

## **Firms and Business Environments (22038-V)**

Department of Management and Organisation

Basic intermediate level, 6 ECTS

22.10.2018 - 07.12.2018

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*PLEASE NOTE: This is a preliminary course outline and may be subject to change.*

### **Course homepage**

The course page in Moodle: <https://moodle.hanken.fi/moodle/course/view.php?id=1856>

The password for accessing material on the course page in Moodle:

### **Aim of the course**

The aim of the course is to develop students' understanding of firms, particularly multinational corporations (MNCs), and the business environments in which they operate. This course examines international business issues from management, organisation, and political economy perspectives. At the end of the course, students are expected to be able to describe key concepts and models related to international business and international management, as well as to be able to apply these concepts and models to critically analyse situations and develop solutions to problems related to international business.

After completing the course, students will be able to:

- identify alternative modes of market entry into foreign markets
- acknowledge the political and institutional forces driving and shaping business in different environments
- detect different strategies of MNCs
- describe cultural differences and their business and economic implications
- identify ethical issues faced by MNCs

### **Previous knowledge required**

You are expected to have basic knowledge of business management and organization prior to taking this course. Lectures, seminars, course materials, and all written assignments will be in English, so an excellent command of English is required.

### **Course description**

The course consists of lectures, seminars, short essays, and a group assignment.

## I. Lectures

Lectures will be given by Dr. Sofia John. Please prepare for the lectures by studying the assigned readings (see course schedule and literature list below). Attending the lectures is not mandatory, but strongly recommended. Together with the course readings, the material covered in the lectures forms the basis for the discussion in the seminars and group assignments. Lecture slides can be downloaded from the course page in Moodle after each lecture.

## II. Seminars

The purpose of the seminars is to discuss real-life or fictional cases addressing problems, challenges or developments experienced by an international or internationalising firm. This enables participants to deepen their understanding of concepts and models introduced in the lectures and the course readings by applying them to such cases. The conceptual and theoretical tools presented during the lectures and in the course readings will be used to analyse the situation described in the case, or/and to develop potential solutions to problems described in the case materials.

Seminar groups. Depending on the number of course participants, there will be either one or two seminar groups. You will receive information on this and how to sign up for a seminar group once the course has started.

**Attending the seminar sessions is mandatory.** Please contact the course examiner ([sofia.john@hanken.fi](mailto:sofia.john@hanken.fi)) in the case of extenuating circumstances (e.g. illness).

Seminar cases. Case materials will be made available on the course page in Moodle.

Preparation for seminars and individual assignments. Please read the case materials of the first seminar session beforehand. To prepare for seminar sessions 2, 3 and 4, participants are asked to read the case materials and write a **short essay on each case in advance**.

You must submit one essay on each of the cases discussed in seminars 2, 3 and 4 (three essays in total) online in Moodle. Essays should be 800-1250 words in length, including everything (also references). Note that you cannot submit essays longer than 1250 words. **The deadline for submitting each essay is Tuesday 12:00 before the seminar** each week.

The case materials and questions to be addressed in each essay can be found on Moodle. **Make use of the concepts, theoretical models and insights presented and discussed during the lectures in answering these questions.** More information about how to approach a case will be presented in the first seminar.

Also note that the materials for seminar 4 consist of two scientific articles – reserve time for reading them accordingly. Readings for Case 4:

Geppert, M., Williams, K., Wortmann, M. 2015. Micro-political game playing in Lidl: A comparison of store-level employment relations. *European Journal of Industrial Relations*, 21(3), 241-257

Skippari, M., Geppert, M., Williams, K. & Rusanen, O. 2014. The dynamic interaction between internal and external pressures for MNCs' HR management practices: The case of Lidl Finland. In T. Isidorsson (Ed.), *Threats and Possibilities Facing Nordic Working Life: The 7th Nordic Working Life Conference*, University of Gothenburg, Sweden, June 11-13, 2014. Book of Abstracts and Programme (pp. 207-208). Gothenburg: University of Gothenburg.

### III. Group assignment

Students working in groups of 2-3 persons are required to write a paper on one of the themes of the course. **The groups will present and evaluate each other's assignments.** The groups are assigned by the instructor.

Your group will need to select a topic for the assignment and a real-life case study/studies to be addressed. If you so wish, you can propose a more specific and detailed research question for the assignment as long as it fits one of the themes presented below. You can focus on one firm/event or compare a number of firms/events.

Signing up for the group assignments takes place in Moodle. You should **sign up for a group assignment topic no later than 12:00 on Friday 9<sup>th</sup> November. Please note that each group should submit only one proposal** (i.e., one member of the group signs up the entire group). Please present the final group composition, select the theme, define the case study/studies and, if you so wish, specified research questions and a title.

The themes are:

#### *1. The internationalization process*

Choose a multinational firm or firms and describe its or compare their sequence of market entry/withdrawal and choice of entry modes. You can focus the analysis on for example 4 entries of a single firm, or compare 2 entries by two firms. Answer either set of the following questions (depending on which one is more relevant for your chosen cases):

a) What have been the major changes in the firm's internationalization strategy over time? Why do you think they have occurred? To what extent can the internationalization process of this firm be explained with the Uppsala model of internationalization (see Johanson & Vahlne 2003)?

b) Describe the main advantages and disadvantages of each acquisition/merger involved in the firm's internationalization process. Why do you think these acquisitions/mergers occurred and succeeded or failed? What lessons could you draw from these acquisitions/mergers?

#### *2. In search of the global MNC*

Identify a multinational firm that can be considered to pursue a global strategy, follow a global mode of organizing, and/or have some other global characteristics. Answer the following questions: What exactly can be considered 'global' in how the firm is organized? How did the firm become 'global' (e.g., through what kind of internationalization process, or was it a 'born global firm')? What challenges has the firm faced in pursuing a global strategy? Would you recommend that the firm should consider changing its global strategy or/and organization?

#### *3. In search of the socially responsible MNC*

Identify a multinational firm that could be considered pursuing some CSR policy or practice internationally. What are the international aspects of the firm's CSR policy? What kind of international standards does it comply with? How do the CSR policies vary according to the different environments in which the firm operates? How does the firm respond in practice to

social expectations in different environments? What challenges has this firm faced in pursuing its CSR practices?

The group assignment includes two parts: the written assignment and a presentation. **Please note that groups will present and evaluate each other's work.**

Written assignment. Detailed instructions and evaluation criteria for the group assignment can be found on the course page in Moodle. The maximum length of the paper is 18 pages (inclusive of everything).

Please start working on the assignment early on to avoid any last minute catastrophes. Written assignments must be submitted online at Moodle. The deadline for submitting the group assignment is **Tuesday 27<sup>th</sup> November at 12:00 hrs.** The group works will be made available for download in Moodle ca. 1-2 hours after the submission deadline. The schedule for group assignment presentations will be made available on Moodle.

A revised version of any non-passing assignment is to be submitted by email to the instructor ([sofia.john@hanken.fi](mailto:sofia.john@hanken.fi)) no later than Tuesday 18<sup>th</sup> December at 12:00.

Please note that plagiarism – the theft or use of someone else's work without proper acknowledgement, presenting the material as if it were one's own – is a serious offence. Please read Hanken's guidelines on citations and referencing carefully; group assignments must be written in accordance with these guidelines. Detailed information on citations, referencing and style can be found online at:

<https://www.hanken.fi/en/about-hanken/organisation/library/write/referencing-tools>

Note that all group assignments are checked with plagiarism-detecting software.

Group assignment presentations and evaluation. Group assignments will be presented on Wednesday 5<sup>th</sup> December and **attendance is mandatory** (see schedule for details). **Each group will present another group's assignment.**

The groups should propose a grade (number of points with a breakdown for different sections) for the work they are presenting to the course instructor according to the evaluation criteria that are available on the Moodle page by Tuesday 4<sup>th</sup> December at 12:00. The instructor will assess the evaluations and, if necessary, revise them in order to ensure equal treatment of all groups.

Which group present and evaluate which assignment will be determined by lot by the instructor, and posted with presentation schedules on the course Moodle site after the assignment signup deadline.

Please present and evaluate the research setting (research questions, the justification for the case firm(s), and the conceptual framework) and the main findings (including analysis and conclusions) of the assignment. The maximum time for presentation is 15 minutes (may be revised depending on the number of groups). Please prepare slides and practise your presentation beforehand.

Some time will be reserved for open discussion after each presentation. Groups whose work has been presented have priority in commenting the presentations of their works.

The oral presentations of group assignments are evaluated on basis of clarity of presentation and quality of argumentation by the course instructor.

## **Evaluation**

The maximum number of points is 100, broken down as follows:

|  |   |
|--|---|
| *Three short essays                          | max. 30 points (max. 10 points per essay) |
| *Written group assignment                    | max. 40 points                            |
| Group assignment presentation and evaluation | max. 10 points                            |
| Seminar attendance                           | max. 4 points (1 points per seminar)      |
| Lecture attendance                           | max. 16 points (2 point per lecture)      |

In order to pass the course, you need to get at least 50% of the points in each of the sub-parts marked \* (i.e., in the written group assignment, and in the essays) and fulfil attendance requirements. **Seminar attendance and group presentation attendance are mandatory.**

The group assignment (both the written assignment and the presentation) will be assessed as a joint effort, that is, everybody receives the same number of points. Group assignments submitted after the deadline will be penalised by 5 points per day, so do remember to submit the assignment on time. The language used in the group assignment and essays is English.

Please note that the points you receive for the sub-parts are valid only during this academic year.

## **Attendance requirements**

Attending the lectures is strongly recommended, as the content of the lectures will help you to analyse the cases for the seminars and help you with your group projects. **Attending the seminar sessions is mandatory.** Please contact the course examiner ([sofia.john@hanken.fi](mailto:sofia.john@hanken.fi)) in case you are unable to attend a seminar.

## **Readings**

The course readings consist of the articles listed below and selected chapters of the textbook Hill, C. 2014. *International Business: Competing in the Global Marketplace*. Boston: McGraw-Hill (7<sup>th</sup> edition or later – the 10<sup>th</sup> edition from 2014 is recommended). Chapters relevant to different lectures are marked in the course schedule below (chapters are marked from the 10<sup>th</sup> edition).

- \*Aggarwal, R., J. Berrill, E. Hutson and C. Kearney, 2011. What is a multinational corporation? Classifying the degree of firm-level multinationality. *International Business Review*, 20, 557-577.
- \*Bartlett, C.A. & Ghoshal, S. (1989). *Managing Across Borders. The Transnational Solution*. Boston: Harvard Business School Press.
- \*Bahadir, Bharadwaj and Srivastava (2015) Marketing mix and brand sales in global markets: Examining the contingent role of country-market characteristics, *Journal of International Business Studies*, 46, 596-619.
- \*Cavusgil S & Cavusgil E. 2012. Reflections on international marketing: destructive regeneration and multinational firms. *Journal Of The Academy Of Marketing Science*, 40(2), 202-217.
- Harzing, A.W., 2000. An empirical analysis and extension of the Bartlett and Ghoshal typology of multinational companies. *Journal of international business studies*, 31(1), pp.101-120.

- \*Hofstede, G., 1983. The cultural relativity of organizational practices and theories. *Journal of International Business Studies*, 14, 75-89.
- \*Johanson, J. and J.-E. Vahlne, 2003. Building a model of firm internationalisation. In: A. Blomstermo and D. D. Sharma, eds., *Learning in the Internationalization Process of Firms*. Cheltenham: Edward Elgar Publishing, 3-15.
- Johanson, J. and Vahlne, J.E., 2009. The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership. *Journal of international business studies*, 40(9), pp.1411-1431.
- Kostova, T. and Roth, K., 2002. Adoption of an organizational practice by subsidiaries of multinational corporations: Institutional and relational effects. *Academy of management journal*, 45(1), pp.215-233.
- \*Kim, W.C. and R. Mauborgne, 2009. How strategy shapes structure. *Harvard Business Review*, September, 73-80.
- \*Luo, Y. and Shenkar, O., 2006. The multinational corporation as a multilingual community: Language and organization in a global context. *Journal of International Business Studies*, 37(3), pp.321-339.
- \*Marschan, R., Welch, D. and Welch, L., 1997. Language: The forgotten factor in multinational management. *European Management Journal*, 15(5), pp.591-598.
- Matten, D. and Moon, J., 2008. "Implicit" and "explicit" CSR: A conceptual framework for a comparative understanding of corporate social responsibility. *Academy of management Review*, 33(2), pp.404-424.
- \*Meyer, C.B., and E. Altenborg, 2008. Incompatible strategies in international mergers: The failed merger between Telia and Telenor. *Journal of International Business Studies*, 39, 508-525.
- Morgan, G. and Hull Kristensen, P. 2006. The contested space of multinationals: Varieties of institutionalism, varieties of capitalism. *Human Relations*, 59, 1467-1490.
- Perlmutter, H. 1969. The tortuous evolution of the multinational corporation. *Columbia Journal of World Business*, 4(1), 9-18.
- \*Prahalad, C.K. and K. Lieberthal, 2003. The end of corporate imperialism. *Harvard Business Review*, August, 109-117.
- \*Scherer, A. G. and Palazzo, G. 2011. The New Political Role of Business in a Globalized World: A Review of a New Perspective on CSR and its Implications for the Firm, Governance, and Democracy. *Journal of Management Studies*, 48, 899-931.
- \*Tung, R. 2016. New Perspectives on human resource management in a global context, *Journal of World Business*, 51, 142-152.
- \*Venaik, S., and P. Brewer, 2010. Avoiding uncertainty in Hofstede and GLOBE. *Journal of International Business Studies*, 41, 1294-1315.

Readings marked with \* are optional. The issues addressed in optional readings will be discussed during the lectures, but reading the articles is recommended to get better insight on their topics.

## Course schedule

| Wednesday | 10:15-11:45          | 12:30-14:00           | 14:30-16:00                     |
|-----------|----------------------|-----------------------|---------------------------------|
| 24.10     | Introduction         | Lec 1                 |                                 |
| 31.10     | Lec 2                | Lec 3                 | <b>Sem 1: All</b>               |
| 7.11      | Lec 4                | <b>Sem 2: Group 1</b> | (Sem 2: Group 2)                |
| 14.11     | Lec 5                | <b>Sem 3: Group 1</b> | (Sem 3: Group 2)                |
| 21.11     | Lec 6                | <b>Sem 4: Group 1</b> | (Sem 4: Group 2)                |
| 28.11     | Lec 7                | Lec 8                 |                                 |
| 5.12      | <b>presentations</b> | <b>presentations</b>  | (presentations) /<br>Conclusion |

Sessions marked in **bold** indicate **mandatory attendance**.

(A second seminar group will be formed depending on the number of students enrolled on the course.)

## Course programme

| <b>Date</b>  | <b>Time</b>                         | <b>Topics</b>   | <b>Readings</b>   |
|--------------|-------------------------------------|---|---|
| 24.10        | 10:15-11:45                         | Course introduction: what is the MNC and the business environment?            | Ch 1; Aggarwal et al., 2011; Perlmutter, 1969                     |
| 24.10        | 12:30-14:00                         | Globalization and the political-economic environment                          | Ch 1-3 & 8-9  |
| 31.10        | 10:15-11:45                         | Internationalization of business: entry modes and internationalization models | Ch 15-16; Johanson & Vahlne, 2003; 2009; Meyer & Altenborg, 2008; |
| 31.10        | 12:30-14:00                         | MNC strategy and structure  | Ch 13-14; Bartlett & Ghoshal, 1989; Harzing 2000                  |
| 31.10        | 14:30-16:00                         | <b>Seminar 1</b>  | <i>Case description in Moodle</i>                                 |
| <b>6.11</b>  | <b>12:00</b>                        | <b>DEADLINE: Essay 1 (for seminar 2)</b>                                      |   |
| 7.11         | 10:15-11:45                         | Cultural variation  | Ch 4, 19; Hofstede, 1983; Venaik & Brewer, 2003                   |
| <b>7.11</b>  | <b>12:30-14:00</b><br>(14:30-16:00) | <b>Seminar 2</b><br>(Group 2)   | <i>Case description in Moodle</i>                                 |
| <b>9.11</b>  | <b>12:00</b>                        | <b>DEADLINE for submitting group assignment proposals</b>                     |   |
| <b>13.11</b> | <b>12:00</b>                        | <b>DEADLINE: Essay 2 (for seminar 3)</b>                                      |   |
| 14.11        | 10:15-11:45                         | Managing the MNC: HQ-subsiary relations                                       | Kostova & Roth 2002; Morgan & Hull Kristensen, 2006               |
| <b>14.11</b> | <b>12:30-14:00</b><br>(14:30-16:00) | <b>Seminar 3</b><br>(Group 2)   | <i>Case description in Moodle</i>                                 |
| <b>20.11</b> | <b>12:00</b>                        | <b>DEADLINE: Essay 3 (for seminar 4)</b>                                      |   |
| 21.11        | 10:15-11:45                         | Ethical issues and international CSR  | Ch 5; Matten & Moon 2008; Scherer & Palazzo 2011                  |
| <b>21.11</b> | <b>12:30-14:00</b><br>(14:30-16:00) | <b>Seminar 4</b><br>(Group 2)   | Geppert et al. 2014, Skippari et al. 2014                         |
| <b>27.11</b> | <b>12:00</b>                        | <b>DEADLINE for submitting written group assignments</b>                      |   |
| 28.11        |                                     | Communication and language in the MNC   | Luo & Schenkar, 2006; Marschan et al., 1997                       |
| 28.11        |                                     | International marketing and R&D   | Ch 18; Bahadir et al., 2015; Cavusgil & Cavusgil, 2012;           |
| <b>4.12</b>  | <b>12:00</b>                        | <b>DEADLINE for submitting group assignment evaluation</b>                    |   |
| <b>5.12</b>  | <b>10:15-11:45</b>                  | <b>Group Assignment Presentations I</b>                                       |   |
| <b>5.12</b>  | <b>12:30-14:00</b>                  | <b>Group Assignment Presentations II</b>                                      |   |
| <b>5.12</b>  | <b>14:30-16:00</b>                  | <b>(Group Assignment Presentations III)</b><br><b>Conclusion</b>              |   |