

Business 202 – Syllabus Managing in the Global Economy

Ver. 1.00

Prof. Robert Chapman WOOD

Lucas Graduate School of Management, San Jose State University

2071 Spring B,m Class No. 24414

Office Hours:	Mon., Tues, and Wed., 5-5:40 pm and by appointment (call, email, or speak to instructor to set up times)
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	Material for this course will be posted on the Canvas Learning Management System

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

The following books are required:

Michael Peng, Global Business. Cengage Learning. 4th ed., 2017

Dani Rodrik, The Globalization Paradox, Norton. Any edition is OK.

Ruchir Sharma, Breakout Nations, Norton, 2013. Inexpensive used copies are available from Amazon.

A coursepack including 2 items must be purchased from Harvard Business School Press. Cost should be \$8.50. Use this link: <http://cb.hbsp.harvard.edu/cbmp/access/52230388>

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

Niall Ferguson, Civilization: The West and the Rest, Penguin, 2011. An analysis of the unusual aspects of Western civilization that continue to affect global business today.

J.R. McNeill, Something New Under the Sun, Norton, 2001. A leading historian provides an integrated analysis of today's environmental crises.

Optional readings will be recommended for particular sessions of the course.

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: In many respects the Financial Times is the best source for understanding global business. Recently the FT has been notorious for experimenting with different pricing strategies. But discounted student digital subscriptions have been available at https://sub.ft.com/spa_stu/. Home delivery of the printed newspaper is available in most of Silicon Valley. (For this course, you can use print or digital or both.) A helpful discussion of pricing for non-digital Financial Times subscriptions (and monthly subscriptions) is at: <http://blogs.reuters.com/felix-salmon/2012/05/03/why-is-an-ft-subscription-so-expensive/>

Wall St. Journal: Many low-cost deals have been offered. It's probably best simply to search for "Wall St. Journal student subscription" on line. If ordering a Wall St. Journal student subscription, please list your professor as Robert Wood of San Jose State University.

NY Times: Discounted student subscriptions available at <http://homedelivery.nytimes.com/HDS/CMHome.do?mode=CMHome&CampaignCode=384XR>. Note the Times requires 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:

In-class assignment(s) on trade	2%
International Trade Paper	15%
Case analysis	9%
Quizzes on the global system and global business strategy	28%
Final Project	26%
Class Participation	20%

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. 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.)

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. A description of the planned action must also be provided to the team member. 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 – International Trade Paper

Recently international trade has become a major issue in developed countries. From WW II until today, developed countries led by the U.S. have promoted free trade, arguing it contributed to prosperity for all. However, politicians including President Donald Trump and the socialist Bernie Sanders and have attacked this policy.

The following table lists some products recently sold in competitive free trade between China and the U.S., with some results of that trade.

<u>Product</u>	<u>Key aspects of competition</u>	<u>Current outcomes</u>
Wheat	Abundant U.S. land and highly competitive market usually keeps prices low.	U.S. sells more food to China than China sells to U.S.
Clothing	U.S. manufacturers seem more efficient overall than Chinese, but high U.S. wages make them uncompetitive.	China sells much more clothing to the U.S. than the U.S. sells to China.
Electronics (hardware)	China originally obtained a dominant position in electronics despite inefficiency because of low wages. Today China is probably more efficient in many goods.	China sells much more electronics to the U.S. than the U.S. sells to China.

Software	U.S. has many leading technologies.	U.S. sells much more software to China than China sells to U.S. But U.S. firms complain of copying and industrial espionage.
Cars	U.S. firms are more efficient and many of their cars are made and sold in China, mostly in joint ventures between U.S. and Chinese firms.	U.S. sells more cars and services to China than China sells to U.S. But the size of the surplus is limited because most manufacturing is done in China. Chinese government and firms aim to increase sales to U.S.
Passenger airplanes	U.S. technology is dramatically superior. Boeing says it plans an assembly plant in China, but key portions of the plane will still be made in the U.S. Boeing's European competitor Airbus has 2 assembly plants in China.	U.S. sells many planes in China. China seeks to develop domestic passenger aircraft industry, and U.S. unions fear assembly plants in China will help China succeed.

1. Do you think the current result of international trade indicates the real comparative advantages of the two countries?
2. Can you think of ways in which a different policy toward trade might be likely to make Americans better off? If you can think of such a policy, describe it and tell why you think it might make Americans better off. If you cannot think of such a policy, explain why you think the current policy provides the best results.
3. What do you think the U.S. and other developed countries should do about trade? Are there any other economic policies you think the U.S. should undertake to overcome its problems? Are there any new trade or economic policy initiatives that you think other countries should be undertaking?
4. If you have spent a significant part of your life outside the U.S., please discuss how you think one country where you have spent part of your life should be addressing trade issues. If you have not spent a significant part of your life outside the U.S., you do not have to answer this question but you may give your recommendations for how one country other than the U.S. should manage trade.

Answer in a brief essay (no more than four double-spaced pages).

Assignment 2 – Case Analysis

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

Final Project

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 profitable and beneficial. Identify the barriers, especially

economic, political, social/cultural, and ecological barriers related to differences among countries that will make your project difficult. Then show how you would overcome those barriers.

B. Show how a group of businesspeople 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 20 pages for a three-person team, 25 pages for a team of 4 or more. The final report must 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.** See [Academic Senate Policy S04-12. http://www2.sjsu.edu/senate/S04-12.pdf](http://www2.sjsu.edu/senate/S04-12.pdf)

Tentative course calendar

(Note that the course calendar is subject to change - with appropriate notice)

PROLOGUE: World History and Today's Economies

Session 1. **Tuesday, March 21, 2017 6 pm**

A. Introduction to the Course

B. A New World – “Young and Restless in China” [xd1245]

C. The global business world

Based on Peng, Global Business, Ch. 1. (Complete this reading for Session 2.)

Discussion of group work and group formation.

MODULE I: The Global Business and Economic System

Session 2. **Tuesday, April 4, 2017 6 pm**

A. Formal and Informal Institutions: The Drivers of a Diverse World

Required reading: Peng, Chapters 2 and 3.

B. Trade Theory –Trade and Economic Progress

Required reading: Peng, Ch. 5. **See also slides on the course's Canvas site, which may be useful for writing the trade paper** – and for preparing for the quiz in Session 4.

C. Following World Business News, a discussion of options

To benefit from this course, it is important to follow international business news. Students are required to follow news developments from the first day of class. This should include regular reading of the web sites or paper editions of one of the leading business newspapers. For Session 2, try to 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. Also think about what other resources you find useful for keeping up with world business news.

Session 3. **Tuesday, April 11, 2017, 6 pm**

A. The World's Traditional Economic Systems Lecture-discussion based primarily on Christian, Maps of Time (optional reading for Session 3, below.)

Optional reading: David Christian, Maps of Time, pp. 211-272. 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.

Optional reading: Deirdre McCloskey, The Bourgeois Virtues, pp. 1-53.

B. The Sources and Nature of Today's Business and Economic Institutions

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 will be available.)

C. Globalization and its Challengers

Required reading: Peng, Chapter 8; Dani Rodrik, The Globalization Paradox: Democracy and the Future of the World Economy. Introduction (pp. ix-xxi) and Chapters 3 and 4.

Donald J. Trump, “Full transcript: Donald Trump's jobs plan speech”

<http://www.politico.com/story/2016/06/full-transcript-trump-job-plan-speech-224891>

D. Case to be announced.

E. Discussion period on the global economic system and the trade paper. Have notes or an outline of what you want to say in the first paper.

MODULE II: Leading and Managing a Global Business

Session 4. Friday, April 14, 2017, 6 pm

A. Quiz (*study guide to be announced*)

TRADE PAPER (OR DRAFT OF TRADE PAPER) MAY BE TURNED IN.

B. Introduction to Strategy

Required reading: Peng, Chapter 5

C. Case to be announced

D. Short discussion periods on cases, strategy, the group case analysis, and the Final Project

Session 5. Tuesday, April 18, 2017, 6 pm

FINAL VERSION OF TRADE PAPER DUE

A. Expanding and Investing Abroad Directly

Required reading: Peng, Ch. 6

B. Dealing with currencies

Required reading: Peng, Ch 7

C. Case: Erika Fry, *Fortune*, "Nestle's Half-Billion Dollar Noodle Debacle in India"

<http://fortune.com/nestle-maggi-noodle-crisis/?iid=sr-link1>

D. Discussions on analyzing the Levandary Café group case and the final project.

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

Session 6. Tuesday, April 25, 2017, 6 pm

A. Growing and Internationalizing a Firm

Required reading: Peng, Ch. 9

B. Case: Levandary Café.

C. Video: Young and Restless in China

Session 7. Tuesday, May 2, 2017 6 pm

GROUP CASE ANALYSIS DUE

A. Entering Foreign Markets

Required reading: Peng, Ch. 10

B. Economic Growth in a Globalized World Economy

Rodrik, *Globalization Paradox*, Chapter 7 and pp. 174-183 in Chapter 8.

C. Country strategy

Emerging markets and emerging market strategy

Required reading: Ruchir Sharma, *Breakout Nations*, Chapters 1, 2, and 5

Optional reading: Eyring, Johnson & Nair, *Harvard Business Review*, "New Business Models

in Emerging Markets,” January 2011

<https://hbr.org/2011/01/new-business-models-in-emerging-markets>

Further reading may be announced on specific regions or countries.

D. WRITTEN SUMMARY OF FINAL PROJECT DUE.

“Elevator sell” required this session or at one of the following two.

Discussions of final project

Session 8. Tuesday, May 9, 2017, 6 pm

Tentative: Possible Field Trip to a Global Business Incubator/Accelerator

A. Global Entrepreneurship

Meetings with players in global entrepreneurship

B. Practical thoughts on intellectual property protection and its difficulties (*to be reviewed with entrepreneurs and professionals who struggle with these issues*)

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

**Group discussions on global entrepreneurship and the final project
OUTLINE OF FINAL PROJECT DUE.**

Session 9. Friday, May 12, 2017, 6 pm

A. The Business’ Social Role in a Globalized World

Required reading: Peng, Chapter 17

B. The Global warming debate

Required reading: Richard A. Muller, “The Conversion of a Climate Change Skeptic,” *New York Times*, July 28, 2012. http://www.nytimes.com/2012/07/30/opinion/the-conversion-of-a-climate-change-skeptic.html?_r=0

More analysis and complete access to the underlying data available at berkeleyearth.org. Optionally, you may want to look at one of the Muller Berkeley group’s key papers here: <https://www.scitechnol.com/2327-4581/2327-4581-1-101.pdf>

Optional reading: The most prominent scientific skeptic’s view: U.S. House Committee on Science, Space & Technology 2 Feb 2016 Testimony of John R. Christy University of Alabama in Huntsville. <http://docs.house.gov/meetings/SY/SY00/20160202/104399/HHRG-114-SY00-Wstate-ChristyJ-20160202.pdf>

The multiple crises

Required reading: J.R. McNeill, *Something New Under the Sun*, Preface and Chap. 3. Optional reading: Chapters 4 and 8.

C. If time - Dynamics of Global Competition; Business Clusters

Video – Michael Porter: ‘The Diamond at Work’ [XS 1686]

Optional Reading: Porter, “The Competitive Advantage of Nations” (available from the instructor if desired)

Silicon Valley’s role as a business cluster – Class discussion

Session 10. **Tuesday, May 16, 2017, 6 pm**

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

B. Strategizing, Structuring, and Learning around the World
Required reading: Peng, Ch. 13

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

C. Student Presentations

Culminating experience: May 23, 2017, 5:15 pm

Student presentations and discussion of final projects

One more optional reading, always important:

Kindleberger & Aliber, Manias, Panics, and Crashes, pp. 26-38 and especially pp. 302-311 (the listing of past financial crises.). Pages 26-38 are written for economists, who have unfortunately not paid enough attention to it. The list of financial crises shows that crises have been fairly common.