Business 202 – Preliminary Syllabus
Managing in the Global Economy

Ver. 0.40

Prof. Robert Chapman WOOD
Lucas Graduate School of Management, San Jose State University
Fall A, 2014  Course No. 50528

<table>
<thead>
<tr>
<th>Office Hours:</th>
<th>By appointment (call, email, or speak to instructor to set up times to meet. I can set up a specified office hour for M.B.A. students as desired.)</th>
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<tbody>
<tr>
<td>Office Location:</td>
<td>College of Business, Business Tower 357</td>
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<tr>
<td>Office Phone:</td>
<td>408 924-3573</td>
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<td>E-mail:</td>
<td><a href="mailto:robert.wood@sjsu.edu">robert.wood@sjsu.edu</a></td>
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<tr>
<td>Preferred Contact:</td>
<td>Email is usually fastest and most reliable.</td>
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<tr>
<td>Instructor's web page</td>
<td><a href="http://www.cob.sjsu.edu/wood_r">www.cob.sjsu.edu/wood_r</a></td>
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<td>Material for this course will be posted on the Canvas Learning Management System</td>
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Course description: This course investigates the world economy, including how markets, institutions and organizations vary from country to country, and how global competition, climate change, digital and emerging economics, and shifting from manufacturing to a service economy affect management practice.

Prerequisite: Graduate standing.

We will examine business on a global level, seeing the whole global business world as a system. We will consider how to manage and win in global (and semi-global) markets and at global entrepreneurship. And we will address new (or recently recognized) global issues, like change in the natural environment, financial crises, and the rise of the global information technology economy.

We seek to give students a way of thinking about large business issues in the world, and to prepare them to succeed in global business while helping to meet world needs. A guiding question is, “Can we build organizations – especially firms but also complex non-profit organizations – that adapt successfully (strategically) in a world of ongoing, dramatic change?”

Providing a systematic view of key business issues in the global economy requires that this course be demanding. It requires more reading and writing than most MBA courses. Where it is possible to suggest shortcuts, we will do so. (This is, after all, a business course, and in business we frequently need to find shorter ways to do things.) But the goal is to provide a solid way of working with global business’ possibilities, dangers, and opportunities. That inevitably demands hard work.

Required reading
Many of the readings are in a packet, which will be available at Maple Press, 481 E. San Carlos St., San Jose, Tel. 408 297-1000 (San Carlos St. is one block south of the San Jose State Business Tower and just south of Boccardo Business Classroom Building; 481 E. San Carlos is one block east of 10th St.) The packet will be for sale at the classroom on the first day of class.

Also, the following books are required:

Martin Wolf, Why Globalization Works, Yale, 2004 (other editions ok).

The following books are recommended. The essential chapters will be included in the packet or available in class, but better understanding can be achieved if you have the whole books.


In addition, students are required to subscribe to a national or global newspaper with full business coverage (and/or to the newspaper’s web site). This generally means the Financial Times (of London), the Wall St. Journal, or the New York Times. Subscriptions can be purchased as follows:

Financial Times: No academic discount rate subscriptions seem to be available (despite what it says on some web sites), but the newspaper allows students subscribe by the month instead of by the year. The newspaper is $5.75/week, digital is $6.25/week, print and digital are $11.49/week. The best way to get discounts and the weekly subscription has sometimes been to call them: 1 855 685 2372. To get a good sense of the usefulness of the publication, it’s a good idea to subscribe for at least four to six months. Home delivery of the newspaper is available in most of Silicon Valley.


NY Times: http://homedelivery.nytimes.com/HDS/CMHome.do?mode=CMHome&CampaignCode=384XR. Note the Times has required a university email address to get the university student rate.

Writing resources
Although this is not a “writing course,” an important goal is the development of your ability to write the kind of reports, memos, and other work that will help you achieve excellence and gain recognition in your career. So excellent writing is important. If you do not own one, consider purchasing a style and grammar guide such as The Bedford Handbook (Bedford/St. Martin’s). Work with it to improve your grammar and organizational skills.

Grading - Weighting:

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<th>Assignment</th>
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<tr>
<td>First paper (International Trade)</td>
<td>14%</td>
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<tr>
<td>Case analysis</td>
<td>8%</td>
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<tr>
<td>Quizzes on the global system and business strategy</td>
<td>22%</td>
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<tr>
<td>Final Project</td>
<td>30%</td>
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<tr>
<td>Class Participation</td>
<td>25%</td>
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The final project includes both a written report and an oral presentation. Two-thirds of the grading weight for the final project will be on the written report and one-third on the oral presentation.

Groups
Because teams are central to management and entrepreneurship and team members can help each other learn, this course uses teams as learning and working units. Teams will have 3 to 5 members. For the first paper, team members will discuss the topic and then write individual papers. The second assignment (a
case analysis) and the final project are group assignments. (On the final project, the paper must identify at least two pages primarily written by each group member.)

Important note: Occasionally, a student will fail to perform for his or her team. Where this is a serious problem, groups have the option of firing a team member. A request to fire a team member must be made in writing, and it must clearly describe reasons for the proposed action. If a team member is fired, he or she must complete each remaining assignment alone.

Citation of sources
The final project involves original research. You may choose to do original research for the first paper as well. You must provide citations indicating the sources of your information. It is recommended that you follow the style of the Publication Manual of the American Psychological Association. It is generally not necessary to purchase the manual or to obsess over getting references exactly right. A web page such as Purdue University’s: http://owl.english.purdue.edu/owl/resource/560/01/ can provide the basics. (Note: Despite what the Purdue web page says, you need not include an abstract in papers of less than 10 pages or so. Moreover, for the final project, where a summary is required, it is appropriate to use the business term “executive summary” rather than “abstract.”)

Instead of following an academic style, some students may prefer to explain their sources in a way that would be appropriate in a corporate memo. This is also acceptable. However, remember that if you do not explain where you got your data well enough for me to believe it, you will be marked down. If you use a corporate way of citation, think of yourself as writing for someone who is skeptical of your facts.

Written Assignments
Assignment 1 – Thinking about Trade
As a student at San Jose State University, you meet a fellow student who is the son of a government official from HillCountry, a small, land-locked nation so remote that its existence was not discovered by the outside world until recently. Your new friend tells you the prime minister of HillCountry is very worried because a consulting firm from the United States recently calculated that HillCountry is less efficient than the United States in all its major economic activities. The government of HillCountry believes this data is accurate. Here is some of the data that the consulting firm calculated:

<table>
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<tr>
<th>Number of labor hours required to produce:</th>
<th>United States</th>
<th>HillCountry</th>
</tr>
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<tbody>
<tr>
<td>Bushel of corn</td>
<td>1 hr.</td>
<td>100 hrs.</td>
</tr>
<tr>
<td>Kilogram of honey</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>Handcrafted blanket</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>Kilogram of wool</td>
<td>6</td>
<td>20</td>
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The prime minister is considering prohibiting international trade. He believes this data indicates HillCountry cannot be competitive in anything. He believes his country would only be cheated if he allowed free trade.

A. Does HillCountry have any absolute advantages?

Do you believe there exists comparative advantage or comparative advantages for HillCountry in any...
goods? Why or why not? If yes, where do you think HillCountry’s comparative advantage(s) are? Explain why you believe these are HillCountry’s comparative advantage(s).

B. What would tell your friend that the government of HillCountry should do? You may propose any kind of actions and policies that the government might adopt.

Answer in a brief essay (no more than four double-spaced pages). Due at Session 5 (Sept. 15), but you must have a draft, outline, or well thought-out notes by Session 3 (Sept. 5) for group discussion.

Assignment 2 – Case Analysis

The assignment for the case analysis will be passed out in class and available on Canvas.

Final Project

*Have stages so people can receive feedback.*

For the final project, you will address either of two challenges:

A. **Make a strategic business proposal that involves action across borders.** Propose a new business or a new activity by an existing business that crosses international borders. Develop hypotheses about how the project should work and test them by interviewing potential customers, suppliers, etc. If the proposal is for a business you are not directly involved with, it can be a proposal for a consulting project. Show why you believe your proposal would be a) profitable and b) beneficial. Identify the barriers, especially the economic, political, and cultural barriers related to differences among countries that will make your project difficult. Then show how you would overcome those barriers.

B. **Show how a businessperson can address an issue/problem in the global economy.** Develop a project that addresses a problem in the global economy (environmental, social, regional development, poverty, etc.). Develop a report and presentation that demonstrates the feasibility of your approach and gives strong evidence that it is worthwhile. Typically in these projects you will take the role of an entrepreneur in the early stages of a business. However, you can also propose how you would/will address a problem as an activist (a businessperson who will conduct a public campaign) or an intrapreneur developing a project that will be executed within an existing firm.

For either A or B, you are not required to do a complete business plan (with financial projections, etc.). You should, however, do any research and financial projections necessary to make a plausible case that your project can work. For example, if you propose a business that will sell a product at retail, do a projection that will show what price your product can sell for and how many you have to sell to create a profitable business. Then demonstrate that you are likely to sell that many at that price. Your project may be considered a feasibility study for the plan you might carry out. Typical lengths would be about 15 pages for a two-person team, 20 pages for a three-person team, 25 pages for a team of 4 or more. The final report should indicate who is primarily responsible for at least some of the sections of the report – each person should be responsible for at least 2 pages of the report.

If not all members of a team share the same interests, they may break into smaller groups with each doing a different project. Or teams may be formed with members from different groups.
**Professionalism**
In a business school class we obviously expect everyone to act like a professional. You arrive on time and pay attention to whoever has the floor in the classroom. **If for some reason you cannot regularly arrive on time and stay till the end of class, please discuss this with the instructor.** As in an effective business, we will adapt where necessary to your professional and personal needs. However, disruptive behavior can result in serious reductions in your class participation grade, and can result in failing the course.

**Instructor’s Academic Integrity Policy**

Consistent with the policies of San Jose State University, the Lucas Graduate School of Business, and the Department of Organization and Management, no academic dishonesty will be tolerated in this course. Any evidence of plagiarism or other cheating on any written work will normally result in a grade of “F” being assigned. (Plagiarism is any effort to pass the work of someone else as your own. For example, use of material from Worldwide Web pages without attribution is plagiarism.

In addition to producing a grade of “F,” academic dishonesty will also result in a report being made to the San Jose State University Office of Student Affairs and a notation on the student’s permanent record. **A second offense will typically result in expulsion from the university.**

**Tentative course calendar**
(Nota that the course calendar is subject to change - with appropriate notice)

Session 1. **Monday, August 18, 2014 1 pm**
   A. **Introduction to the Course**

**MODULE 1: World History and Today's Economies**
   B. **Background – The world's traditional economic systems**
      Lecture-discussion based primarily on Christian, *Maps of Time* (optional reading for Session 2, below.)
   C. **Introduction to following world business news**
      Please obtain a copy or copies of the Financial Times, Wall St. Journal, or New York Times on the day of our class and/or over a few days previous. Try to spend an hour or two with the paper and its web site. If you can’t get a copy of the paper, try to spend a similar amount of time exclusively on the web site. Also think about what other resources you find useful for keeping up with world business news.

Session 2. **Monday, August 25, 2014 1 pm** *(we may make a slight adjustment in start time if a slightly earlier time better suits students)*
   A. **History and the Nature of Business and Economic Systems Today**
      **Required reading:** Niall Ferguson, *Civilization: The West and the Rest*, pp.3 (bottom)-18.
      *(This is a good book to purchase, but the required section is in the packet)*
      **Optional reading:** David Christian, *Maps of Time*, pp. 211-272 (in packet). This summarizes economic history to the emergence of traditional nation-states in 61 pages. Christian shows the power of global economic processes dating back at least 10,000 years. The processes described are still important today, especially in poor countries. If pressed for time or you just find the reading difficult, it may still be worthwhile to look at the first 30 pages or so.

**MODULE 2: The Global Business and Economic System**
   B. **Trade Theory – Why International Institutions Support Free Trade**
      **Required reading:** Wolf, *Why Globalization Works*, Preface pp. x-xv, pp. 13-16 in Chapter 2 and Chaps. 3, 4, 6 *(If pressed for time, read the pages in the Preface and Chap. 2 [pp. x-xv and 13-16], then concentrate on pp. 24-33 from Chap. 3 and pp. 77-89 from Chap. 6. See also slides on the course’s Canvas site, which may be useful for writing the first paper – and eventually for preparing for the quiz in Session 4).*
   C. **Currencies in International Trade**
      See slides posted on Canvas.
      **Current issues in international trade and finance**
      *(optional reading)* Kindleberger & Aliber, *Manias, Panics, and Crashes*, pp. 26-38 and especially pp. 302-311 *(the listing of past financial crises. Both sections are in the packet). Pages 26-38 are written for economists, who have unfortunately not paid enough attention to it. The list of financial crises shows how common are crises like the ones we’ve recently been through.*

Discussion of group work. Formation of groups.
Session 3. **Friday, September 5, 2014, 1 pm**

A. **International institutions** – Review the reading on the “Development of the World Trading System” (Hill, *Global Business Today*, Ch. 6, pp. 222-228, above) and read Hill pp. 343-367 (from Ch. 10, “The International Monetary System”) - (in packet)

B. **Video**: *Young and Restless in China*

   **Study question**: How much innovation do you think the world economy will get from cell-phone equipped formerly poor people?

D. **Discussion period on the global economic system and the first paper**. Have a draft or at least an outline of what you want to say in the first paper.

Session 4. **Monday, September 8, 2014, 1 pm**

A. **Quiz on the Global Economic and Business System** (*study guide to be announced*)

**FIRST PAPER (OR DRAFT OF FIRST PAPER) MAY BE TURNED IN.**

**MODULE 3: Core Tasks of Leading and Managing a Global Business**

B. **Introduction to the Concept of Strategy and to Entrepreneurship**
   **Basic strategies for global competition, core competences**
   Hamel & Prahalad, “The Core Competence of the Corporation” (in packet)

   **Study question**: How has the management of Samsung differed from management of other large firms you are familiar with?

D. **Short discussion periods on cases, strategy, and the Final Project**

Session 5. **Monday, September 15, 2014, 1 pm**

**FINAL VERSION OF FIRST PAPER DUE**

A. **Global Strategy**
   **Optional reading**: *Redefining Global Strategy*, Introduction and Chapters 1 and 5, and 6. (Chap. 5 is on “Aggregation” – a strategy that is relevant to understanding Arcelor Mittal) (These are not in the packet – purchasing the whole book is recommended but not required.)

B. **“Arcelor Mittal”** (in packet – from book *India's Global Powerhouses*)
   **Study questions**: Why was Lakshmi Mittal so successful?
   What conditions in the world economy made it possible for Mittal to be so successful? Could he have been as successful before the 1990s?

   Read the Levandary Café case so you can start discussing it in your group.

C. **Discussions on the Levandary Café case and the final project.**
Session 6. **Monday, September 22, 1 pm**

A. **Dynamics of Global Competition; Business Clusters**  
   *Video* – Michael Porter: ‘The Diamond at Work’ [XS 1686]  
   Optional Reading: Porter, “The Competitive Advantage of Nations” (in packet)

B. **Intellectual Property**  
   Schilling, *Strategic Management of Technological Innovation*, Chapter 9  
   *(In packet)*

C. **Case:** Levendary Café.  
   Optional reading: Ghemawat, Chapter 3.

**MODULE 4: Micro-level Global Management Knowledge and Skills**

Session 7. **Friday, September 26, 2014, 1 pm**

**GROUP CASE ANALYSIS DUE**

A. **International Regulations and Technology Export Restraints**  
   *China Daily*: ‘WTO rules China win over US imports dispute’ (in packet)

   *(This doesn’t really contain ‘what every exporter should know,” but it’s useful.)  
   *(You will be able to link to this from the course Canvas site)*

   **Technology export restraints**  
   Optional reading: U.S. Department of Commerce, “Introduction to Commerce Department Export Controls” [http://www.bis.doc.gov/licensing/exportingbasics.htm](http://www.bis.doc.gov/licensing/exportingbasics.htm) *(Don’t try to understand everything in this web page unless you have a business reason to do so.)*

   Optional reading: arstechnica.com, “US finally reforming its high-tech export system”  

Micro-level topics of student interest

B. **Global Entrepreneurship**  

C. **WRITTEN SUMMARY OF FINAL PROJECT DUE.**  
   “Elevator sell” required this week or at one of the following two.

   **Discussions of final project**
Session 8. Monday, September 29, 2014, 1 pm
Tentative: Field Trip to a Global Business Incubator/Accelerator

A. Global Entrepreneurship

Meetings with players in global entrepreneurship

B. Intellectual Property protection (to be reviewed with entrepreneurs and professionals who struggle with these issues)

Required reading: review from Schilling, Strategic Management of Technological Innovation. Chapter 9, “Protecting Innovation” (in packet) (We will probably discuss intellectual property protection only briefly today.)

Group discussions on global entrepreneurship and the final project

Session 9. Monday, October 6, 2014, 1 pm
OUTLINE OF FINAL PROJECT DUE.

A. Quiz on Leading and Managing a Global Business and (possibly) Emerging Markets
   (Study guide to be announced.)

MODULE 4: Business’ Role in Addressing and Social Issues – The Case of Global Poverty

B. Country strategy
   Emerging markets and emerging market strategy

   Required reading: Jim O’Neill, The Growth Map, Ch. 1-5.
   Swaminathan Aiyar, “Free India’s government from the shackles of the state,” Financial Times, July 9, 2014.


   Further reading may be announced on specific regions or countries.

C. Business and the livelihoods of ordinary people
   Required reading: Jeffrey Sachs, The End of Poverty, pp. 226-250.

D. Case: IKEA’s Global Sourcing Challenge: Indian Rugs and Child Labor (A) (in packet)
   This case gives an opportunity to think about all of IKEA’s very comprehensive approach to environmental and social issues.

   Study question: Is IKEA’s approach to environmental and social problems appropriate?

Session 10. Friday, October 10, 2014, 1 pm

Final project due

Student Presentations

Further topics of student interest. (Possibly discussions of specific countries.)