

MNGT-C2001

International Business in the Era of Disruptions

Session 1 – Introduction to the course



**Aalto University
School of Business**

Aleksi Niittymies

Rebecca Piekkari

January 11, 2023

1. Introductions
 - Who are we?
2. What is international business?
3. What are disruptions and how are they managed?
4. Course practicalities
 - Purpose, learning outcomes, and structure of the course
 - Assessment and grading
 - Case study in teams



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Who are we?



Rebecca Piekkari

Marcus Wallenberg Chair of International Business

Research interests: management of multinational corporations; diversity & inclusion; qualitative research methods

More than 60 peer-reviewed articles in scientific journals

More than 40 book chapters and 4 books in the field of international business, management and organization studies

More than 12 000 citations in Google Scholar

♥ Cross-country skiing, cooking, berry picking and mushroom picking

Who are we?



Aleksi Niittymies

Assistant Professor of International Business

Research interests: (1) Firms' internationalization processes, (2) Managers' cognitions - what happens inside the managers' heads, and (3) Qualitative research methods

♥ Doing sports, especially submission wrestling



Who are we?



Xiaoshi Xu

- PhD Candidate in International Business
- Research interests: innovation management, sustainable innovation, the paradox theory, organizational ambidexterity, management across countries, emerging markets....
- Hobbies: violinist at Ylioppilaskunnan Soittajat; different sports 😊

Who are we?



Viola Kilpeläinen

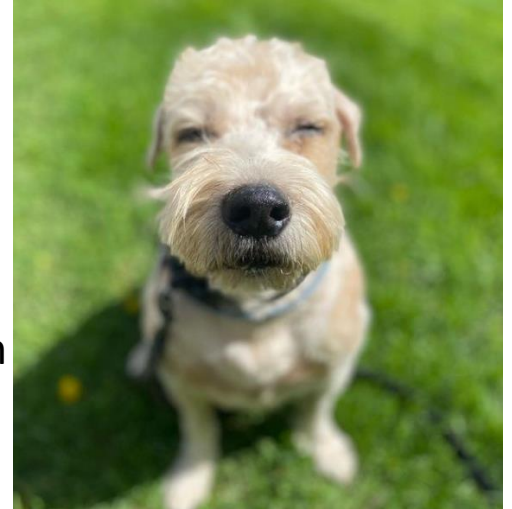
Research and teaching assistant at IB since 2021

MSc student majoring in Marketing

Research interests: CSR, consumer psychology, consumer neuroscience

♥ Consultant work for URHEA's Olympic swim team and the business association KTY, spinning, boxing, outdoors

♥ Special shoutout to Rollo, my 12,5-year-old doggo



➔ **You – the participants**

Name, home institution, major, fun fact 😊

What are your expectations regarding the course?

Discuss in groups of 3-4 students (10 min)



What is international business (IB)?



For the only way in which a durable peace can be created is by world-wide restoration of economic activity and international trade.

(James Forrestal)

izquotes.com

What is international business (IB)?



Focus on *inter/national* and *business*:

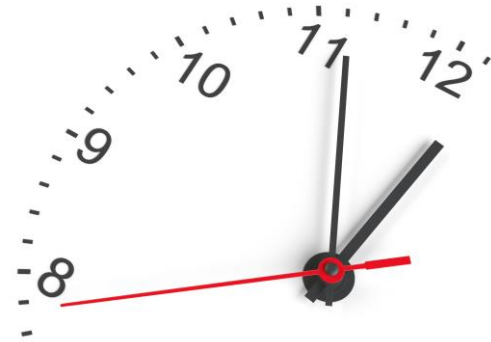
- International context:
 - How to operate in different geographical, cultural, institutional contexts
- Country perspective:
 - Economic (and political) engagement between nations
- Firm perspective:
 - Why and how firms go abroad
 - How to manage international businesses
 - The actors: MNEs, EMNEs, BGs, INVs

Comparative research also part of international business research

Timeline of international business thought

Concept of International Business

- Before the Second World War (WW II) IB and internationalization replaced imperialism as way of framing cross-border activity
 - The concept took off after WW II when countries started to cooperate in increasing fashion



Stages of IB thought

- 50s-70s: Explaining investment flows between countries
- 70s-80s: Explaining existence of multinational enterprises and firm internationalization process
- Mid 80s-00s: Global perspective: The role of small and medium-sized enterprises expanding rapidly against the logic of dominant IB models
- 00s -> Multinational enterprises from emerging economies and increasing role of corporate social responsibility
- Future: Grand challenges

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SINCE 1828

disruption noun



Save Word

dis·rup·tion | \ dis-'rəp-shən  \

plural **disruptions**

Definition of *disruption*

: the act or process of disrupting something : a break or interruption in the normal course or continuation of some activity, process, etc.

// disruption of sleep

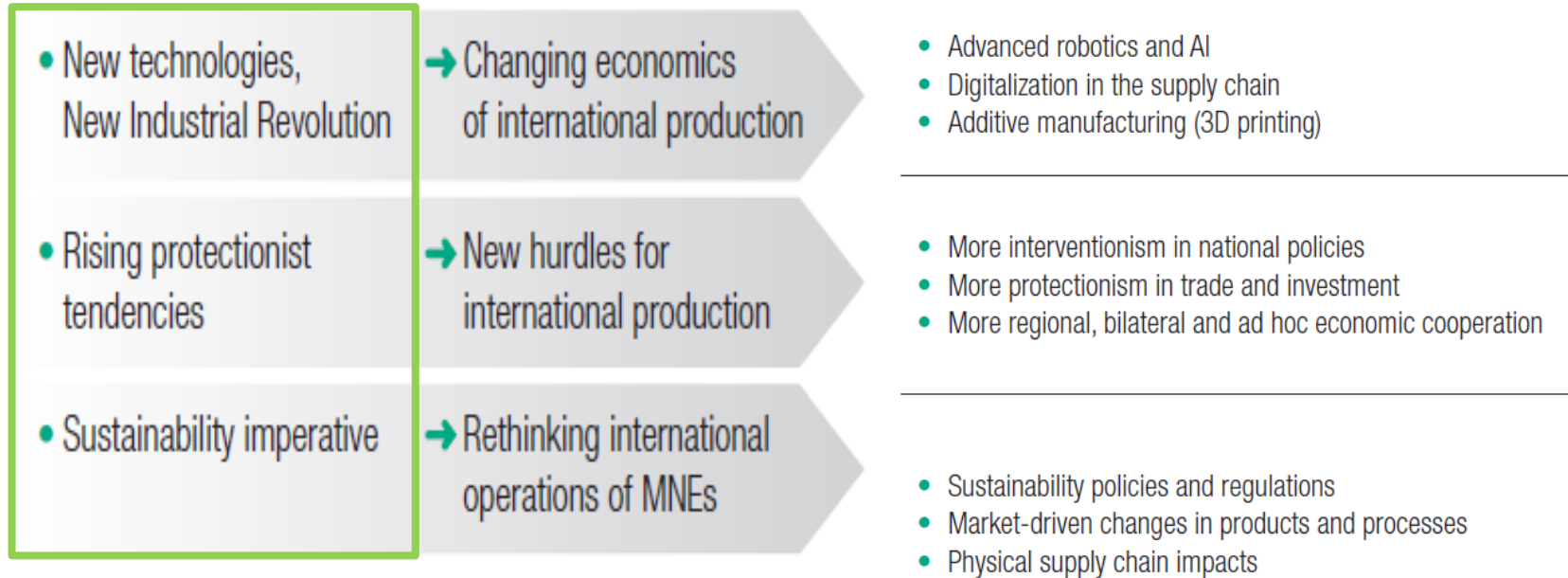


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Finnish Innovation Fund Sitra: Megatrends in 2023

- Megatrends are long-term change patterns that persist over time
- They involve multiple interconnected phenomena and have a global impact
- Five megatrends:
 - 1) People: Growing challenges of well-being
 - 2) Power: More intensive battle for democracy
 - 3) Economy: Cracking of economic foundations
 - 4) Technology: Tightening of the competition for digital power
 - 5) Nature: Eroding carrying capacity of nature

Megatrends behind the current disruptions



Ukraine war started when the world was still recovering from the pandemic



Trends arriving at “boiling point”

- New technologies, New Industrial Revolution → Changing economics of international production
- Rising protectionist tendencies → New hurdles for international production
- Sustainability imperative → Rethinking international operations of MNEs

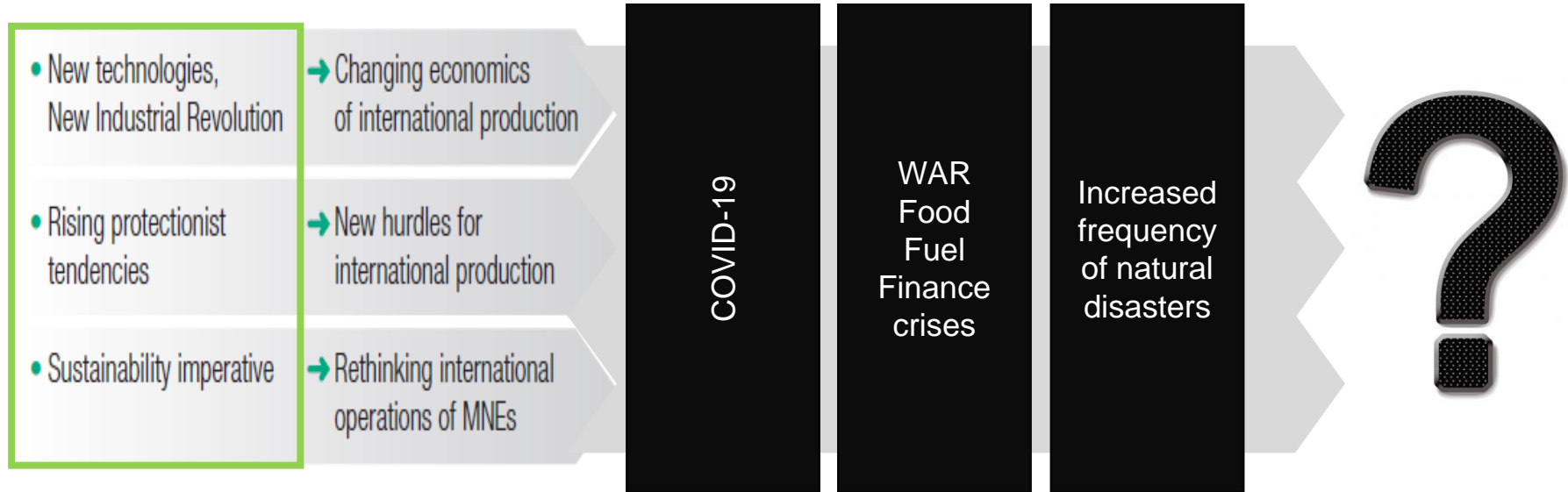


COVID-19

- Immediate impact**
 - Production and supply chain disruptions
 - Global recession
 - Supply and demand shock
- Longer-term impact**
 - Imperative to increase supply chain resilience
 - Pressure to increase national/regional autonomous productive capacity



Era of disruptions and “permacrisis”



“Permacrisis” = continuous and extensive period of time characterized by uncertainty and turmoil (The Economist, 2023, p. 11)

Group discussion (10 min)

What are the disruptions that you are the most interested in and why?

Be prepared to discuss this with the whole class.



Some notable effects of disruptions on individuals and firms in 2022 and 2023



**Significant increase
in food and energy
prices**



Lack of workers



**Increased interest
rates**

Disruptions do not only pose challenges, but they also provide organizations with opportunities



Future opportunities



- 1) People: Holistic well-being
- 2) Power: Strong trust and participation
- 3) Economy: Restorative and regenerative economy
- 4) Technology: A fair digital world
- 5) Nature: Ecological reconstruction

Making sense of disruptions and megatrends

Disruptions and megatrends are important source of dangers and opportunities

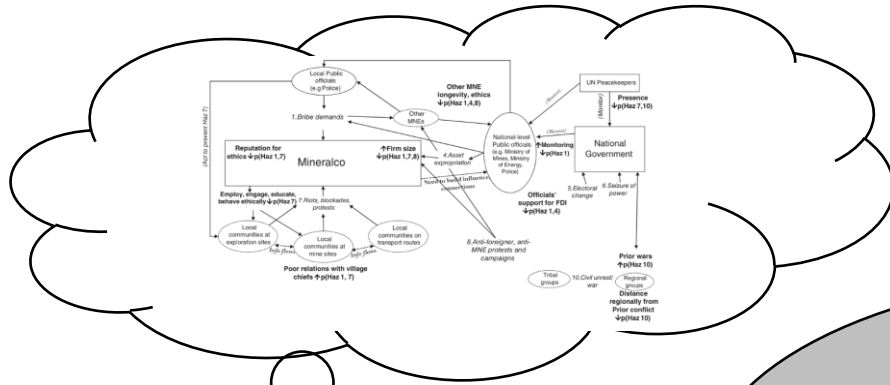
- But making sense of them is hard
 - Uncertainty, unpredictability
- Bounded rational actors
 - Our very limited cognitive capacity
 - Complexity of IB environment
 - Humans are complex bundles of scripts, schemas, habits, routines and other “products” of packaged/structural knowledge
 - But they might be completely unfitting for understanding new situations or foreign environments



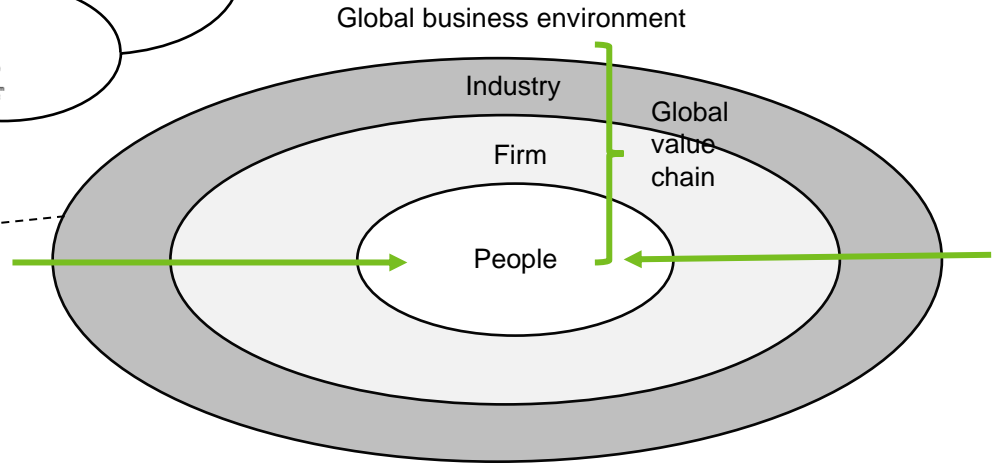
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Course design: Learning to analyze key aspects of International Business



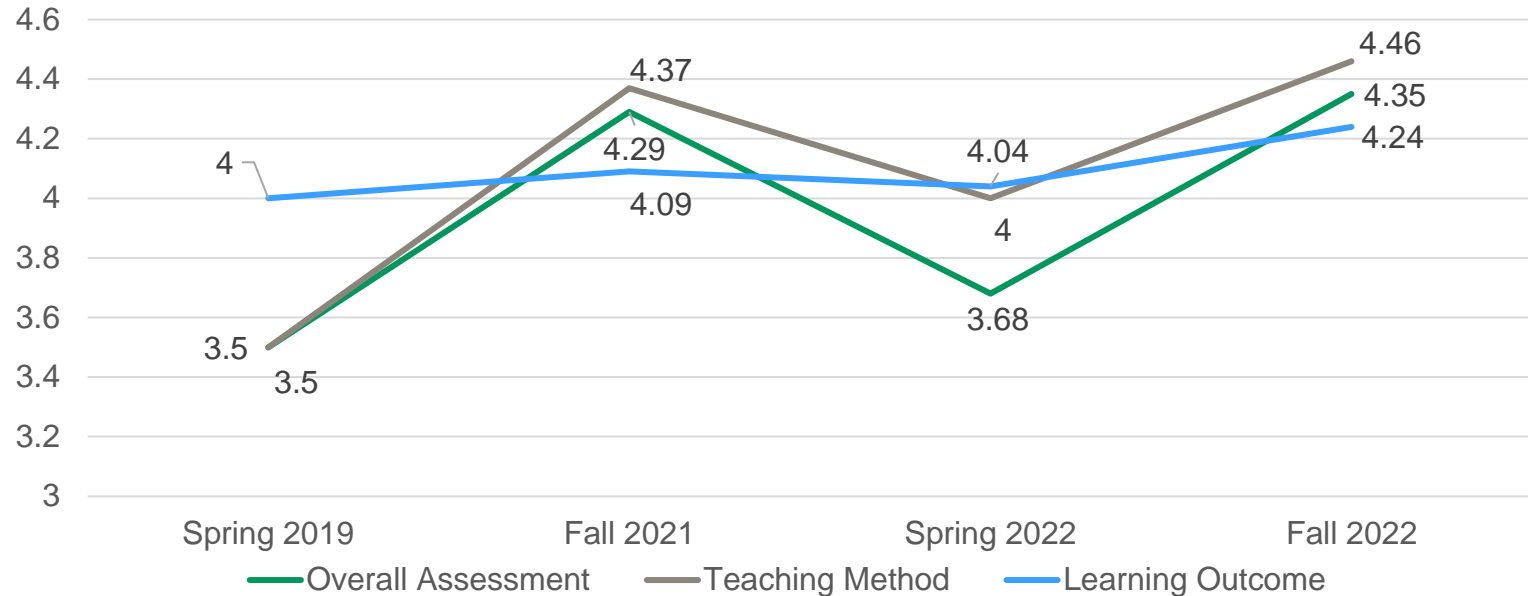
- SWOT
- Five forces
- PESTEL
- Uppsala model



Using theories as analytical tools

- Theories are NOT treasure maps!
- They DO NOT seek to predict the future, nor provide step-by-step guidance
- They seek to identify important mechanisms and patterns and they provide explanations
- They are tools for unpacking the complex environment into understandable and manageable pieces!
 - The point is to learn to approach problems scientifically and make informed decisions

Student course feedback 2019-2022



Continuous development of the course

Feedback on the course in 2022	What we will do in 2023
<p><i>"In my case, the factor that most motivated me and helped me to learn was the reflection papers. With these, I aroused curiosity about many topics that made me do a lot of research and think about them.."</i></p>	<p>We are glad the reflection papers mostly served their purpose! Reflection papers are good for making you think more deeply about the course materials. For this year, we have kept the reflection papers but reduced their total number and made them more comprehensive.</p>
<p><i>"I found it really interesting that we had an opportunity to listen to so many guests and experts. It was really nice, thank you for that!"</i></p>	<p>Student feedback on guest speakers was excellent last year. We are very fortunate to have several guests this year, too. We will also have a company visit to Iceye.</p>
<p><i>"It's the first time I've personally experienced the pre-assignment concept and I found it very effective and it helped to be more focus on the topic in the class."</i></p>	<p>We are happy to hear this and we will keep the pre-assignments for this year, as well.</p>

Learning outcomes

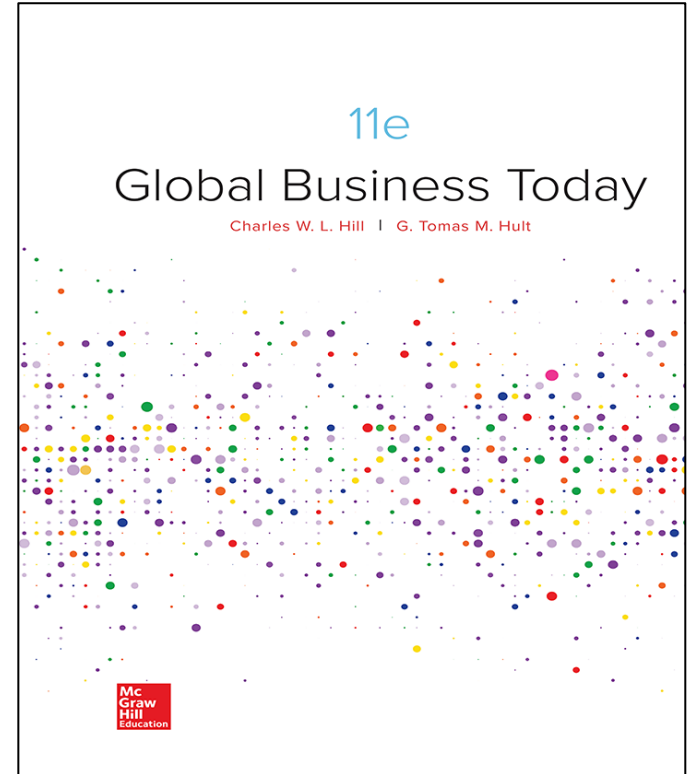
- enhanced awareness of the differences in global business environment, including political, regulatory and cultural aspects
- improved understanding of the suitability of various ways to conduct business across contexts, including adaptation
- appreciation of ethical and social responsibility issues
- ability to analyze and plan global business activities
- ability to solve problems presented in real-life cases

In addition: You will develop your communication and presentation skills, teamwork skills in diverse teams, and critical source analysis.



Readings and lecture material

- Global Business Today, 10th or 11th edition, by Charles W. L. Hill and G. Tomas M. Hult, McGraw-Hill, 2018 or 2020, international edition.
- Case: Carlsberg Breweries A/S: Facing Political Risk in Russia
- Readings assigned for most sessions, please come prepared!
- The slides are made available after class



Session	Date	Topic(s)	Lecturer(s)	Readings	Assignment
1	Wed 11 Jan 13:15 – 16:00	Introduction and course practicalities	AN & RP	Hill & Hult, Ch 1 Niittymies, 2020	In-class assignments
2.	Fri 13 Jan 13:15 – 16:00	The global business environment: political, economic, and legal dimensions	AN & RP	Kobrin, 2017 Case: Carlsberg	Quiz 1 pre-assignment due
3.	Wed 18 Jan 13:15 – 16:00	Geopolitical risks: China in focus	Guest: Eric Hundman, China Office of Finnish Industries AN & RP	Hill & Hult, Ch 2 Lee & Glosserman, 2022	Quiz 2 pre-assignment due Reflection paper 1 due on Jan 16
4.	Fri 20 Jan 13:30 – 16:00 Iceye company visit, Maarintie 6 B	Disruption as a business opportunity: A start-up perspective Company visit followed by team meetings for the case study in class	Hosts: Silja Lehti, Adam Qawasmeh	Péterfi, 2022	Submit questions for Iceye's representatives by 19 Jan
5.	Wed 25 Jan 13:15 – 16:00	International Human Resource Management Managerial decision-making Team meetings for the case study	AN & RP)	Hill & Hult, Ch 17 Maitland & Sammartino, 2015	Quiz 3 pre-assignment due

6.	Fri Jan 27 13:15 – 16:00 Class exceptionally held in Y-405	Internationalization process Market entry modes	Guest: Catherine Welch, Trinity College Dublin, AN & RP	Welch, Benito, & Petersen, 2019 Hill & Hult, Ch. 12	Quiz 4 pre-assignment
7.	Wed Feb 1 13:15 – 16:00	Internationalization of small firms	Guests: Hiroshi Kanno, Waseda Business School, Arto Lindblom AN & RP	Florida & Hathaway, 2018 Lazarow, 2020 Case: Moomin in Japan	Reflection paper 2 due 30 Jan Quiz 5 preassignment due
8.	Fri Feb 3 13:15 – 16:00	International finance International marketing	Guest: Dean Timo Korkeamäki AN & RP	Hill & Hult, Ch 11 & 16 (Ch. 10 optional)	Quiz 6 preassignment due
9.	Wed Feb 8 13:15 – 16:00	Team presentations	AN & RP	Team presentations of case studies	
10.	Fri Feb 10 13:15 – 16:00	Team presentations Course wrap-up	AN & RP	Team presentations of case studies	
	Mon Feb 20				Final reflection paper due Feb 20

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Assessment and grading

Course assessment will be based on the following components:

1. Individual assignment (pre-assignments and pre-assignments paper): 50%
2. Case studies done in teams formed by us: 40%
3. Class attendance and active participation (10%)

Final grade (0 to 5) is based on the 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

NB: All assignments must be returned to pass the course.

1) Individual assignments (50%)

Individual assignments

Maximum 50 points = 50% of total grade

Short reflection papers (2 x 9 points)

- Present YOUR key learning
- Reflect, for example, on what you found surprising, particularly interesting, or things that you do not agree with

Final paper (20 points)

- Answer to the assigned questions

Pre-class assignments (12 points)

- completed in MyCourses

Course feedback survey (2 extra points)

Format:

- Max. 2 pages (final paper 5 pages), font 12, line spacing: 1,5
- Upload the assignment to the submission box in MyCourses by 17:00 on Monday of the submission week

Tips for reflection papers

- Aim at elaborating your reflections. For example, what do you find interesting in the material and why, is there something to critique or develop in the models that have been presented in the material, how does the knowledge you have gained support your own aims
- Make the paper coherent: Connect your thoughts
- Focus on a couple of topics and elaborate on them rather than covering many topics without going into detail
- Sharing a personal experience and then tightly connecting it to the learning material is a great way to structure a reflection paper but it is not a requirement

Final paper (20 points)

1. How has your understanding of the global business environment, disruptions and their impact on organizations changed during the course? (5 points)
2. Assess Carlsberg's geopolitical risk in Russia by using the multilevel approach by De Villa (2022) covered in session 2. If you were the CEO of Carlsberg, what would you do with the Russian operations and why? If you argue for downsizing or divestment, explain how this should be done. (5 points)
3. You are at a job interview of company of your choice (e.g. choose a company discussed during the course, except for Carlsberg, or your own case company). How would you answer to the following questions (please identify the company before your answer):
 - List three possible disruptions that are the most relevant for this company. Why are they relevant?
 - What possibilities and threats do these disruptions present to the company? How should the company respond to these disruptions, or should it? (5 points)
4. Analyze your teamwork from a diversity and inclusion perspective. How did it go? What were the barriers or opportunities? Why? (5 points)

Critical thinking and analysis of data sources



Aims and reasons for source analysis

Why it is important to use critical source analysis while conducting research

Reliability

- To be able to evaluate how reliable the information given by a source is

Plausibility

- To be able to make sound and credible claims that acknowledge the values, limitations and “biases” of any source

Contextualisation

- To be able to recognize that all information is bound by time and place

Ethics

- To be able to respect others by giving credit to their work
- To be able to make fair and reasonable evaluations, analysis, and conclusions



Origin, purpose and content

**WHO
WHAT
WHY
WHEN
WHERE**

What to ask the sources

THE ORIGIN (CONTEXT)

Who created it?

When was it created?

Where was it created?

What is it? (text type/image/speech...)

THE PURPOSE

Why was the source created?

Who is it meant for?

THE CONTENT

What type of language is used? (Neutral, aggressive, ironic...)

What is the tone? (Persuasive, proud, convincing, apologetic...)

What information is the source trying to convey?

What is the aim of the source?

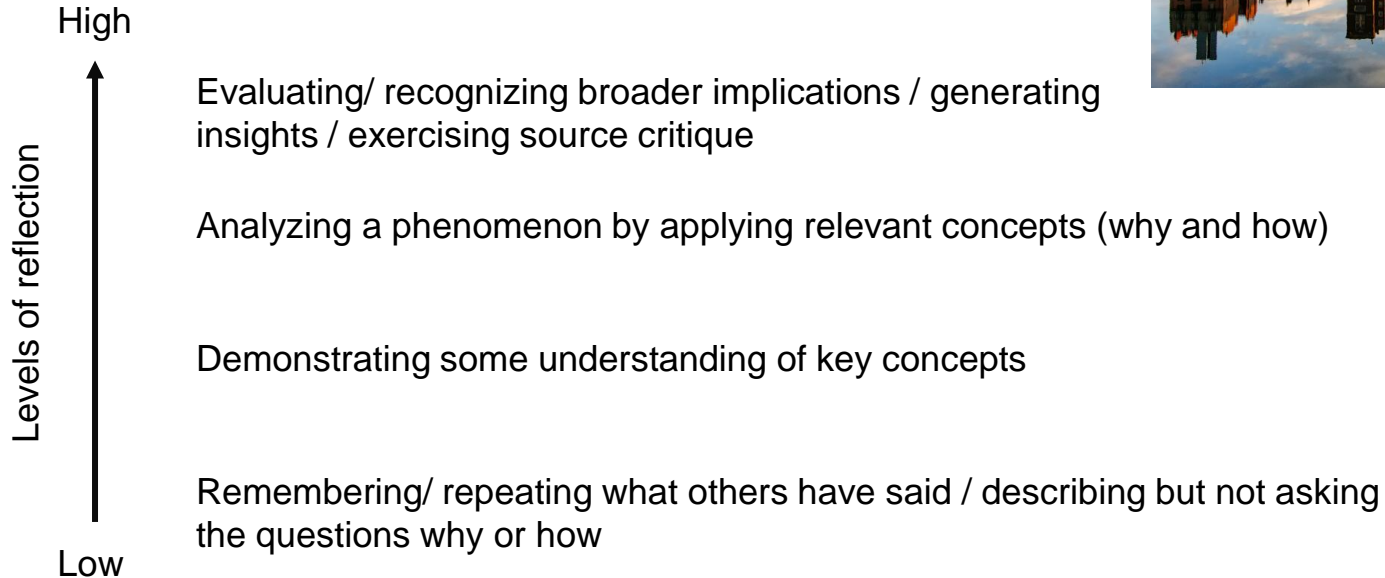


Examples of values and limitations of sources

All sources have their values and their limitations!

Source	Values	Limitations
Researcher/professor	<ul style="list-style-type: none"> • Professionals and experts in their field • Knowledge and training • Methodological expertise • Often years/decades of experience 	<ul style="list-style-type: none"> • In-depth knowledge limited to that of their field • Expertise might be limited to their specific research topic(s) • May be influenced by external and internal factors (values of the organisation, personal values and views, politics, past experience...)
The media (TV, newspapers, radio...)	<ul style="list-style-type: none"> • Can reflect publicly held views or popular opinion • Might offer an expert view • Can give insight into contemporary opinions 	<ul style="list-style-type: none"> • Can be politically influenced or censored • May give only an "overview", not specifics • May give a narrow and one-sided perspective • Can emphasise minor details • May have limitations due to tone, language, and expression
Statistics	<ul style="list-style-type: none"> • Can offer insight into growth and decline • May suggest correlations between indicators • May suggest the impact of an event or its results over time • Makes comparisons easier 	<ul style="list-style-type: none"> • Gathered for different purposes (e.g. political, economic...) and can be deliberately distorted • May relate only to a specific location or a time period • May suggest incorrect correlations (in the case of other causal factors missing from the set)
Government records and documents, speeches	<ul style="list-style-type: none"> • May show the government's position on an issue • Can offer insight into decision-making process • May reveal motives for policies • Can show what public has been told about an issue or an event by the government • May be well-informed analysis 	<ul style="list-style-type: none"> • Often do not offer insight into the results of policies and decisions • Might not reveal dissent or divergent opinion • Can be used to keep sensitive information classified • May not explain the motives for a decision • May have limitations due to tone, language, and expression

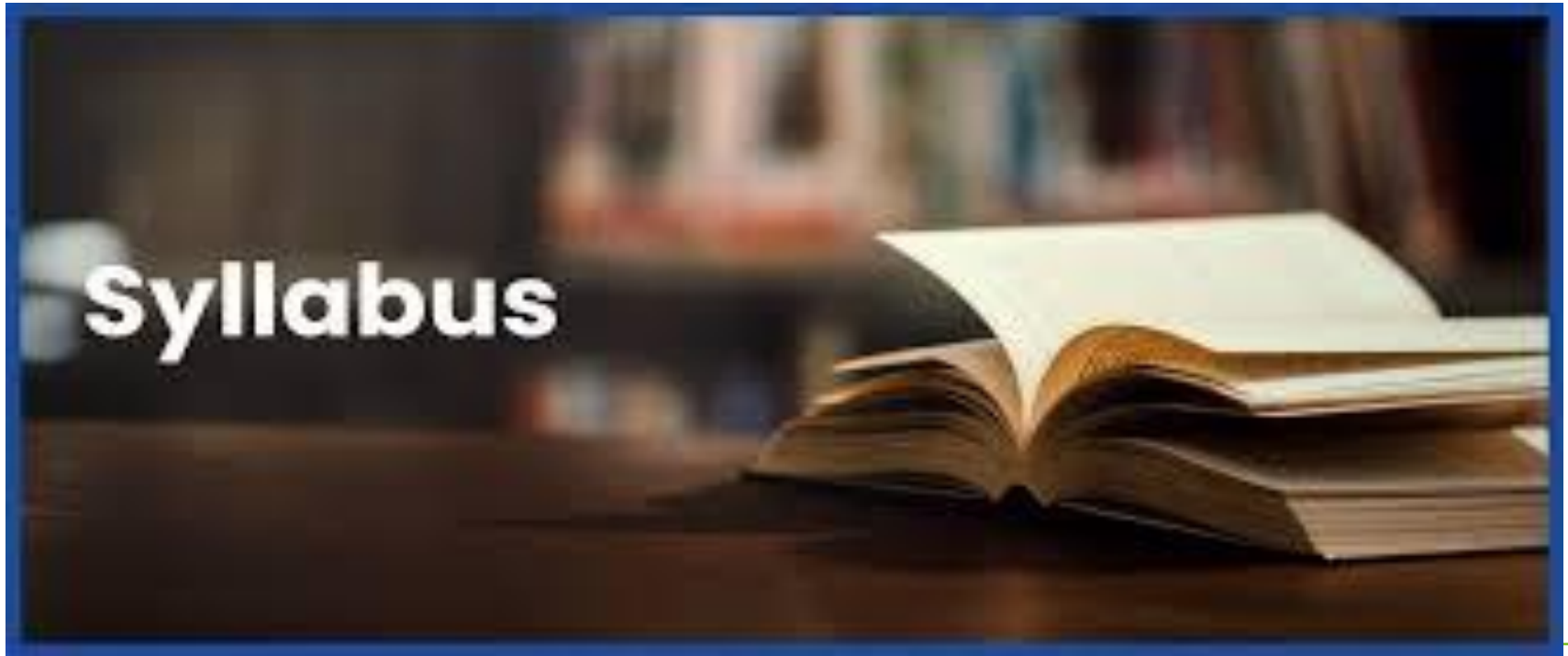
Evaluation of reflection papers



Pre-class assignments (12 points)

- 6 quizzes (sessions 2, 3, 5, 6, 7, 8)
 - 4 multiple choice questions in each quiz
 - 0,5 points per question = max 2p for each quiz
- Based on mandatory readings assigned to each session
 - Detailed in the syllabus
- Must be done **before** the session in Mycourses!
 - After each session, next session's quiz will be opened in Mycourses

Read the syllabus!



**2) Case studies done in teams
formed by us (40%)**

Case study in teams

Maximum 40 points = 40% of total grade

- Each team will consist of 4-5 students formed by the teachers at the start of the second week (if you decide not to take this course, please let us know)
- Diversity as a criterion in team formation to simulate learning of global teamwork in professional settings
- The teams will themselves choose a case company and a relevant topic that presents a problem – or an opportunity – in the era of disruptions and has a significant international dimension
- There are two deliverables:
 - i. a set of Power Point (or equivalent) slides and Q&A (30%)
 - ii. an executive summary (1 page, 10%).
- Deadline: All material must be uploaded on MyCourses by noon on February 7

Case study in teams

Maximum 40 points = 40% of total grade

- Illustrative type of case company:
 - IT SME / B2B
 - IT SME / consumers
 - IT MNE / B2B
 - IT MNE / consumers
 - Manufacturer SME / consumers
 - Manufacturer SME / B2B
 - Manufacturer MNE / consumers
 - Manufacturer MNE / B2B
 - Service MNE / B2B
 - Service MNE / consumers
 - Service SME / B2B
 - Service SME / consumers
 - NGOs
 - Social Enterprise

Team meetings and consultation

- During class on Jan 20 and Jan 25
- Teams will be given specific meeting times with 10-15 min slots
- Please, come prepared with questions and issues that you want to discuss or ask about

Team presentations of the case study in class

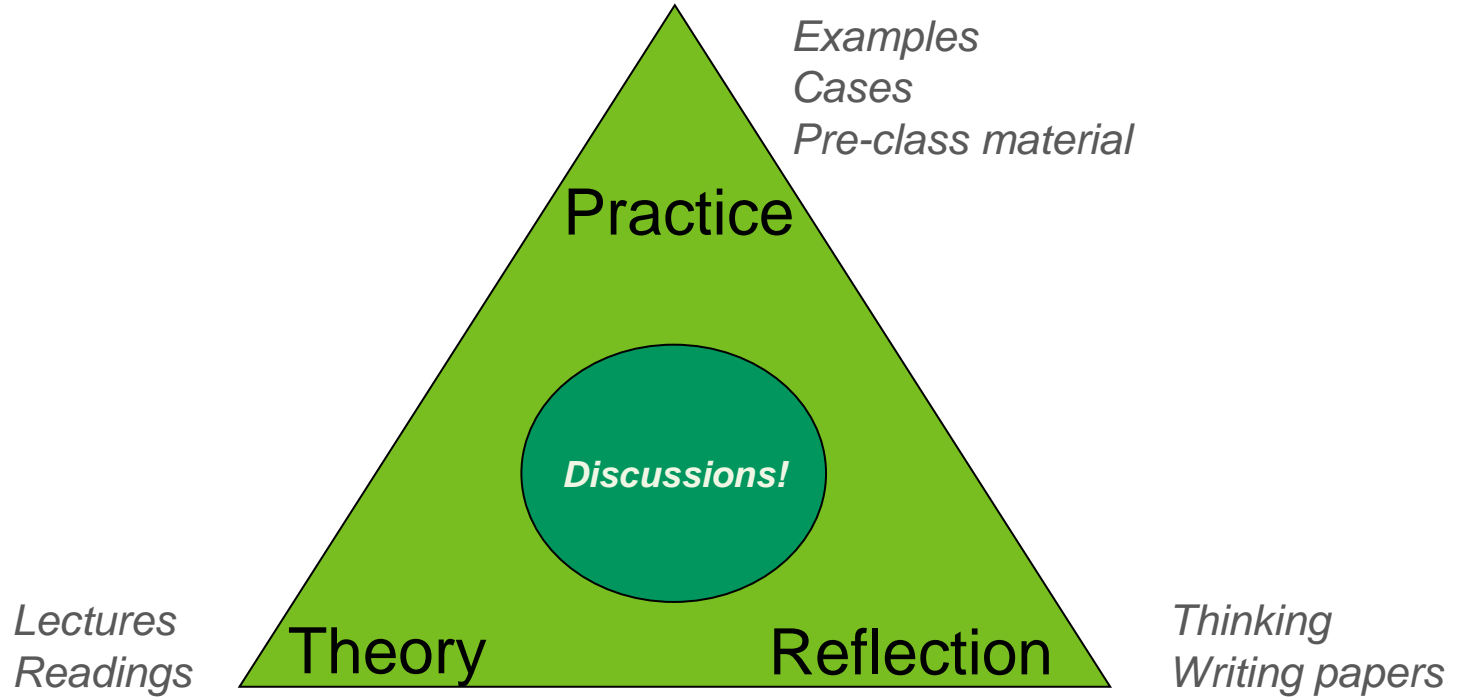
Team presentations take place on February 8 and 10

- Length of presentation: 8-10 minutes, plus a discussion of approx. 5 minutes led by the appointed “discussant team” (exact times tba)
- All group members are expected to present
- Collective responsibility for the group work
- Criteria: relevance, logic, clarity, insights, ideas, fluency, visuals

Guidelines for the case study

- Identify a relevant business problem or opportunity in the era of disruptions that has a significant international business dimension
- Describe the case company's current situation and its strengths and weaknesses
- Articulate a research question(s) that guides your work
- Detail the data sources, assess them and explain the analysis
- Discuss and evaluate how the identified disruption influences the firm's international operations: What kind of opportunities and challenges arise from the interplay between the disruption, the foreign environment, and the case company? What are your recommendations for the case company?

This is how we will work



3) Class attendance and active participation (10%)

Class attendance and active participation are integral parts of learning

Active participation (10%)

- We are a diverse group: by sharing your experiences and viewpoints we can all learn from each other!
- 7/10 of the lectures must be attended [those attending online, please sign in to Zoom with your name as the attendance is taken based on that]
- Please note that only students who attend the course through the ECOL network or students who are too sick* to attend the class can attend the course online

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3. Global teamwork



Global teams

What is a global team?

- A small group of people with a common task
- Often virtual as members dispersed across locations

Global teams increasingly common in multinational firms

Depth and diversity of knowledge, and flexibility are potential advantages of global teams...

...but geographic and cultural distance create obstacles to team performance

Photo by [Naassom Azevedo](#) on [Unsplash](#)

“On average, homogeneous teams perform better than diverse teams; but the best diverse teams outperform the best homogeneous teams.”



Diversity and dispersion in teams: Barriers and opportunities

	Barriers	Opportunities
Diversity	<p>Tendency towards:</p> <ul style="list-style-type: none">• Less effective communication• Increased conflict• Lower alignment on task	<p>Potential for:</p> <ul style="list-style-type: none">• Increased creativity and innovation• More complete and comprehensive perspectives, stakeholder coverage
Dispersion	<p>Difficult to achieve and maintain basic team conditions, due to:</p> <ul style="list-style-type: none">• Limited communication• Invisible relationships• Logistical challenges	<p>Potential for:</p> <ul style="list-style-type: none">• More complete and comprehensive perspectives, stakeholder coverage• Focused, objective, balanced communications



(Pucik et al., 2022)

How to improve the odds of success?

- **Importance of staffing**

- Required competencies? In firms often a challenge: the best people are rarely available...

- **Clarity and shared commitment to team goals**

- Clear goals and deliverable distinguish a team from a committee
- Joint commitment (“we”!) and accountability

- And clear **roles** within the team, linked with timelines and milestones

- **Agreement on processes**

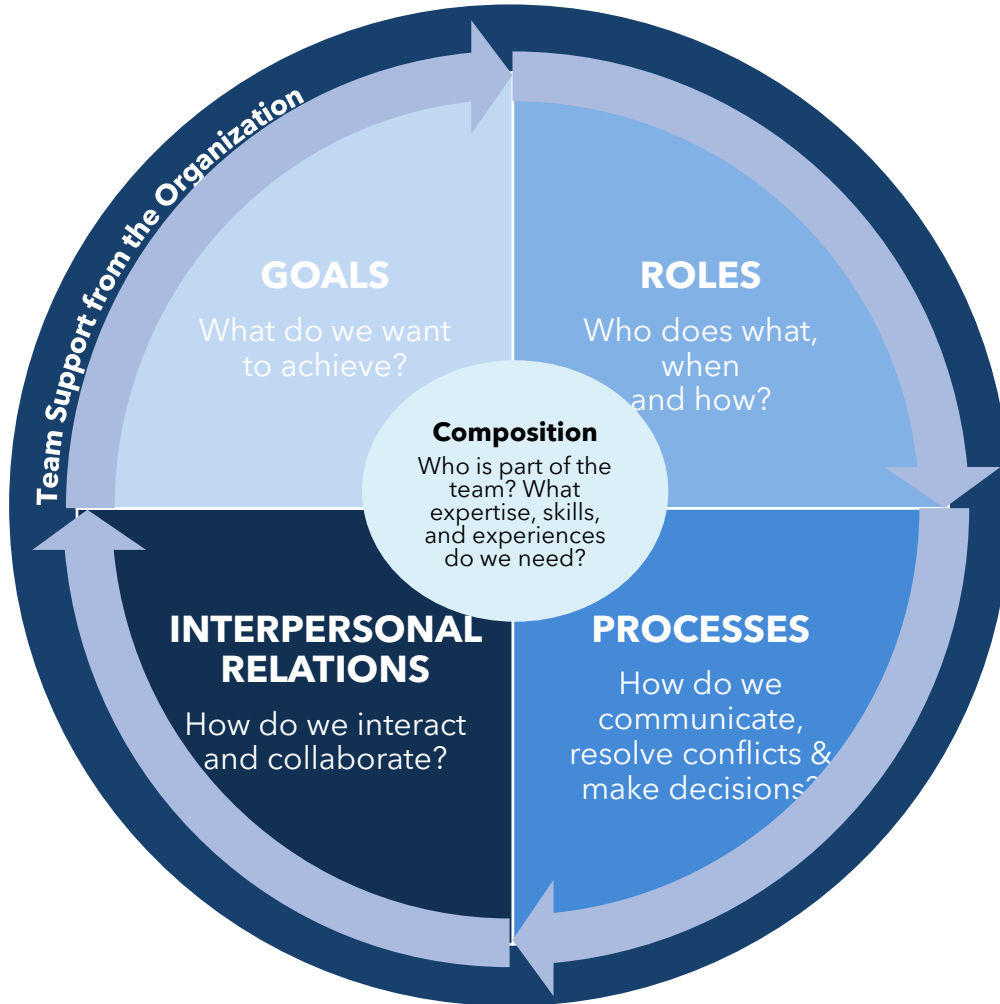
- Behavioral norms: Work practices, progress (reporting), quality standards?
- Temporal norms: Email response times, deadlines, etc.?
- Communication norms: How and how often do you communicate to discuss tasks and build relationships?

- **Building on relationships**

- Personal relationships facilitate the working of international teams
- In the start-up phase it is important to commit time to build **trust** – face-to-face meetings often indispensable

Source: Parts adapted from Niina Nurmi





Team task: Create your team rules based on the **GRPI Model of Team Effectiveness**

(Pucik et al., 2022)

Today's key takeaways

- Disruptions making the operating environment dynamic and difficult to predict
 - Megatrends + COVID-19 + war + natural disasters + + +
 - Posing challenges but also opportunities
- Context is the key in international business (IB) as a discipline
 - Managers must be sensitive to differences between countries, and must adopt appropriate policies and strategies for coping with them



Concepts / frameworks / tools

- Presentation structure
- The GRPI Model of Team Effectiveness

Next: Session 2, Fri Jan 13

The global business environment



- Read Kobrin, 2017 and the Carlsberg case
- Quiz 1 pre-assignment is due before the class

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Questions?

- Ask now
- Ask any time during or after the lectures
- Ask via e-mail:
rebecca.piekkari@aalto.fi and
aleksi.niittymies@aalto.fi for course
content or viola.kilpelainen@aalto.fi
for practicalities

