Managing in Developing Countries

Meghana Ayyagari, Associate Professor of International Business

Ibrahim Toure, toureiba@gmail.com

Monday, 7:10 – 9:40 PM, DUQ 258

2201 G St. N.W., Funger Hall 401R, Washington, DC 20052, Tel: (202) 994-1292 Fax: (202) 994-7422, E-mail: ayyagari@gwu.edu

Mondays 6:00 – 7:00PM and by appointment

In an increasingly globalized and interdependent world, managers are being required to expand their skill set to deal with new challenges that include working with, and in emerging and developing countries. Although best practice in terms of finance and management may be a global good, much of the challenge in operating in emerging economies revolves around understanding and appreciating the differences in institutional environments between developing economies and developed nations, say OECD countries. Traditional business curriculum however is founded on theory and research generated in developed countries where political, economic, legal, and social institutions are generally more formalized, well-developed, and stable. By contrast, institutions in developing countries are often informal, in transition, or even non-existent.

This course is designed to train managers in aspects that complement their traditional business curricula to enable them to successfully contend with the developing country institutional environment. First we “set the stage” by defining institutions and historical legacy issues. This includes an analysis of the roles played by the public, private, and third sectors in developing countries. We then discuss in detail the institutional challenges in developing countries and managerial responses. Specifically, we examine firm strategy and managerial action in response to weak governance and property rights, political and economic risk, under-developed infrastructure, differing finance and labor market institutions, and social challenges. Finally, we focus on the innovative social responses to these institutional challenges in emerging economies.
This learning will be facilitated by discussion of readings, cases, and current issues in international business culminating with a real world simulation. The goal is not to be an expert in any one country or region but to be able to apply the theoretical concepts discussed in class to analyze real world problems across many countries, markets, and firms.

**COURSE OBJECTIVES:**

*By the end of the course, students should be able to…*

1. Define the term “institution” and explain how the word has been defined and used in various fields,

2. Describe how history shapes the scope, nature, and efficacy of institutions in developing countries,

3. Identify the roles played by the government and the private sector, including multinationals, non-profits, and NGOs, in developing countries and the benefits and challenges associated with public-private partnerships,

4. Explain and provide detailed examples of how institutions in developing countries both constrain and provide opportunities for organizations and managers,

5. Apply the theoretical concepts and principles discussed in class to analysis of real world problems faced by organizations and managers in developing countries,

6. Converse intelligently with their counterparts, strategic investors, government officials, and business leaders on the policy problems facing many developing countries.

**PEDAGOGY:**

There are two main resources for course materials in this class.

1> Required packet of readings (approximate cost $40) to be purchased from the link below [https://cb.hbsp.harvard.edu/cbmp/access/39370122](https://cb.hbsp.harvard.edu/cbmp/access/39370122). You will be required to login to the site using your GW student email address to avail of the discounted student rate. Additional charges may apply if you opt for the printed coursepack instead of the digital version. It is expected that each of you will buy access to the case materials, respecting the intellectual property of the authors.

2> All other course materials including lecture notes and additional readings and multimedia content can be found on the class website on Blackboard.

In-class instruction will include a combination of lectures, discussions of assigned readings, cases on managing in developing countries, and in-class activities. Articles in the business press will be used extensively to facilitate discussion on real-world issues. The lecture notes for each class will be posted on Blackboard after class. The slides will not be complete, and you are required to attend class and take notes in order to fill in the incomplete slides based on class discussion. Some slides may be missing altogether, so there is no good substitute for attending and taking good notes.
ASSESSMENT:
Regular attendance is required. Students who fail to regularly attend the class will not receive course credit. Assessment for regularly attending students will be based on:

1. Country Institutional Analysis Paper (group) 40
   - Paper Installment I (5 points)
   - Peer Evaluation (10 points)
   - Final Paper (25)
2. Case Write-Ups 15
   - 2-page detailed write-up to one case (10 points)
   - 3-5 sentence response to bold italicized question for remaining cases (5 points)
3. Final 25
4. Simulation Game 10
5. Class Participation 10
   100

COUNTRY INSTITUTIONAL ANALYSIS:
At the beginning of the semester, you will select a developing country to study in detail in this course. No group in the course may choose the same country, and all country selections require the approval of the professor. Please check Blackboard for the list of countries you are not allowed to choose. You can pick any country that is classified as low-income or middle-income (preferably lower-middle income). The World Bank website (http://data.worldbank.org/about/country-and-lending-groups) has country income classifications.

The country project consists of following components:
(1) Introduction – Summarize major course concepts and end with a thesis statement about how weak institutions and legacy issues have given rise to particular business environment challenges in your assigned country. (about 1/2 page)
(2) Major Historical Legacies – Briefly describe the major historical legacies that have affected development of institutions in your assigned country (about 2 pages)
(3) Sector Roles – Describe how historical legacies have affected relative roles of public, private, and third sector in your assigned country (about 2 pages)
(4) Weak Institutions - Elaborate on one or two of the most important institutional weaknesses in the country (Political, Economic, Property-Rights, Infrastructure, Finance, Labor Market) (about 3 pages)
(5) Identification of Business Opportunity (Social Innovation) – The final piece of your country analysis will involve addressing a strategic question from the point of view of a particular firm or possibly some other type of organization such as an NGO or government agency. I would like each group to identify a specific “business opportunity” that they might like to implement in their chosen country. The term “business opportunity” should be interpreted broadly – it could be an entrepreneurial venture, expansion of an existing western business model, or even a development project with no profit and only social goals. The business idea should be targeted at addressing one of the
weak institutions identified in section 4 of your paper and in general be a social innovation project that improves the social landscape in your country. As an alternative, you could also choose to identify a corporation in the assigned country that has implemented a strategy to deal with institutional weakness and detail the company’s strategy and assess the choices made. (about 2.5 pages)

There are three important dates/deliverables associated with the group paper:
- Early on in the semester (October 05, 2015) the professor will collect a preliminary outline of the paper and provide feedback. This is Paper Installment I worth 5 points. The outline should highlight the key components of the paper’s structure discussed above. A more thoughtful outline will elicit more helpful feedback.
- On Nov 02, 2015 you will submit a more complete draft (sections 1-4 nearly complete with an outline of section 5) for peer evaluation. This should include an introduction and conclusion section and be carefully edited to ensure that it has a consistent voice and professional presentation. At this time, your team will be assigned another team’s Country Profile paper to read and review. Your team as a group will craft a peer evaluation of your assigned Country Profile paper. This is a graded assignment and should be taken very seriously. While you are doing this, another team will do the same peer review of your team’s paper. Peer Evaluations will be due Nov 16, 2015
- On Nov 30, 2015 you will give a 5 minute presentation in class on your business proposition. The final paper is due in the last week of class and should incorporate the reviews from the Professor and the Peer Evaluation.

CASE WRITE-UPS:
You should address in 2-3 single-spaced pages the discussion question(s) for a given case. You are free to discuss the questions with your classmates or peers but you must each write up your submissions independently. The write-up should not overly emphasize facts from the readings but rather draw upon relevant material to address the following points:
- Make a recommendation based on your analysis of what the firm/manager should do. Please outline clearly the assumptions that led you to make this recommendation and your analysis of the strengths and weaknesses of options to this particular recommendation.
- Your write-up should also incorporate why alternative strategies are not appropriate.
- Summarize the key takeaways of the case that provide lessons to other firms/managers facing similar challenges.

Additional guidelines will be provided on Blackboard.

For the remaining case discussions, you should post a brief response (3-5 sentences) to the bold italicized question.

Your write-up should be formatted with 1” margins in a 12-point Times New Roman font. Your submissions should be received before 9 AM on the date of the case discussion. Please sign up in the second class for your case write-ups.
FINAL:
There will be a closed-book exam in the class that will consist of short-answer questions and essay type questions.

SIMULATION GAME:
There will be a real world simulation game in class on Monday, November 09, 2015. More details will be provided on Blackboard. The simulation is provided by Prendo and is derived from a simulation that was originally commissioned by Shell. It deals with managing a complex project in a developing country emphasizing skills required to gain buy-in and approval across a range of interested parties that are likely to have different and often conflicting interests.

CLASS ATTENDANCE, PREPARATION, AND PARTICIPATION:
Since there is no assigned textbook for this class, your learning in this class will significantly depend on your class preparation and that of your fellow students and the quality of in-class discussions. Thus, attendance is not optional and class room participation and involvement is essential. If you are not present, you cannot participate. Both quality and quantity of participation count. The quality of comments will be judged by relevance, insight, and if it moved the discussion forward.

I expect all students to spend a couple of hours before every class completing the required readings and cases, and review of specific questions and concerns relating to the case. Please come to class prepared to engage actively with your peers. You are also encouraged to post in the Current Events folder on Blackboard or bring articles of real time events of relevance to the class. I will also cold-call students. If I call on you during class and it is clear you have not prepared the case, a full point will be deducted from your class participation grade (i.e. if you had a 6.3 for class participation it would become 5.3).

OTHER COURSE POLICIES:
Group management: Each member is expected to contribute to the assignments. Please allocate work and set early deadlines to avoid free rider situations. Please voice significant concerns regarding group member contributions early on, not at the end of the semester. A lack of contribution to the assignments or project can result in 0 points on the assignment.

Laptops
I would like to allow you to use your laptops in class for note-taking. However in return I ask that you turn off instant messaging, chatting, email and browsing features during the class period. No email, surfing the web, sending text messages, or working on other class assignments during class. Please be respectful of me and your fellow classmates and use your laptops and other electronics judiciously.

Course Grievance Procedures
The grading policy of this course is not open to negotiation. However, if you feel that a grade you received is unfair, you are required to either voice your opinion to me personally within ten days of receiving the grade or give me a written appeal as to why you think the grade is unfair. Just stating that you ‘deserve’ a higher grade won’t be sufficient. You should document reasons
why you think the grade is unjustified. After ten days, the grade is considered final. Please note that the entire document will be checked for grading errors, and correcting these could either raise or lower the overall score.

**Academic dishonesty**
This course has a zero tolerance policy for academic dishonesty. There is no room for such behavior in a graduate course, in the workplace or in civilized society. I am unwilling to discuss rationale or circumstances for lapses. All breaches of academic honesty will result in the same penalty: an F in the course. If you are unclear about what constitutes academic dishonesty please consult your student handbook, or the University's Code of Academic Integrity: http://www.gwu.edu/~ntegrity/code.html. When in doubt about your papers, please err in favor of citations.

Any student using materials from a previous semester or discussing a case study with someone who has previously discussed the case in this or any other course, or any student with knowledge of others doing so but not reporting it, will receive an F in the assignment.

**Student Disabilities**
Any student who feels s/he may need an accommodation based on the impact of a disability should contact the instructor privately to discuss specific needs. Please contact the Disability Support Services office at 202-994-8250 in the Marvin Center, Suite 242, to establish eligibility and to coordinate reasonable accommodations. For additional information, please refer to: http://gwired.gwu.edu/dss/.

**Classroom Emergency Preparedness and Response Information**
Please consult the following link for GWU emergency procedures: http://gwired.gwu.edu/upd/ Campus police telephone numbers are: GW Campus Police (Emergency) Foggy Bottom – 202.994.6111, GW Campus Police (Non-Emergency) Foggy Bottom – 202.994.6110 GW Campus Advisories is the University’s principle method used for communicating incident-related information, including class cancellations, to the GW community. Visit www.CampusAdvisories.gwu.edu to sign up for Alert DC (text message alerts) and download GW Alert (desktop notifications). In addition, the University posts recorded messages on the GW Info line 202.994.5050.

**Office Hours**
Please take advantage of my office hours. Feel free to stop by to discuss topics discussed in class, career choices, or just to introduce yourself and chat. If you are not on campus during my office hours you are welcome to send me an email and set up an appointment. Please don’t wait till the end of the semester if you are having problems in the class or outside, that may be preventing you from coming to class or paying attention. I encourage anyone with comments/questions on the course content or discussions to discuss it with me via email or phone or during office hours. There will be a mid-course evaluation whose results I will present in class.
# Tentative Schedule (Detailed Reading Lists and Case Questions on Blackboard)

<table>
<thead>
<tr>
<th>Day</th>
<th>Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SETTING THE STAGE</strong></td>
<td></td>
</tr>
<tr>
<td>1 Mon, August 31, 2015</td>
<td>Introduction: Institutions in Developing Countries</td>
</tr>
<tr>
<td></td>
<td><em>Please submit a current resume to the TA (<a href="mailto:toureiba@gmail.com">toureiba@gmail.com</a>) by Monday, September 07</em></td>
</tr>
<tr>
<td>2 Mon, September 14, 2015</td>
<td>How Historical Legacies Shape Institutions</td>
</tr>
<tr>
<td>3 Mon, September 21, 2015</td>
<td>Sector Actors: Public, Private, and Third Sector</td>
</tr>
<tr>
<td></td>
<td><strong>CASE: BRAC</strong></td>
</tr>
<tr>
<td></td>
<td><em>Please submit case write-ups on Blackboard before 9 AM</em></td>
</tr>
<tr>
<td><strong>DEALING WITH INSTITUTIONAL CONSTRAINTS</strong></td>
<td></td>
</tr>
<tr>
<td>4 Mon, September 28, 2015</td>
<td>Political and Economic Risk</td>
</tr>
<tr>
<td></td>
<td><strong>CASE: Financing the Mozal Project</strong></td>
</tr>
<tr>
<td></td>
<td><em>Please submit case write-ups on Blackboard before 9 AM</em></td>
</tr>
<tr>
<td>5 Mon, October 05, 2015</td>
<td>Infrastructure</td>
</tr>
<tr>
<td></td>
<td><strong>CASE: Exxonmobil and the Chad-Cameroon Pipeline</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Guest Speaker: Bernard Sheahan, IFC Director of Infrastructure &amp; Natural Resources</strong></td>
</tr>
<tr>
<td></td>
<td><em>Please submit case write-ups on Blackboard before 9AM</em></td>
</tr>
<tr>
<td></td>
<td><em>First installment of the Country paper is due on Blackboard by midnight</em></td>
</tr>
<tr>
<td>6 Mon, October 12, 2015</td>
<td>Property Rights Institutions</td>
</tr>
<tr>
<td></td>
<td><strong>CASE: Hermitage's Russian Quandry</strong></td>
</tr>
<tr>
<td></td>
<td><em>Please submit case write-ups on Blackboard before 9 AM</em></td>
</tr>
<tr>
<td>7 Mon, October 19, 2015</td>
<td>Corruption</td>
</tr>
<tr>
<td></td>
<td><strong>CASE: GlaxoSmithKline in China (A)</strong></td>
</tr>
<tr>
<td>Day</td>
<td>Schedule</td>
</tr>
<tr>
<td>-----------</td>
<td>--------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| 8         | Mon, November 2, 2015  
Labor Market Institutions  
CASE: Axel Springer  
Please submit case write-ups on Blackboard before 9 AM  
Please submit your Country papers for peer evaluation |
| 9         | Mon, October 26, 2015  
Finance and Entrepreneurship  
CASE: Endeavor – Determining a Growth Strategy/SilverLine  
Please submit case write-ups on Blackboard before 9 AM |
| 10        | Mon, November 9, 2015  
SIMULATION GAME IN CLASS |

**SOCIAL RESPONSES TO INSTITUTIONAL CONSTRAINTS**

<table>
<thead>
<tr>
<th>Day</th>
<th>Schedule</th>
</tr>
</thead>
</table>
| 11        | Mon, November 16, 2015  
Business Groups  
CASE: The House of Tata—1995: The Next Generation (A)  
Guest Speaker from the Tata Group  
Please submit case write-ups on Blackboard before 9 AM  
Please submit your peer-evaluation of the Country papers assigned to you |
| 12        | Mon, November 23, 2015  
Social Activism  
CASE: Burma Pipeline  
Please submit case write-ups on Blackboard before 9AM |
| 13        | Mon, November 30, 2015  
Group Presentations (5 minutes each) |
| 14        | Mon, Dec 07, 2015  
FINAL EXAM  
Please submit your final paper on Blackboard |