IBUS 4402W    MANAGING IN DEVELOPING COUNTRIES (FALL 2011)

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Class: Thurs. 3:30-6:00pm Monroe 352 (new room)
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COURSE DESCRIPTION & OBJECTIVES:

Due to global interdependence, very few enterprises operate exclusively within their national boundaries. Whether through off-shoring, strategic partnerships, direct equity participation, hiring of staff, or the spread of ideas, all companies are in a sense global.

At the same time, managers are being asked to extend themselves to new challenges that involve, inter alia, working in and with emerging and developing countries. This is seen in the world of business, in the non-profit sector, and of course in international organizations. In this environment, there is need to add to what traditional training has to offer because the political, economic, legal, institutional and social structures and practices in developing countries may differ markedly from what is the norm in the OECD countries. Although best practice in terms of finance and management may be a global good, much of the challenge in operating in emerging market and developing economies (EMDEs) can revolve around cultural differences, and successful firms and entities, and their managers will be those who have adapted well to their new environments.

This course is designed to train those managers in aspects that complement their traditional business or international affairs curricula. Part of operating well in these new environments depends on a greater understanding of what the local economic, political, and institutional challenges will be, combining theory with practice, and learning from experience, both scripted case studies and broader and more generalizeable lessons that draw upon economic development and business realities. The course aims to combine current real world topics with lessons of experience. Rather than using extensive reading lists, which can easily be out of date, students will be asked to delve into topics themselves, guided by the professor, and informed by guest lecturers who have dealt with specific issues of relevance. Topics to be addressed include public-private partnerships, the role of infrastructure, finance and innovation, competition and competitiveness, gender issues, governance and corruption, and the environment.

Students will be asked to prepare papers and briefs on specific issues and topics. The WRITING IN THE DISCIPLINE aspect of the course comes from the reality that how arguments
and information are presented matters greatly and that different types of writing are required for different purposes and audiences. We will discuss what is meant by a Brief and how to write an effective one. We will discuss writing an editorial or opinion piece and what makes it effective. We will also draft a speech for the head of an organization to deliver at an international gathering. These drafts will be reviewed and revised with the help of the Instructional Assistant, who has undergone training from the WID program.

Students will be asked to argue cases in a real world context. They will be asked to engage in role-playing negotiations. All of these exercises are aimed at better preparing the student for real world occurrences.

In addition, students are to become more conversant in the discussion of policy problems facing many EMDEs so that they can interact more confidently with their counterparts, with strategic investors, with government officials, and with business leaders in new markets. There is a strong argument to be made that the world is flat;” however, there is also an argument that the world is quite different depending on where you sit and what you do. Part of being successful in new market environments depends on broadening one’s understanding of other societies.

COURSE REQUIREMENTS, THE APPROACH, AND GRADING CRITERIA:

Attendance is not optional and a maximum of two missed classes is allowed without permission (for a strong reason) of the instructor. As an essentially honors level course, classroom participation and involvement is essential. There will be some required readings of background material or cases to be completed before the class covering the topic. The Instructor reserves the right to give a pop-quiz on assigned readings. As a WID course, there will be 3 written assignments, due on a specified day. The first or second assignment will be given a 30% weight in the calculation of grades, with the third obligatory assignment given a 20% weight and the last assignment (either the fourth or fifth assignments) will be given a 20% weight as well. The final Exam will count 30% towards the final grade. Any latitude in grading will be based on meaningful classroom involvement. Assignments will involve research, analysis, and cogent argumentation. Results must be persuasive and analytically sound. There will be no group projects as relates to assignments and grades, although there may be some group activities. Grade negotiation is frowned upon as is a preoccupation with grades at the expense of learning. The aim of the course to equip the student with better sources of information; more effective tools; stronger understanding of EMDEs as seen from inside and out; and better honed abilities to assess, analyze, and present material of relevance in the global context.

ASSIGNMENTS (SUBJECT TO MODIFICATION AS THE COURSE DEVELOPS)

YOU WILL BE ASKED TO SUBMIT EITHER ASSIGNMENT ONE OR TWO (30%)

YOU WILL BE REQUIRED TO SUBMIT ASSIGNMENT THREE (20%)

YOU WILL BE ASKED TO SUBMIT EITHER ASSIGNMENT FOUR OR FIVE (20%)

YOU WILL BE REQUIRED TO TAKE A FINAL EXAM (30%)
Assignment #1: THE COUNTRY BRIEF

Your consulting firm is thinking of expanding its operations in the area of green technology advisory services and is considering branch offices in Seoul, Sao Paulo, New Delhi or Beijing. Your boss has assigned you to write a memo to be given to senior management recommending one of these four branch offices based on information about the country’s economic prospects and the area of green growth and issues surrounding it. Green growth refers to the tradeoffs or synergies related to economic growth and climate change mitigation. The Brief (limit is 5 pages single-spaced) aims to cover the most pertinent economic circumstances and current prospects of the country selected. Any graphs or data are to relegated to a brief annex, but avoid data dumps. You should assume that the management is generally familiar with major international markets and that they want only to know things relevant for their decision.

Assignment #2: KEY SECTOR BRIEF

You have been asked to write a short note (limit 5 pages single-spaced) to your boss dealing with one of the following problems that is likely to affect your firm’s establishment of an office in Hanoi, Vietnam. Opponents of the branch office idea—you are a foreign bank—have used these arguments to delay the decision, but now it is coming to the Board for discussion and decision. Choose one of the following and provide your boss with a briefing note to help him/her defend the branch idea. You should undertake whatever research is needed to bolster your arguments; however, the Brief is NOT a research paper and details and sources should be confined to the references at the end.

1. Corruption is so endemic to Vietnam that no bank can function and still meet its prudential and regulatory requirements. It is best not to be there.

2. The country’s infrastructure is so bad, including power, ICT, and land use that not only will it be difficult to open and run a branch, but who would one realistically lend to in such an environment. Vietnam has no real future.

3. The bank will have to rely on local employees and the labor market is both distorted due to its socialist philosophy and also short of the skills needed to operate an efficient and profitable branch. Staffing constraints militate against a local branch.

Assignment #3: AN OPINION PIECE FOR THE FINANCIAL TIMES

You have been asked to write a 500 word piece on one of the following topics for the readers of the FT, arguing convincingly enough so that it gets published. You may accept and defend the argument posited OR you may negate it and argue why the argument is false. Either approach is acceptable as it is your argumentation not your position that is being assessed.
1. Standards of behavior are relative and local customs largely determine what is acceptable in
the business environment; to think otherwise is both foolish and counter-productive. Global
norms will never work, so why pretend they will.

2. China is the new dominant force in the world economy and its success is built on the model
of strong government and a compliant private sector. This is the model for the future, especially
post crisis 2008-2010 which showed that markets cannot be trusted and need to be bailed out in
the end. Government-led development is the right answer.

3. Successful firms in EMDEs have followed Western, B-School principles as keys to success,
proving not only that the world is flat, but that the principles of management are universal. There
is no substitute for good management, regardless of the environment, and certain basics truths
apply everywhere.

**ASSIGNMENT #4: THE CEO SPEECH**

The CEO of your company, a global pharmaceutical company, has been asked to address a
university audience to talk about what it is like to operate in the so-called Third World. This is an
opportunity for you firm to show that it understands the problems of the planet and that it is not
only a profit-making firm, but also a life-changing firm. The speech needs to be pithy and easy to
deliver. It has to make strong points and be persuasive. Look at other speeches written and
prepare a 600-word speech for delivery on the topic of “Being a Global Pharmaceutical
Company.” The best speech will be delivered in class.

**ASSIGNMENT #5: THE NEGOTIATIONS BRIEF**

The Pobreza case will have been distributed. It involves negotiations between a government team
and an infrastructure investor to build a toll road. Your assignment is to prepare the Negotiating
Brief for either the country OR for the firm to help prepare the team for negotiations. Those of
you choosing this assignment will be divided in two groups so that we have a balanced
distribution of efforts in anticipation of the actual negotiations. The Brief must be both strategic
and clear and anticipate the foreseeable and the unforeseen. It can use SWOT analysis or any
other strategic approach. Just remember that this is a strategic brief, not an information brief,
since the team already has the basic material. Length is not to exceed 600 words.
COURSE OUTLINE:

Class 1. September 1, 2011

Topics
- Course objectives, outline, and approach
- Introduction to Doing Business in Changing Global Environment

Lecture Themes
- What’s different about developing countries?
- How is 2011 different from 1990 or even 2007?
- What’s different about managing in developing countries?
- What standards should apply?
- What should expats know about local issues?
- Are there really cultural differences?

Assignments for Sept.8th
1. Downey, Liana. 2002. “Mobil in Aceh, Indonesia (A),” Graduate School of Business Stanford University Case No. IB-40A.
2. Acemoglu, Daron, et. al., 2004. “Institutions as the Fundamental Cause of Long-run Growth.” (BLACKBOARD)

Class 2. September 8, 2011

Topic
- Local institutions

Lecture themes
- How institutions differ and why it matters
- Discussion of cases of the private sector in new political and social environments
- What is good global citizenship and where does it begin and/or end?

Assignments for Sept.15th

Readings for Sep.15th
Class 3, September 15, 2011

Topic
- The roles of government and business

Lecture themes
- Alignment of policy objectives and links to government’s strategy
- How different are governments and what do they expect from foreign firms?
- What influences success of government policy and how to share in that success?
- Notions of industrial policy
- The Case of South Korea

Assignments for Sep. 22nd
3. (Continued)

Readings for Sept. 22nd
2. James D. Wolfensohn, “Fighting Corruption is Central to Development,” Speech to the Ninth Annual Anti-Corruption Conference in Voice for the World’s Poor (BLACKBOARD)

Class 4. September 22, 2011

Topic
- Governance I

Lecture themes
- The “C” words and its consequences
- The size of the problem.
- Country programs and international initiatives
- Discussion of cases

Assignments for September 29th

**Readings for September 29th**


**Class 5, September 29th, 2011** (NB: if you will not be on campus this day, you might join the Tuesday graduate class at the same hour in ESIA 211)

**Topics**

- Governance II

**Lecture themes**

- Doing Business Surveys
- KK measures of governance
- How have governance standards and expectations changed?
- Hallward–Driemeier Analysis on governance
- Investment Climate Surveys

**Assignments for Oct. 6th**

1. Read up on Logistics Performance Index (www.worldbank.org/external/transport)

**Readings for Oct. 6th**


**Class 6, October 6, 2011**

**Topics**

- Infrastructure and competitiveness

**Lecture themes**

- Infrastructure and Growth
- Infrastructure and Firms
- Infrastructure assets for the poor
- The elements of project analysis
- WHAT MAKES FOR A GOOD BRIEF?

**ASSIGNMENT #1: IF YOU ELECT TO DO THE COUNTRY BRIEF, A REVIEWABLE FIRST DRAFT IS DUE OCT. 9th TO BE RETURNED TO YOU BY THE INSTRUCTIONAL ASSISTANT BY OCT. 12th AND SUBMITTED IN FINAL OCT. 16th BY MIDNIGHT TO DLEIPZIG@GWU.EDU AND COPIED TO DNATHAN@GWMAIL.GWU.EDU.**
Assignments for Oct. 13th

Class 7. October 13th, 2011

Topic
• Public/Private partnerships in infrastructure
Lecture themes
• Lessons of privatization experience
• Issues of government policy and regulation
• Doing Good and Doing Well: Are They Compatible?
• Review of Project Outcomes

Assignments for Oct. 20th

Readings for Oct. 20th

Class 8. October 20, 2011

Topic
• Public-private deals, revenue management, and the environment
Lecture themes
• Discuss the controversial Chad-Cameroon pipeline project
• Laos hydroelectric project: was it any different?
• What do we learn from the Yacyreta Project?
• The basics of private-public partnership success

IF YOU OPT TO UNDERTAKE ASSIGNMENT #2, THE BRIEF ON A SECTORAL CONSTRAINT, THE DRAFT IS DUE OCTOBER 23rd; IT WILL BE RETURNED BY THE IA BY OCT. 26th AND THE FINAL NEEDS TO BE SUBMITTED BY MIDNIGHT OCT. 30th TO DLEIPZIG@GWU.EDU COPIED TO DNATHAN@GWMAIL.GWU.EDU.
Assignments for October 27th

Class 9. October 27th, 2011

Topic
• Regulation and Competition

Lecture themes
• Who survives in a competitive environment?
• Negotiations between government and business
• Approaches to regulation and the role of the neutral arbiter
• Regulation Cases will be discussed—be prepared for them.
• What makes for a persuasive editorial or comment?

Assignment for Nov. 3rd

1. Yusuf, Shahid, The Road to Innovation in East Asia (BLACKBOARD)


ASSIGNMENT #3 —THE FT EDITORIAL— IS DUE FOR ALL STUDENTS. YOU SHOULD MAKE YOUR DRAFT AVAILABLE FOR PEER REVIEW ON NOV. 6th AND BE PREPARED TO PROVIDE PEER REVIEW TO ANOTHER CLASSMATE. HELP FOR THIS PROCESS WILL BE PROVIDED BY THE INSTRUCTIONAL ASSISTANT. PEER REVIEW IS DUE TO AUTHORS BY NOV.9th AND THE FINAL EDITORIAL IS DUE ON NOV. 11th BY MIDNIGHT SENT TO DLEIPZIG@GWU.EDU COPIED TO DNATHAN@GWMAIL.GWU.EDU.
Class 10, November 3, 2011

Topic: Technology, Innovation and Economic Growth

Lecture themes: Findings of the Spence Commission on Growth & Development
The Korean Experience
The Role of Government and Industrial Policy

THERE WILL BE NO CLASS ON NOV. 10TH

Assignments for Nov. 17th

ASSIGNMENT #4, IF YOU ELECT TO UNDERTAKE IT—THE CEO SPEECH—IS DUE NOV. 12TH BY MIDNIGHT EMAILED TO DLEIPZIG@GWU.EDU AND COPIED TO DNATHAN@GWMAIL.GWU.EDU.

THE NEGOTIATIONS CASE WILL BE DISTRIBUTED IN CLASS AND FOR THOSE OPTING TO COMPLETE THE NEGOTIATIONS BRIEF, ASSIGNMNT #5, IT IS DUE BY MIDNIGHT NOV. 29th EMAILED TO DLEIPZIG@GWU.EDU AND COPIED TO DNATHAN@GWMAIL.GWU.EDU.

NO CLASS THURSDAY, NOV. 24 THANKSGIVING. MAKE-UP CLASS IS DEC 6TH ACCORDING TO THE UNIVERSITY BUT CHECK FOR TIME AND PLACE

Class 11, NOV. 17th, 2011

Topics
- Labor markets: many perspectives
- Issues of poverty, inclusion, and gender

Lecture themes
- Fairness and perceptions of fairness: case discussions
- Employment, poverty and distribution
NO CLASS THURSDAY, NOV. 24 THANKSGIVING.

Assignments for Dec.1st

Readings for Dec. 1st

Class 12, December 1, 2011

Topic
- The environment

Lecture themes
- Environment and growth: the big picture
- International perspectives and national responsibilities: what’s reasonable policy?
- Case discussion on alignments of objectives
- The role of NGOs

Assignment for Dec.8th
- Read the Negotiations Case again, either from the Country of the firm’s perspective

Class 13, December 8th (NOTE ROOM CHANGE FOR THE NEGOTIATIONS)

Topic:
- POBREZA AND THE CONCESSIONAIRE CASE

Lecture Theme:
- Discussion of the Case and Strategies for Negotiation

THE FINAL EXAMINATION IS PROPOSED FOR DEC. 15TH BUT THE DATE, TIME AND PLACE WILL NEED TO BE CONFIRMED. CHECK BLACKBOARD OR CONTACT THE TEACHING ASSISTANT IF YOU ARE UNCLEAR.

THE FINAL WILL CONSIST OF 3 ESSAY QUESTIONS BASED ON TOPICS COVERED IN THE COURSE. THE FINAL WILL COUNT 30% TOWARDS YOUR ULTIMATE GRADE FOR THE COURSE. BE PREPARED TO INTELLIGENTLY DISCUSS CURRENT ISSUES AFFECTING OPERATIONS IN DEVELOPING COUNTRIES. BRING A PEN RATHER PENCIL PLEASE.