

# *International Growth Strategy*

## (MNGT-E2002, 6 cr)

# SYLLABUS

Version 09102020

**Note: This is a draft and subject to change**

Instructors' contact information	Course information
<p>Course Director: Professor Carl Fey, <a href="mailto:carl.fey@aalto.fi">carl.fey@aalto.fi</a> Teaching Assistant: Riku Reunamäki, <a href="mailto:riku.reunamaki@aalto.fi">riku.reunamaki@aalto.fi</a></p> <p>International Business Unit Department of Management Studies Ekonominaukio 1</p> <p>Carl is always glad to meet with students (during the COVID crisis time the school recommends this takes place virtually) whenever needed. Please contact him any time via eMail at <a href="mailto:carl.fey@aalto.fi">carl.fey@aalto.fi</a> to set up an appointment to discuss any questions you have with the course or broader questions about your studies or career. Carl's office is Y203.</p>	<p>Management and International Business Course Academic Year 2020-21, Period I</p> <p><u>Location:</u> Following the request of school leadership, the course will be run virtually via Zoom. Registered students will receive an eMail with a link to the Zoom recurring meeting.</p> <p><u>Schedule:</u> Mondays and Wednesdays 9:15-12:00 with a few exceptions as per the schedule in the syllabus.</p> <p><u>Language of Instruction:</u> English</p> <p><u>Course Website:</u> Please consult the course website on MyCourses for much useful information on a regular basis during the course.</p>

## OVERVIEW

This course explores how firms can best start, develop, and manage their international activities. These are important skills to possess because both organizations and society are becoming increasingly global. While in the past the international arena has been limited to large multinational corporations and even some large companies have only been active in their local market, today increasingly many companies, both small and large, engage in business which transcends geographic, political, and cultural boundaries. At the societal level developments in technology, media, and politics have made the world “smaller” and increasingly interdependent and integrated. Thus, for most firms international business is no longer an option it is a must.

This course will help prepare you for making important international business decisions and acting as an effective international manager. Most managers and scholars agree that the process of starting to do business in another country is extremely challenging. Thus, we will learn some strategies to make the internationalization process easier, criteria for foreign market selection, and about the different modes of entry which are at our disposal and when different modes are preferable. We

will also explore different strategies for foreign expansion. This course will also explore how to design and manage mergers and acquisitions which are becoming increasingly common in our world today and key tools in international business. The module will also investigate how to interact and negotiate with people from different countries most effectively as this is a critical skill needed in foreign market entry and international business more generally.

The course will include guest lecturers who will share their industry, government, and academic experience and illustrate practical applications of the material discussed during the course. The course is designed to help students forge links between theory and practice. Material in the course is taught in a way that it is useful in practice.

## **PREREQUISITES**

The course does not have specific prerequisites.

## **LEARNING OUTCOMES**

During the course, the following questions will be examined: (1) Why and how do firms internationalize? (2) What are the advantages and disadvantages of different entry modes and internationalization strategies? (3) How are location decisions made? (4) How to conduct successful international negotiations? (4) How to best manage international operations? (5) How to design and manage mergers and acquisitions. (6) How can government and non-governmental organizations help firms to internationalize? (7) What roles do advisory boards, boards of directors, and advisors play in internationalization. The course will include guest lecturers who will share their industry, government, and academic experience and illustrate practical applications of the material discussed during the course. The course is designed to help students forge links between theory and practice. Material in the course is taught in a way that it is useful in practice.

## **ASSESSMENT AND GRADING**

The course assessment and grading consists of three parts:

1. Live case assignment (group work) 41%
2. Final course report (individual work) 51%
3. Forum posts (individual work) 8%

For successful completion of the course, you are expected to take part in at minimum 5 of 9 sessions of the course sessions.

The instructor reserves the right to give different grades to individuals in one team if it is determined that group members are not contributing as they should to the group work. Final grade (0 to 5) is based on cutoff points below:

- 0-49 points = 0
- 50-59 points = 1
- 60-69 points = 2
- 70-79 points = 3
- 80-89 points = 4
- 90-100 points = 5

### **Actively Participating in the Class**

Unlike in past years, class participation will not be graded this year as many students have indicated they do not like the concept of grading class participation. However, this course is very much based around active class participation and students are expected to actively participate. Students can miss up to two classes without it affecting your grade. If you miss more than two classes your overall class grade will be lowered by 2% for the third class you miss and 3% for the fourth class you miss. If you miss more than four classes it is not possible to pass the course. **It is mandatory to take part in the first two class sessions.**

### **Forum Posts (individual work) (8% of the final grade)**

You are also supposed to make one post to the general forum on mycourses about current issues in international business that you have learned about from the news and which in some way relate to the content covered in our course. The post should be about 5-10 sentences long (they can be longer though if desired) and should include a link to the news article, website, etc. where you read or heard about the news item. This post should be made by September 16<sup>th</sup>. By September 23<sup>rd</sup> you should make two comments about other posts about 3-8 sentences long (but can be longer). You are welcomed to comment on more than two posts if you want to but only two posts count towards your grade. Each of your two comments counts ½ the amount of your initial post. This is hoped to link the material in the course even more with the real world and allow people different options in addition to in-person interaction to interact. The forum posts are made under the general discussion section in MyCourses.

### **Live Case Assignment (group work) (41% of the final grade)**

Students will work in groups analyzing issues of concern for the Regional Director of the Nordics of the 80,000 person US company Medtronic which works in the medical technology area. The grade for this component of the course will be based on a presentation (including Q&A) on October 14<sup>th</sup> for the Country Director and Carl. Students are also encouraged to engage in asking questions about other groups' presentations. The presentations should be maximum 10 minutes long and will be followed by Q&A. It is not required that all group members present although they can, but it is required that at least three group members present. The instructors reserve the right to assign different grades for individuals if all group members do not contribute equally to work on the project. Additional information will be provided in class.

*The final PPTs should be submitted by one person/team via the submission box set up for this in MyCourses by 7:30am on October 14<sup>th</sup> to help with grading.*

To help in doing quality projects each group will have an individual meeting with Carl virtually via Zoom on September 22<sup>nd</sup> where they can get feedback on their project and they should present the focus of their project, the firms they plan to interview for benchmarking, their time plan, and their initial ideas. On October 12<sup>th</sup> groups will have the opportunity to rehearse their presentations with Riku who will provide feedback on the progress as well as tips on the style and structure of the presentations. Groups can sign up in class for specific time slots for meetings. The meeting with Riku is optional, but encouraged. Not taking part will not affect your grade.

## **Final Course Report (individual work) (51% of the final grade)**

The final course report consists of two parts: a key learnings summary and an internationalization case analysis. Each should be between 4-5 pages long in 12 point font with 1.5 spacing.

In the key learnings summary you should look back and reflect on your learnings during the course. In this section you should discuss all the topics covered in this course. Describing key content learnings is most important, but also having some reflection on factors you think are most important and why this is the case for you will make your paper stronger. The report should be written in business style, i.e. be brief and concise in your conclusions and arguments. You should reference at least 12 articles or book chapters from the course when discussing your key learnings. You are not expected to reference readings not assigned for the course to support your points, but you are welcome to do so. It is also totally fine to discuss key learnings you have had which do not relate to any article.

The second part of your final report you should make a recommendation on an internationalization activity in the following way. Team Finland has collected market opportunities from across the world on their webpage [www.marketopportunities.fi](http://www.marketopportunities.fi). Browse through the various opportunities and pick one of them which focuses on some activity in a country besides Finland. Then select a company (Finnish or foreign, but not a company from the country where the opportunity will be) that you think could take benefit of this opportunity. In your report you should describe the business opportunity, explain its potential, and make a proposal on how the company should respond to this opportunity. Among other things, you should propose a suitable internationalization mode, explain what other options there would be, and argue why the company should choose this entry mode. Based on what you have learned during the course, explain what the company should do to implement using this entry mode well and also what else the company should take into account in order to grasp the opportunity and execute it well. Consider issues related to international business strategy and also design and management of foreign operations as part of the report. Alternatively, if you have your own business or business idea, you can use that instead of the Team Finland opportunity. In this case, please clear the idea with Carl in advance.

*The report should be returned as one file (either pdf or Word) through the Aalto University MyCourses system by October 25<sup>th</sup>, 2020 at 23:59.*

## **CONTACTING FACULTY**

Carl and Riku encourage students to contact them with any questions they may have at any time. In general, please write eMails with questions re the course to Carl or Riku with a copy to the other person. Carl is responsible for the course content, Riku can help you with technical issues.

## **TEACHING PHILOSOPHY**

In a word, the philosophy of this course is interaction because we are convinced that interactive teaching is the most effective way for participants to learn. However, the drawback of interactive learning is that your preparation not only affects how much you learn but also how much your fellow course participants learn. Therefore, it is essential that you thoroughly prepare for each class session, and our assumption going into every class session is that you have all prepared thoroughly by reading the assigned readings and/or cases and reflecting on them. Please note that completing

the readings / cases is not enough, but you need to analyze and reflect on them prior to coming to class to be prepared for class discussions.

Listening, communicating, and persuading are important general management skills which become even more important in an intercultural context. Active class participation, therefore, is an important component of this course and strongly encouraged and graded. In addition to being an important management skill, active participation facilitates learning. Each of the readings / cases has been carefully selected for its quality and for the focus it provides to your learning. Therefore, it is extremely important that you come to class prepared to discuss the cases and readings.

We believe responsible challenge and debate are very important to discovery and understanding, and we appreciate the willingness of individuals to engage in such activities with their classmates and with us. However, using air time involves an obligation to really contribute to class learning and not just say something for the sake of saying something. Thus, you should strive to make quality comments. By quality we mean that your comments contribute in a manner such that:

- They provide good insights to the class discussion
- They help us sort through ambiguous issues as we analyze the case
- It integrates other participants' ideas into a coherent framework

## **METHODS OF INSTRUCTION**

A wide variety of teaching methodologies will be used in this course including cases, lectures, discussions, simulations, and group work. Regardless of the method used, however, significant student interaction is expected. It is our belief that students learn more effectively when they are active participants in the learning process and not just sitting and listening to the professor speak.

## **PREPARING FOR CLASS**

Please find below a schedule describing what we will do at different times during the course. Please make sure that you have read and reflected on all cases and readings prior to coming to the relevant class session. Discussion questions to guide your preparation for each case will be listed with each case. Please take time to reflect on them prior to coming to class so that we can have a good case discussion. All readings are important, but carefully reading and analyzing the cases prior to coming to class is what is most important.

## **COURSE WEBPAGE**

During the course much material can be found on the [course's webpage in MyCourses](#).

## **COURSE WORKLOAD**

Contact hours	31 hours
Class preparation	54 hours
Assignments	75 hours
Total	160h (6 op)

## ACCESSING READING MATERIAL

Cases and book chapters are available on MyCourses under Materials and organized by session. Links to articles are provided below in this syllabus. Depending on how and where you access these, the links may not work. If they do not work, you can access the material on campus by entering the reference information into the library's general search engine ([aalto.finna.fi](http://aalto.finna.fi)) or by searching with Google Scholar ([scholar.google.fi](http://scholar.google.fi)). Unfortunately, university policy mandates that we cannot upload journal articles to MyCourses. We apologize for this inconvenience.

## ETHICAL ISSUES

We expect adherence to the highest standards of scholastic honesty by participants in this course including all items discussed in the [Aalto University Code of Academic Integrity and Handling Violations Thereof](#).

Among other things this includes avoiding plagiarism and using proper citation practices.

## SCHEDULE

Note: This is a draft and is subject to change. MyCourses always has the most up-to-date version.

### **September 7, 9:15–12:00: Introduction + Foreign Entry Strategy + Live Case**

This session will have three parts. First, we will discuss some practicalities for the course, how the course will work, and what the course will cover. Second, in this session we will explore strategies for entering foreign countries and learn about the different entry modes that we have to choose from and how to use them effectively. Third, in this session we will meet Panu Lauha who is Regional Director for the Nordic Countries for Medtronic which is a one of the largest medical technology companies in the world.

#### Readings:

1. Hill, C. W. L., Wee, C.-H., & Udayasankar, K. (2012). Entry Strategy and Strategic Alliances (Chapter 14). In *International Business: An Asian Perspective*. McGraw-Hill. (Available on MyCourses.)
2. Bouquet, C., Birkinshaw, J., & Barsoux, J.-L. (2016). [Fighting the “Headquarters Knows Best” Syndrome](#). *MIT Sloan Management Review*, 57(2), 59–66.
3. Bamford, J., Ernst, D. & Fubini, D. G. (2004). [Launching a World-Class Joint Venture](#). *Harvard Business Review*, 82(2), 90–100.

#### Assignments:

1. An important component of the course will be a live case which is a consulting project you will do in groups. This consulting project will focus on the 80,000 person American firm Medtronic ([www.medtronic.com](http://www.medtronic.com)). Please learn background information about Medtronic by looking carefully at their website and any other sources you would like prior to coming to class. More information about the specific focus of the live case and how it will work will be provided in class.
2. Please complete the readings listed above.

## **September 9, 9:15–12:00: Exporting + Foreign Entry Strategy II**

The session will continue to explore how to enter foreign countries. In the first part we will discuss exporting and global trade at both the national and firm level, and compare product exporting with service exporting. We will take a look at what, where, why, and how companies export and what are some of the advantages and disadvantages of exporting. In the second part of the session we will discuss the Panda case to help us explore foreign market entry.

### Readings:

1. Panda Furniture (A+B) Case. (*Available on MyCourses.*)
2. Peng, M. W. & Meyer, K. E. (2011). Building Global Strategies (Chapter 14). In *International Business*. Cengage Learning EMEA. (*Available on MyCourses.*)
3. Birkinshaw, J. & Hood, N. (2001). [Unleash Innovation in Foreign Subsidiaries](#). *Harvard Business Review*, 79(3), 131–137.
4. Czinkota, M. R., Ronkainen, I. A., & Moffett, M. H. (2005). Entry and Expansion (Chapter 11). In *International Business (7<sup>th</sup> ed.)*. Thomson South-Western. (*Available on MyCourses.*)

### Questions for the Panda Case:

1. Make an assessment of Panda's operations and organization in Belgium including an examination of the company's financial performance and position. What is your assessment of Jan Winkler's managerial skills?
2. Which of the two presidential candidates should Jan Winkler hire?
3. What is your assessment of the job description in Exhibit 7?
4. How close should the relationship be between Panda in Europe and its new US subsidiary? Who should make contact, how often, and to discuss what types of issues?

## **September 14, 9:15–12:00: The Importance of Business–Government Relations for Foreign Market Entry and Expansion and How this Works Differently in Different Geographies + Tips for Leading in Times of Crisis, Esko Aho, Former Prime Minister of Finland**

In this session we are very fortunate to have Esko Aho, former Prime Minister of Finland as a special guest and we will have an opportunity to learn from his significant personal experience. We will explore how governments and non-governmental organizations can help firms entering and expanding in foreign countries and how this varies by the country you are entering. In addition, we will learn about tips for being a successful leader in times of crisis drawing on Esko Aho's personal experience of leading Finland during the economic depression in the early 1990s.

### Readings:

There are no readings for this session. As a result, please make sure to spend extra time working on the live case.

### **September 16, 9:15–12:00: International Negotiations**

This session will focus on what is national culture and how differences between different countries affect behavior of people in different countries and what management practices will work best in a given country. We will explore international negotiations during this session with the help of a simulation since negotiating is normally the first thing one needs to do in international business.

#### Readings:

1. Negotiation Simulation Chinese Automation – Finnish Robotics: General Information. (*Available on MyCourses.*)
2. You will be a member of either Finnish Robotics or Chinese Automation company and will receive an eMail with a short confidential reading re this role. Please contact Riku ([riku.reunamaki@aalto.fi](mailto:riku.reunamaki@aalto.fi)) if you do not receive an eMail by the evening of September 10<sup>th</sup>.
3. Sebenius, J. K. (2002). [The Hidden Challenge of Cross-Border Negotiations](#). *Harvard Business Review*, 80(3), 76–85.
4. Francesco, A. M. & Gold, B. A. (1998). Culture and Organizational Behavior (Chapter 2). In *International Organizational Behavior*. Prentice-Hall. (*Available on MyCourses.*)

### **September 21, 9:15–12:00: Location Choice, Perttu Kähäri, Professor of Practice and Rafal Modrzewski, CEO of Iceye**

This session will have two parts. In the first part we will discuss the aspects of location choice in MNEs based on the literature and case examples. We will discuss the cases with the help of the pre-readings provided below, so please familiarize yourself with them. In the second part of the session we discuss Iceye's international growth with its CEO Rafal Modrzewski. Iceye is a very interesting company that was started by former Aalto students which builds and runs satellites for global imaging and combines this with artificial intelligence to provide diverse value added services to clients.

#### Readings:

1. Shenkar, O. & Luo, Y. (2004). International Location Selection (pp. 260–269, Chapter 10). In *International Business*. John Wiley & Sons. (*Available on MyCourses.*)
2. Porter, M. E. & Rivkin, J. W. (2012). [Choosing the United States](#). *Harvard Business Review*, 90(3), 80–93.

### **September 22, (9:45–15:15): Live Case Group Feedback Meetings with Carl**

To help in doing quality live case projects each group will have an individual meeting sometime between 9:00 and 16:00 with Carl on September 22<sup>nd</sup>. Please have your group book a feedback session time with Carl on September 13<sup>th</sup> in class or one will be assigned for you. This is a chance for you and your group to get feedback on your preliminary ideas about what to propose for the live case and ask any questions you have about the live case. It is expected that you will have clearly identified the focus of your project, decided what firms you hope to explore for benchmarking, identified some key ideas, and developed a timeline for completing the project. Please note that it is mandatory for all groups to meet with Carl.



### **September 23, 9:15–12:00: Global Supply Chains, Perttu Kähäri, Professor of Practice**

In this session we will discuss global supply chains. We will cover the aspects of global sourcing and the logistics related to managing supply chains. Also sustainability issues will be covered. We will also discuss global outsourcing of service operations and offshoring. As part of this session we will also run a class exercise in groups.

#### Readings:

1. Mudambi, R., & Venzin, M. (2010). [The Strategic Nexus of Offshoring and Outsourcing Decisions](#). *Journal of Management Studies*, 47(8), 1510–1533.
2. Swartz, J. (2010). [Timberland's CEO on Standing Up to 65,000 Angry Activists](#). *Harvard Business Review*, 88(9), 39–43.

### **September 28, 9:15–13:00: The Role of Management Boards, Board of Directors, Advisory Boards, and Advisors in Helping Firms Enter and Expand Abroad, Esko Aho, Former Prime Minister of Finland + Live Case Q&A**

In this session we will discuss the role of management boards, boards of directors, and advisory boards, and advisors in helping firms enter and expand abroad. We will also discuss how they should be designed to work effectively and how you can be an effective board member.

In the second part of the session from 12:10-13:00 you will have a chance to ask questions about your live case projects from Panu Lauha, Regional Director of the Nordics for Medtronic. It is strongly encouraged that people attend this session, but it is not required. It is required that at least one person from each live case group attend the session.

#### Readings:

1. Nueno, P. (2016). [The Future of Governance: 10 Trends for the Board of 2020](#). *IESE Insight, Issue 29*, 45–51.
2. Cossin, D. & Metayer, E. (2014). [How Strategic Is Your Board?](#) *MIT Sloan Management Review*, 56(1), 37–43.

### **September 30, 9:15–12:00: International Mergers and Acquisitions + Future of Global Trade**

In the first part of this session we will discuss the future of global trade as well as how it affects climate change, and how the COVID-19 pandemic might offer a chance for firms to build a more sustainable future. In the second part of this session we will talk about how to design and manage international mergers and acquisitions.

#### Readings:

1. CanaFin Case. (Available on MyCourses.)
2. One CanaFin Case handout (1–6) provided to your group a week in advance in class.
3. Marks, M. L. & Mirvis, P. H. (2001). [Making Mergers and Acquisitions Work: Strategic and Psychological Preparation](#). *Academy of Management Executive*, 15(2), 80–92.
4. Manyika, J. & Lund, S. (2019, February 12). [The Next Era of Globalization Will Be Shaped by Customers, Technology, and Value Chains](#). *Harvard Business Review*.
5. Bhattacharya, C. B. (2020, May 15). [How the Great COVID-19 Reset Can Help Firms Build a Sustainable Future](#). *World Economic Forum*.

### Assignment for CanaFin Case:

On September 30 we will do the CanaFin M&A Case. You will be put in groups and asked to read the CanaFin Case as background reading. Your groups will also be given one CanaFin confidential handout (1–6) which explains what role your group will be. Groups 1–4 will play the role of either CanaFin Marketing, Trianon Marketing, CanaFin IT, or Trianon IT. The handouts will be handed out about one week prior to the session. If you do not get a role, please contact Riku well in advance to obtain a copy.

PRIOR TO COMING TO CLASS your group should prepare a 7-minute presentation about your solution if you are a marketing or IT group. You will make this presentation to the top management teams of CanaFin and Trianon in class. We will then have a role play of the Trianon TMT and the CanaFin TMT about how they think best to deal with post-merger issues. These groups should also meet to prepare their view prior to coming to class on September 30<sup>th</sup>.

### **October 12, (9:45–15:15): Optional Live Case Group Feedback Meetings with Riku**

Each group has an opportunity to sign up for a 30-minute time slot with Riku to get feedback on their live case. You should make an initial draft presentation to Riku and he will provide you feedback on presentation style and content. Please sign up in class to get a time slot. Attending this session is optional for the live case groups.

### **October 14, 9:00–12:30: Live Case Final Presentations with Feedback from Professor Carl Fey and Panu Lauha, Nordic Regional Director, Medtronic**

Each group should make a 10–12-minute presentation (Carl will confirm the exact length in class depending on the number of groups) followed by Q&A with Panu Lauha, Regional Director, Nordics for Medtronic and Carl. Please be sure to have one person per team submit a copy of your presentation via MyCourses by 7:30am on October 14<sup>th</sup> to facilitate grading.