

Strategic Management of Multinational Enterprises

Department of International Business

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Descriptions

The past decades have witnessed the fast and growing trend of globalization in our modern societies. Globalization brings forth profound influences on ways of living and thought, on individuals, companies, and governments. This course focuses on the managerial challenges associated with developing strategies and managing the operations of the companies whose activities stretch across national boundaries. In particular, three levels of globalization issues are focused in this course: (1) **Industry Globalization**: drivers and dynamics of globalization of industry and competition; (2) **Firm Globalization**: building, applying, extending and sustaining firm-specific capabilities; tapping into and leveraging location-specific resources (resource configuration); and, (3) **Management Globalization**: integrating and coordinating internationally dispersed activities and resources within and among firms.

Class Administration

The class focuses on **participant-centered learning** and emphasizes case method teaching/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., **10 pm** of the day before class).

In-class

1. Attend every class on time, and do not use Note Book computer in class;
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;
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 fascinates you most in this class? 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 execute it.

Grading

Grades will be evaluated based upon the following:

Case Write-up and Participation	50%
Mid-term Exam	30%
Group Project	20%

1. Every student has to ***e-mail the write-up to TA on or before 10 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, and it is limited to a maximum of two pages. 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 consists of **five** students, and each will have a ***discussion leader*** to organize the weekly discussions and also e-mail the ***Group Meeting's Minute*** to TA on the same time as you email the individual write-up.

Text and References

1. C. Bartlett, S. Ghoshal, and J. Birkinshaw (2008), *Transnational Management: Text, Cases, and Readings in Cross-Border Management*, fifth edition, Irwin.
2. Assorted required readings and cases package.
3. 參考書：C. Bartlett and S. Ghoshal (1998), *Managing Across Borders*, 2nd ed., Irwin. (中譯本-無國界管理, 遠流出版社)。
4. 參考書：J. Micklethwait and A. Wooldridge (2000), *A Future Perfect: The Challenge and Hidden Promise of Globalization*, Random House. (中譯本-完美大未來：全球化機遇與挑戰, 2002年, 商周出版社)。
5. 參考書：F. Trompenaars and C. Hampden-Turner (1998), *Riding the Waves of Culture: Understanding Culture Diversity in Global Business*, 2nd ed., McGraw-Hill. (中譯本-卓皮納斯文化報告, 1999年, 美商麥格羅·希爾國際股份有限公司台灣分公司)
6. 參考書：T. Friedman (2005), *The World is Flat: A Brief History of the Twenty-First Century*, Ars Longa Press.(中譯本:世界是平的, 2005年, 雅言文化).
7. 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).
8. 參考書: J. Micklethwait & A. Wooldridge (1997), *The Witch Doctor*, Heinemann, London. (中譯本: 企業巫醫, 2005年, 第二版, 商周出版)

Class Schedule and Assignments

<u>Session</u>	<u>Topics and Assignments</u>
1 (9/19)	Introduction to Global Business Management (1) Text: Chapter 1. (2) <i>Case: A Fall Before Rising: The Story of Jai Jaikumar (A)</i>
2 (9/26)	Unacknowledged Legislators of Mankind (1) J. Micklethwait & A. Wooldridge (1997), <i>The Witch Doctor: What the Management Gurus are saying, Why it matters and How to make sense of it</i> . Heinemann: London. Read and write a feed back on Preface, Chapters 2, 10, and Conclusion. (2) S. Ghoshal (2005), "Bad Management Theories Are Destroying Good Management Practices", <i>Academy of Management Learning and Education</i> , vol. 4, no. 1, March, pp. 75-91.
3 (10/3)	Globalization and its Impacts: Is the Earth Flat? (1) T. Levitt (1983), "The Globalization of Markets", <i>Harvard Business Review</i> , May/June.

(2) **Case: Ingvar Kamprad and IKEA**

Write-up Assignment: Facing fragmented furniture market structure with distinct demand characteristics in different countries, how would you suggest IKEA for its international product policy, using China market as an example? What might be the options? How would you evaluate them? What kind of organization structure and management process is required to support your choice?

4 (10/17) Understanding International Context: Responding to Simultaneous Environmental Forces

(1) Text: Chapter 2.

(2) Text: Reading 1-2.

(2) C. K. Prahalad & Y. Doz (1987), *The Multinational Mission*, Chapter 2.

5 (10/24) Challenges to Industry Globalization

(1) Text: Reading 1-3.

(2) **Case 2-2: Global Wine Wars: New World Challenges Old**

Write-up Assignment: Should the French abandon the old rule of game to counter the Australian challenges? Why or why not? What are your recommendations to both the French and the Australian industry for the next battle?

6 (10/31) Firm Globalization: Selection of Foreign Market and Entry Strategy

(1) Text, Chapter 3.

(2) **Case 1-2: Jollibee Foods Corporation (A): International Expansion**

Write-up Assignment: As Noli Tingzon, what is your priority towards the three options? Why? How would you implement your decision?

7 (11/7) Entry Strategy and Strategic Alliance

(1) Text: Chapter 6.

(2) W. Powell (1990), "Neither Market Nor Hierarchy: Network Forms of Organization", *Research In Organizational Behavior*, 12: 295-336.

8 (11/14) Managing International Joint Ventures and Strategic Alliances

(1) **Case: Xerox and Fuji-Xerox**

Write-up Assignment: Considering the various options for restructuring the coming cooperation listed in Exhibit 11, what might be the best

option in each functional area evaluated from the perspective of Fuji?
What will be when assessed from the perspective of Xerox? Why?
What might be the final comprised outcomes?

- (2) M. Yoshino and U. Rangan, *Strategic Alliances: An Entrepreneurial Approach to Globalization*, 1995, Harvard Business School Press.
Chapter 1.

9 (11/21) Mid-term Exam

10 (11/28) Strategy and Organization of International Business

- (1) Text: Chapter 4.
(2) C. Hill (2005), *International Business: Competing in the Global Marketplace*, McGraw-Hill, Chapter 13.

11 (12/5) Coordination and Control in Multinational Corporations

(1) Case: Corning Glass Works International (A)

Write-up Assignment: What are your recommendations for the organizational changes in Corning? Propose your new organization structure/chart and other required measures.

- (2) Text: Reading 4-3.

12 (12/12) The Worldwide Learning Challenge for Transnationals

(1) Case 5-2: P&G Japan: The SK-II Globalization Project

Write-up Assignment: Which of the three market options should Paolo DeCesare recommend to the GLT? What are the pros and cons? How should he implement your recommended option? What does it take to develop and diffuse worldwide innovation and to ensure cross-border learning? And how effective has O2005 been in developing that capability?

- (2) Text, Chapter 5.

13 (12/19) Management Globalization Challenges

(1) Case 7-2: BRL Hardy: Globalizing an Australian Wine Company

Write-up Assignment: Should Millar approve Carson's proposal to launch D'istinto? Why or why not? 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?

- (2) Text, Chapter 7.
- (3) Text: Reading 4-1.

14 (12/26) Evolving Role of Transnationals

- (1) Text: Chapter 8.
- (2) *Case 8-1: IKEA's Global Sourcing Challenge: Indian Rugs and Child Labor*

Write-up Assignment: How should Marianne Barner respond to the invitation for IKEA to have a representative appear on the upcoming broadcast if the German video program? What to do with Rangan Exports? What long-term strategy would you suggest she take regarding the child labor issue?

15 (1/2) Group Presentations of Research Project (I)

16 (1/9) Group Presentations of Research Project (II)

Case Study Questions for the In-Class Discussion

A Fall before Rising: The Story of Jai Jaikumar (A)

1. What fascinates you most in this case?
2. Why did the shepherd woman do what she did?
3. What should Jai do after he recovers?

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. What were the management processes by which IKEA coordinated and controlled its Europe-wide operations? How effective are they?
4. How standardized or locally-adapted was IKEA's operation in Taiwan? How effective are they?
5. What was Ingvar Kamprad's role in IKEA's development? What challenges lie ahead for IKEA? Recommend what course of actions Ander Moberg should follow in order to deal with them.

Global Wine Wars: New World Challenges Old

1. How were the French able to dominant the worldwide wine trade for centuries? (As

shown in Exhibit 6, even as late as 1989, they were responsible for 51% of the world's wine export by value).

2. In the face of this two-century history of dominance in the world wine trade, how were the New World producers able to expand their market share so rapidly in the 1990s? (As shown in case Exhibit 3, Australia, the United States, Chile, and South Africa increased their share of exports from 3% in 1989 to 17% in 2001. Case Exhibit 8 shows that the Australia share of the UK market increased even more dramatically from 2% in 1988 to 22% in 2002.)
3. Recognizing that market growth in the New World was helping establish the new entrants, wouldn't the market shrinkage occurring in the Old World also encourage producers in those countries to begin exporting more while the New World upstarts focused on their domestic growth? Why did the French producers not become more effective exporters during the seventies and eighties? (See case Exhibit 1.)
4. The French and other Old World countries had created some successful brands from icon brands such as Chateau Mouton, to Rothschild's middle market brand, Mouton Cadet. Why were they not more successful in leading – or at least following – the New World success in differentiating through branding?
5. The Ministry of Agriculture has published a highly critical report. As the government, what would you like to see the producers and the industry do to make French grape production more competitive? On the other hand, as an industry, what do you think about the Ministry of Agriculture's report suggesting that French needs to market its wines more like the way beer is marketed?
6. If you are a consultant, what specific suggestions will you give to the following French parties given their current situations? (1) to the mid-sized, second-tier Bordeaux vineyard owners? (2) to the President of the French Wine Industry Associations? (3) to the Minister of Agriculture?

Jollibee Foods Corporation

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 Noil Tingzon, how would you deal with the three options described at the end of the case? How would you implement your decision?

Xerox and Fuji Xerox

1. What role has Fuji Xerox played in Xerox's global strategy? How do you expect this role to change in the future?
2. Is Fuji Xerox a successful joint venture in 1990? How do you measure its performance? Please be as concrete and specific as possible.
3. What were the key success factors in this alliance in the past? Do you expect these factors to change in the future?
4. Consider the different options for reorganization listed in Exhibit 11. Select one option in each functional area and be prepared to explain why you prefer it over the others.

Corning Glass Works: International (A)

1. What are the problems facing Forrest Behm and Corning International? How serious are they? Why are they emerging now?
2. What do you think of the organizational changes Behm made in response to these problems? Why have they failed?
3. Discuss your specific recommendation for the organizational changes especially with respect to structure, process, and socialization.

P&G Japan :The SK- II Globalization Project

1. As Paolo DeCesare, what factors do you need to consider before deciding what to recommend in your SK- II presentation to the global leadership team (GLT)? What kind of analysis will you need to do in preparing for that meeting?
2. Does SK- II have the potential to become a global brand within Procter & Gamble's worldwide operations? Why or why not?
3. Which of the three market options should Paolo DeCesare recommend to the GLT? What benefits do you expect to gain? What risks do you see?
4. How should he implement your recommended option? What are the implications for P&G's new post-O2005 organization? What support and/or resistance do you expect? How will you manage it?

BRL Hardy: Globalizing an Australian Wine Company

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?

IKEA's Global Sourcing Challenge: Indian Rugs and Child Labor

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?