PROFESSOR
Joe Cheng, Ph.D.
Office: Funger Hall, Room 401C
Email: joecheng@gwu.edu
Office Hours: Tuesday 4:00 – 5:30 PM and by appointment
Teaching Assistant: To be announced

COURSE OVERVIEW
The forces of globalization have increased the permeability of traditional boundaries around countries, economies and industries. These forces include the expansion of international trade and investment, the growth of multinational firms (MNCs), the ability of information and communications technology to span time and distance, and the shift of the world’s economic center of gravity from the West to Asia. Because of globalization, the environment of business is now more complex, more dynamic, more uncertain, and more competitive than ever before.

This course examines the opportunities and challenges that firms face when conducting business across national borders. Its main objective is to develop an understanding about the complex dynamics at play that shape the changing global business environment within which nations and firms compete. Special attention will be given to exploring the positive and negative impacts of various country-context factors on firms’ international business operations, with emphasis on foreign direct investment and its effective management. Specifically, this course aims to:

- Develop in students a working knowledge of the global business environment including its economic, cultural, political-legal, and government intervention components.
- Provide students conceptual frameworks for analysing business opportunities globally and across countries in different stages of economic development.
- Analyze the challenges that businesses face when entering foreign markets and competing against local firms and other international companies.
- Develop in students the ability to think strategically about leveraging various country differences to create worldwide competitive advantages.

LEARNING OBJECTIVES
Throughout the course, we will make use of a variety of teaching methods and materials, including lectures, assigned readings, research reports, case discussions, and student teams’
presentations. Emphasis will be placed on integrating theory and practice through a disciplined application of concepts and models to analyze problems. We will also welcome your personal experiences and observations as input for class discussion.

At the successful completion of the course, students should be able to:

- Articulate key aspects of the global business environment and the multinational firm.
- Compare and contrast the international context with their home business context.
- Analyze the opportunities and challenges of doing business in and with firms in a foreign country within a fast-changing global environment.
- Understand the management problems facing businesses during international expansion.
- Appreciate the influence of culture and other non-economic forces (e.g., legal and political factors) on doing business in the global context.

REQUIRED COURSE MATERIALS

HBS Case: “Acer, Inc.: Taiwan’s Rampaging Dragon” (available at the university bookstore)

Articles *(available on Blackboard)*
Cheng: “More than a Regional Agreement …”
Ghemawat: “Distance Still Matters …”
Prahalad & Hammond: “Serving the World’s Poor, Profitably”
Cheng & Yiu: “China Business at a Crossroads …”
Bartlett & Ghoshal: “Tap Your Subsidiaries for Global Research”
Cheng & Cooper: “A Strategic Context Approach to International HR …”
Cheng: “Innovation Agenda is Selling Australia Short”
WEF: “Emerging Best Practices of Chinese Globalizers”

GRADING AND ASSIGNMENTS
The GW School of Business Faculty recommend that the grade distribution of the class have no more than 40% of students receive A’s and A-s. Grades for this course will be curved and students should expect a B+ as an average grade.

The course requirements include (1) two mid-term exams, (2) a group project report on company international expansion, (3) an interim group project report and presentation, and (4) quality class participation. There is no extra credit in this course. The specific weights for the requirements are as follows:

- Mid-term exam 1 - 20%
- Mid-term exam 2 - 20%
- Company international expansion project report – 35%
- Interim international expansion project report and presentation - 15%
- Class participation - 10%
Three main criteria will be used in evaluating your performance on course assignments:

- Your knowledge and understanding of the materials covered in class and the assigned readings.
- Your synthesis of these materials.
- Your ability to apply the materials to analyze and solve problems.

Each criterion is equally important. It is not possible to use information unless it has been acquired and understood. This means that you need to read the assigned readings and attend class. It is not likely that synthesis can be achieved with memorization, since the ability to perceive relationships depends on understanding. Finally, if we are to enhance your managerial effectiveness it will be necessary to focus upon how the information can be applied to solve real-life problems.

All assignments are to be completed on schedule. No late submissions will be accepted.

**Midterm exam 1 and 2**
Both exams will be in-class, open-book, open-notes. The exam may include true/false, multiple-choice, case analysis, and/or short-answer questions. It will be 75 minutes long.

**Company international expansion project**
Students will form their own groups of 5 persons each and prepare a consultancy report for a U.S. firm (real or hypothetical) to expand its operations into a foreign country. The report consists of two parts. **Part I** is an assessment of the country’s attractiveness for foreign direct investment (FDI) by examining the business opportunities and challenges presented by each of the six contextual dimensions listed in the syllabus below (see topics for the period Sept 19 to November 7). While market potential for selling products or services in the country is an important consideration, other options such as opportunities for conducting manufacturing, R&D, global marketing, capital financing, logistics and distribution, etc. should also be examined.

Building on the country assessment analysis, **Part II** of the report details a recommended plan of actions for the client firm to enter and establish a subsidiary operation in the country examined. The action plan will specify the nature of the proposed subsidiary operation which could be a single or combination of two or more value-chain activities (sales, manufacturing, logistics, R&D, etc.). It will then discuss how this proposed operation can best be implemented via a set of three recommended actions including: Entry mode/strategy (e.g., licensing, joint venture, wholly-own subsidiary), subsidiary role/mandate, and human resource plan.

The full report is expected to be about 18-20 pages long (double spacing with 12 points font and one-inch margins), not counting the cover sheet, executive summary, references, tables and appendices, and include the following sections (each about 1-2 pages long):

**Introduction**

- A brief description of the client firm, its industry base, and the foreign country selected.
Part I

- Economic analysis of the country’s attractiveness for FDI.
- Cultural analysis of the country’s attractiveness for FDI.
- Political-legal analysis of the country’s attractiveness for FDI.
- Trade policy analysis of the country’s attractiveness for FDI.
- Currency policy analysis of the country’s attractiveness for FDI.
- Regional integration analysis of the country’s attractiveness for FDI.

Part II

- Recommended subsidiary operation (e.g., manufacturing) and rationale.
- Recommended entry mode/strategy (e.g., joint venture) and rationale.
- Recommended subsidiary role/mandate (e.g., implementer) and rationale.
- Recommended subsidiary staffing/HR plan and rationale.

The report will be evaluated using the following criteria:

- Each section answers the question directly and fully.
- The analysis is logical and well argued.
- The analysis incorporates original research findings produced by the team.
- The analysis incorporates relevant concepts/frameworks/research findings from course materials (lectures, assigned readings, cases, guest speakers, etc.).
- The report is well organized, written, and professionally prepared.

Please submit a hard copy of the report to the professor’s mailbox located in Suite 401 of Fungus Hall by noon, December 16, 2016.

Interim international expansion report and presentation

Each project team will select one of the six country-context dimensions mentioned above (see topics listed in the syllabus below for the period September 19 to November 7) and prepare an interim report and presentation for feedback from the class and professor. The report will focus exclusively on the one selected contextual dimension (e.g., country’s economic conditions) and examine three of its distinctive features that make the country an attractive or un-attractive location for foreign direct investment by your client firm.

If more than two groups are choosing the same context-dimension for the interim report and presentation, selection will be granted on a first-come-first-served basis according to the order in which the email request is received.

The interim report is expected to be 3-4 pages long (double spacing with 12 points font and one-inch margins) with the first page providing a brief background of the client firm, its industry base, and the country selected. Each team will have 15 minutes to present their interim report, followed by a 10–minute Q&A. All team members will participate in the presentation and Q&A.

Please submit a hard copy of the interim report and the PPT slides at the beginning of class on
the scheduled date of presentation.

**Class Attendance and Participation**
A large part of the learning in this course comes from applying the concepts through discussion and debate in class. Hence, students are expected to be present and prepared at all class sections. Preparation means reading all the assigned materials (chapters, cases, research papers) before class and reflecting on the new knowledge acquired. Students should anticipate being called on at random to answer questions about the readings, lead/summarize/integrate case discussion, and/or take part in designated activities (e.g., sharing an observation, experiential exercises, problem-solving tasks) that contribute to class learning. Significant (three or more) non-approved absences will negatively affect your class participation grade for the course.

Most business problems do not have one “right” answer or solution, though some answers are definitely more insightful and evidence-based than others. Therefore, there is no need to worry about being “right” or “wrong” when participating. We are interested in your view regardless of whether it fits with the class’ consensus or not. Critically listening to the arguments of your fellow students is important to your learning experience. If you disagree with any opinion conveyed in the class, speak up and explain respectfully how and why your viewpoint differs (especially if you believe that others are misusing the concepts/frameworks learned in the class).

To receive a high participation grade, your participation must be frequent and of high quality making *substantive* contributions to help enrich and take class discussion to the next level. Simply being present does not warrant full credit, nor does frequent participation that does not advance the learning of the class. The following criteria will be used in assessing the quality of participation:

- Is the comment relevant to the current discussion?
- Does it enhance the class understanding of issues discussed?
- Does it raise interesting and important questions?
- Does the argument make use of relevant concepts and frameworks from the readings?
- Is the comment made in a professional and constructive manner?

**GROUP MANAGEMENT**
Students will need to finalize their group formation by **5:00 PM, September 6** and select a representative as their group’s contact person. The representative will email the teaching assistant and professor by **5:00 PM, September 9** to provide the following information:

- A name for the group for identification purposes (e.g., ABC Consulting).
- A list of all group members’ names and their email addresses.
- Identification of the foreign country and the contextual dimension that the group has selected for the interim international expansion report and presentation.

All group members are expected to contribute equally to completing the group assignments. It is primarily your responsibility to eliminate free-riding. If you think that there is a problem in your group, you should first try to resolve it within the group. However, if this does not work, please discuss the matter with the professor in a timely manner so that corrective action can be taken.
Students are required to submit a peer evaluation form indicating the levels of contribution of each member to the group assignments. The evaluation may be used by the professor to adjust individual grades assigned to certain group members to reflect their relative contributions. A copy of the peer evaluation form is available on Blackboard. Evaluations are confidential and will not be seen by other group members. Email your completed peer evaluation form in Word format, saved using your name, to teaching assistant by 5 PM on December 16, 2016.

COURSE ETIQUETTE

- Be on time and don’t leave early.
- Do not disrupt the class with side conversations during class.
- Be respectful of others in the class. Listen and give attention when someone talks.
- All cell phones, messaging devices, and pagers should be turned off during class.
- Please do not leave and re-enter the room during class except for emergency.
- Using laptops in the classroom is a privilege, not a right. Laptops are to be used for class related activities only, not for personal emailing or web browsing, etc.

OTHER COURSE POLICIES

Academic Integrity
The code of academic integrity applies to all courses in the George Washington School of Business. Please become familiar with the code. All students are expected to maintain the highest level of academic integrity throughout the course of the semester. Please note that acts of academic dishonesty during the course will be prosecuted and harsh penalties may be sought for such acts. Students are responsible for knowing what acts constitute academic dishonesty. The code may be found at: http://www.gwu.edu/~ntegrity/code.html

Late Assignments
No late assignments will be accepted. Failure to turn in assignments by the due date and time will result in zero credit for the assignment.

Grading Disputes
If you believe that an error has been made in the grading of your work, you should submit a WRITTEN REQUEST for a grade change to the teaching assistant and professor. This request should include a discussion of what you got wrong and why you believe you should have received credit for your work. Wherever possible, provide citations from the textbook, assigned readings, and/or lectures. Attached this request to the original copy of your assignment or exam and turn it in to the teaching assistant or professor. Your entire assignment will be re-graded which may result in a lower or higher grade depending on the outcome of the review.

Religious Accommodation
The University administration has accepted a resolution of the Faculty Senate regarding accommodations of religiously observant students and faculty. The requirements of this resolution state that students must notify faculty during the first week of the semester of their intention to be absent from class on their day(s) of religious observance. Faculty member will extend to these students the courtesy of absence without penalty on such occasions, including permission to make up examinations.
Disability Support Services (DSS)
Any student who may need an accommodation based on the potential impact of a disability should contact the Disability Support Services office at 202-994-8250 in the Rome Hall, Suite 102, to establish eligibility and to coordinate reasonable accommodations. For additional information please refer to: gwired.gwu.edu/dss/

Mental Health Services (Phone: 202-994-5300)
The University's Mental Health Services offers 24/7 assistance and referral to address students' personal, social, career, and study skills problems. Services for students include: crisis and emergency mental health consultations, confidential assessment, counseling services (individual and small group), and referrals. For additional information visit counselingcenter.gwu.edu/

Enrollment in this course indicates that you have read and accepted the terms stated above in this course outline.
<table>
<thead>
<tr>
<th>Week-Date</th>
<th>Topic, Activity, and Reading Assignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-Aug 29</td>
<td>Introduction to course</td>
</tr>
<tr>
<td></td>
<td>Globalization and international business</td>
</tr>
<tr>
<td></td>
<td>The changing landscape of global economic competition</td>
</tr>
<tr>
<td></td>
<td><em>Video discussion: “Boeing vs. Airbus”</em>*</td>
</tr>
<tr>
<td></td>
<td><strong>Readings:</strong></td>
</tr>
<tr>
<td></td>
<td>Chapter 1: Globalization</td>
</tr>
<tr>
<td></td>
<td>Ghemawat: “Distance Still Matters”</td>
</tr>
<tr>
<td>2-Sept 5</td>
<td><strong>Labor Day</strong></td>
</tr>
<tr>
<td>3-Sept 12</td>
<td>Internationalization of business</td>
</tr>
<tr>
<td></td>
<td>Foreign direct investment and the MNC</td>
</tr>
<tr>
<td></td>
<td>Global trends, opportunities, and challenges</td>
</tr>
<tr>
<td></td>
<td><em>Mini Case: “Who Makes the Apple iPhone?”</em>*</td>
</tr>
<tr>
<td></td>
<td><strong>Readings:</strong></td>
</tr>
<tr>
<td></td>
<td>Chapter 15: Market Entry strategy</td>
</tr>
<tr>
<td></td>
<td>Chapter 8: Foreign direct investment</td>
</tr>
<tr>
<td>4-Sept 19</td>
<td>Economic context of international business</td>
</tr>
<tr>
<td></td>
<td>Location and country advantages</td>
</tr>
<tr>
<td></td>
<td>International trade and economic development</td>
</tr>
<tr>
<td></td>
<td><em>Mini Case: “Indonesia: The Next Asian Giant?”</em>*</td>
</tr>
<tr>
<td></td>
<td><strong>Interim international expansion report presentation</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Readings:</strong></td>
</tr>
<tr>
<td></td>
<td>Chapter 2: National differences in political economy (pp: 43-45)</td>
</tr>
<tr>
<td></td>
<td>Chapter 6: International trade theory</td>
</tr>
<tr>
<td>5-Sept 26</td>
<td>Cultural context of international business</td>
</tr>
<tr>
<td></td>
<td>Cultural differences as threats or opportunities</td>
</tr>
<tr>
<td></td>
<td>Ethical issues in international business</td>
</tr>
<tr>
<td></td>
<td><em>Video discussion: “Going International”</em>*</td>
</tr>
<tr>
<td></td>
<td><strong>Interim international expansion report presentation</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Readings:</strong></td>
</tr>
<tr>
<td></td>
<td>Chapter 4: Differences in culture</td>
</tr>
<tr>
<td></td>
<td>Chapter 5: Ethics in international business</td>
</tr>
<tr>
<td>6-Oct 3</td>
<td>Legal and political context of international business</td>
</tr>
<tr>
<td></td>
<td>Political economy and country development</td>
</tr>
<tr>
<td></td>
<td>Nation-states in transition</td>
</tr>
<tr>
<td></td>
<td><em>Mini Case: “Siemens Bribery Scandal”</em>*</td>
</tr>
<tr>
<td></td>
<td><strong>Interim international expansion report presentation</strong></td>
</tr>
</tbody>
</table>
Readings:
Chapter 2: National differences in political economy
Chapter 3: Political economy and economic development

7-Oct 10
Government intervention and trade policy
Protectionism and world trading systems
Regulations in cross-borders transactions
*Mini Case: “The Global Financial Crisis and Protectionism”*
** Interim international expansion report presentation

Readings:
Chapter 7: The political economy of international trade
Chapter 16: Exporting, importing, and countertrade

8-Oct 17
** Midterm Exam 1** (first 75 minutes of class)
Globalization and the emerging economies
*Video discussion: “Doing Business in China”*

Readings:
Prahalad & Hammond: “Serving the World’s Poor, Profitably”
Cheng & Yiu: “China Business at a Crossroads …”

9-Oct 24
** Fall Break **

10-Oct 31
Government intervention and currency policy
Globalization of the financial markets
International monetary and exchange rate systems
*Mini Case: “South Korean Currency Crisis”*
** Interim international expansion report presentation

Readings:
Chapter 10: The foreign exchange market
Chapter 11: The international monetary system

11-Nov 7
Regional integration and free trade agreements (FTAs)
Trade blocs, economic clusters, and international business
Collaborative ventures and strategic alliances
*Mini Case: “NAFTA and Mexican Trucking”*
** Interim international expansion report presentation

Readings:
Chapter 9: Regional economic integration
Cheng: “More than a Regional Agreement …”
12-Nov 14  MNC strategy and organization
Competitive capability and asset configuration
Headquarters role and subsidiary relations
*Mini Case: “The Globalization of Starbucks”*

**Readings:**
Chapter 13: The strategy of international business
Chapter 14: The organization of international business

13-Nov 21  Subsidiary role and capability
Global supply chain and competitive advantage
Worldwide learning and innovation
*HBS Case: “Acer, Inc.: Taiwan’s Rampaging Dragon”*

**Readings:**
Chapter 17: Global production, outsourcing, and logistics
Bartlett & Ghoshal: “Tap Your Subsidiaries for Global Research”

14-Nov 28  Subsidiary staffing and human resource management
Managerial roles and responsibilities
Developing transnational managers
*Mini Case: “Staffing Policy at AstraZeneca”*

**Readings:**
Chapter 19: Global human resource management
Cheng & Cooper: “A Strategic Context Approach to International HR”

15-Dec 5  Future trends in international business
Competing in an innovation-driven, Asia-centered global economy
Course review

**Readings:**
Cheng: “Innovation Agenda is Selling Australia Short”
WEF: “Emerging Best Practices of Chinese Globalizers”

16-Dec 12  **Midterm Exam 2** (first 75 minutes of class)
Company international expansion project review
Wrapping up
Joe Cheng (Ph.D., University of Michigan) is currently Visiting Professor of International Business at George Washington University. Prior to joining GW in August 2016, he was Professor of Management and the Michael J. Crouch Chair in Innovation at the University of New South Wales in Sydney, Australia.

From 1996 to 2013, Joe was Professor of International Business at the University of Illinois at Urbana-Champaign and Founding Director of The CIC Center for Advanced Study in International Competitiveness, a major collaborative research effort among the Big Ten Universities and the University of Chicago. He also served as Director of the Illinois Center for International Business Education and Research (CIBER) from 1999 to 2006. During 2012, he was a Visiting Professor at Stanford University’s Asia-Pacific Research Center.

Joe’s research centers on three main areas: (1) innovation, R&D productivity, and international competitiveness; (2) globalization and multinational management; and (3) organizational learning, adaptation, and change. He is currently studying the changing pattern of foreign R&D investment in Asia-Pacific and its spillover effects on innovation and entrepreneurship across the region, with focus on the JACKS countries (Japan, Australia, China, Korea, and Singapore). His research has been supported by competitive grants awarded by the Department of Education, the NSF Center for Innovation Management Studies, and corporate sponsorships from major multinational firms.

Joe has published seven edited books and many refereed articles in leading U.S. and European academic journals. A former elected Chair of the Academy of Management (AOM) International Management Division, he currently serves or has served on the editorial boards of 12 academic journals, including appointments as a consulting editor, reviewer, and special issue editor.

Joe has received recognition for research, teaching, and professional service excellence, including a Leading Book Series Editor Award from Emerald Group Publishing, a Best Paper Award from the AOM Organization and Management Theory Division, Excellent Teacher Listings (undergraduate and doctoral) at the University of Illinois, an Outstanding Elective Professor Award from The Ohio State University MBA Programs (full-time, evening, and weekend), and a Distinguished Service Award from the AOM International Management Division.