of MNEs**

(1) Kotter, Leading Change.

(2) *Case: Kent Chemical: Organizing for International Growth*

(Text: Case 4-1)

*Write-up Assignment:* Discuss why the past two restructurings fail. What are the problems and their root causes facing Luis Morales and Kent Chemical? How would you evaluate the organizational changes made to those problems, and what would you do differently to make them work?

**11 (5/8) Managing Transnational Non-Profit Enterprises**

(1) Drucker, What Business Can Learn from Non-Profits.

(2) *Case: World Vision International's AIDS Initiative: Challenging a Global Partnership*

*Write-up Assignment:* Discuss the characteristics of the industry, and explain the business model and organizational model of this international non-profit organization. Compare and contrast the similarities and differences between the regular businesses and non-profit organization with respect to the various governance and management issues. In particular, discuss the major coordination or control mechanisms employed by each president since its inception. How do they differ compared with the ones used in typical commercial business? What are the major obstacles facing WVI when promoting and implementing AIDS Hope Initiatives? And what are your recommendations?

***Part IV Management Challenges to Globalization***

**12 (5/15) What do Global Managers do?**

(1) Text, Chapter 7.

(2) Bartlett and Ghoshal, The Myth of Generic Manager: New Personal Competencies and New Management Roles.

**13 (5/22) Managing Roles, Responsibilities, and relationships in MNE's**

(1) Ibarra and Scoular, The Leader As Coach.

(2) *Case (Role Play): BRL Hardy: Globalizing an Australian Company*



**14 (5/29) Management Challenges to MNEs Country Manager**

- (1) Developing Your Global Know-How, Harvard Business Review.
- (2) Carucci, How to Build Trust When Working Across Borders
- (3) **Case: Silvio Napoli at Schindler India (A) (Text: Case 7-3)**

*Write-up Assignment:* Was Silvio the right choice for general manager of Schindler's India operations? What advice would you give to Silvio regarding his decision on the nonstandard glass wall elevator that has been ordered? How should he deal with the challenges he is facing over transfer prices and limited technical cooperation from the European plants? Should he change the strategy for Schindler India that he developed when he was in the company's headquarters? Summarize and discuss the major roles and required skills for country managers of MNE's.

**15 (6/5) Final Exam**

**Case Study Questions for the In-Class Discussion**

**Global Wine War 2015: New World versus Old**

**(1) To the French:**

*Should you support continued government subsidies, buybacks and guarantees? Won't this just continue your dependence on government support rather than the discipline of the market?*

*Should you urge the government to eliminate the historical restrictions that constrain your grape growing and winemaking practices? What risks would you face if those restrictions were eliminated? How would you deal with that situation?*

*Is it wise to change the well-established AOC designations? Isn't this 150-year-old system your major point of differentiation with the New World wines?*

*Alternatively, should you simply adopt the model provided by the new Vin de France classification and revert to identifying your wine by grapes varietal type (e.g. Chardonnay, Merlot, etc.) rather than by region?*

*Are you concerned about France's absence from the list of top global wine brands?*

*Should the French wine industry and/or individual producers make it a priority to invest in creating strong brands rather than relying on country and regional image?*

*Should your Chinese market strategy focus on the super-premium, mid-range or popular segments? How can you defend your existing market positions and challenge your Australian competitors for market share?*

**(2) To the Australians:**

*Should you continue selling bulk wine into the Chinese market? What will you do about your domestic grape supply glut when you have such a small home market?*

*How can you reverse the “cheap and cheerful” image that your product has developed in export markets?*

*Should you abandon your successful popular, mass-market approach in entering an unsophisticated market of new wine drinkers such as China? Might accessible, inexpensive, fruit forward wines such as Yellow Tail be a more appropriate market entry strategy than aiming towards the premium segment?*

*Is your proposed new strategy of emphasizing “terrior” appropriate in taking on the French in premium market segments in China? How will you differentiate your product to succeed against theirs?*

**(3) To the Chinese:**

*As a Chinese producer, how can you defend your home market against the two importers’ strategies you have just heard outlined? Which market segments should you be aiming at?*

*Should you be competing against the French and Australians, or cooperating with them? Should you import and blend their wine? Should you enter into partnerships for production, winemaking and/or distribution? Would the French or the Australians be the better partners?*

*Should you be appealing to the government for assistance? How can they best help you? By offering subsidies? By restricting imports? By regulating the market? By requiring the foreigners to take on local partners?*

### **Ingvar Kamprad & IKEA**

1. What were the sources of IKEA's successful entry in furniture retailing business in Sweden?
2. How important was internationalization to IKEA? What challenges did IKEA face while expanding internationally, and how did it overcome them?
3. How did IKEA solve the decision choice between global standardization and national responsiveness, based on your personal observations and our readings, when entering Taiwan or China markets? How effective is IKEA's strategy?
4. What are the management processes or mechanisms applied by IKEA to effectively implement the global standardization strategy?
5. What were the management processes or mechanisms by which IKEA coordinated and controlled its international operations and shared its worldwide learning? How effective are they?
6. What was Ingvar Kamprad's role in IKEA's development and its internationalization process? What challenges lie ahead for IKEA? Recommend what course of actions his successors should follow in order to deal with them.

### **Levendary Café: The China Challenge**

1. What does it take to succeed in the restaurant franchising business? When going international, how would you balance the conflicting demands for global integration and control versus local responsiveness and flexibility? What is your evaluation of the strategy and management of Levendary Café for its entry to China?
2. How would you envision and manage the headquarter-subsidiary relationship, in particular the roles and responsibilities of subsidiaries, over time?
3. Evaluate the performance of Foster, Chen, and other top managers of Levendary in managing the establishment and continuing operation in China.
4. What changes, if any, should Mia Foster make? Specifically, what should she do about Louis Chen? And what changes, if any, would you propose at headquarters?
5. Prepare a specific action program for Foster to help her deal with the need for continued growth in China. What should be on the agenda for her meeting with Chen?

### **Jollibee Foods Corporation (A): International Expansion**

1. How was Jollibee able to build its dominant position in fast food in the Philippines? What sources of competitive advantage were there able to develop against McDonald's in its home market?

2. How would you evaluate Tony Kitchner's effectiveness as the first head of Jollibee's international division? Does his broad strategic thrust make sense? How effectively did he develop the organization to implement his priorities?
3. As Noli Tingzon, how would you deal with the three options described at the end of the case? How would you implement your decision?

### **Kent Chemical: Organizing for International Growth**

1. What are the problems facing Luis Morales, and Kent Chemical, as he began implementing Ben Fisher's international expansion strategy? Why have these problems emerged now?
2. How would you evaluate the organizational changes he made in response to those problems? Why were they unsuccessful? What would you do *differently* to make them work?
3. What are the values provided by outside consultant, Sterling Partners? What do you think of Sterling's decision matrix? How helpful is it?
4. What should Morales recommend? What should Ben Fisher decide?

### **World Vision International's AIDS Initiative: Challenging a Global Partnership**

1. What are the sources of World Vision's rapid growth and program effectiveness? How and why did these changes over the past 50 years? As it entered the twenty-first century, what were World Vision's greatest assets and strengths? Its biggest limitations and liabilities?
2. Why has it taken World Vision so long to configure its worldwide partnership organization structure and governance processes? What do you think of the federated partnership model they have settled on? How appropriate are the governance processes and mechanisms?
3. What advice would you give to the International Board regarding the AIDS Hope Initiative? Should WVI pursue this as a major strategic priority? What advantages do you see? What concerns do you have?
4. If the International Board approves the initiative, what advice would you give to World Vision's management (Dean Hirsch, Rich Stearns, Wilfred, Wilfred Mlay, Ken Casey)? How should they implement this new priority? Specifically, how should they deal with the resistance that they have encountered both inside and outside the organization?

### **BRL Hardy: Globalizing an Australian Wine Company (for Role Play)**

1. How do you account for BRL Hardy's remarkable post merger success?
2. What is the source of tension between Stephen Davies and Christopher Carson?  
How effectively has Steve Millar handled their differences?
3. Should Millar approve Carson's proposal to launch D'istinto? Why or why not?
4. What recommendation would you make to the organization concerning the conflicting proposals for *Kelly's Revenge* and *Banrock Station*? What would you decide to do as Carson? As Millar?

### **Silvio Napoli at Schindler (A)**

1. How would you evaluate Silvio's first seven months as general manager of the Indian company? What are his achievements? What concerns do you have?
2. Was Silvio the right choice for general manager of Schindler's India operations?
3. What advice would you give to Silvio regarding his decision on the nonstandard glass wall elevator that has been ordered?
4. How should he deal with the challenges he is facing over transfer prices and limited technical cooperation from the European plants?
5. Should he change the strategy for Schindler India that he developed when he was in the company's headquarters?
6. What is the role and tasks of Luc Bonnard in the case? In performing his role and tasks, summarize what you'd like to do in this trip.

### **IKEA's Global Sourcing Challenge: Indian Rugs and Child Labor (A)**

1. How should Marianne Barner respond to the invitation for IKEA to have a representative appear on the upcoming broadcast if the German video program?
2. What actions should she take regarding the IKEA supply contract with Rangan Exports?
3. What long-term strategy would you suggest she take regarding IKEA's continued operation in India? Should the company stay or should it exit? (Be prepared to describe the impact of such a decision and how you would manage it.)
4. For those recommending that IKEA continue to source carpets in India, would you suggest that she:
  - i. continue IKEA's own monitoring and control processes or sign-up to Rugmark?
  - ii. continue to focus only on eliminating the use of child labor in IKEA's

supply chain or engage in broader action to address the root causes of child labor as Save the Children is urging?