

Political Environment of the Multinational Firm

MGMT 209

Spring 2010

DRAFT SYLLABUS
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Witold Jerzy Henisz
Associate Professor of Management
The Wharton School
3107 Steinberg Hall-Dietrich Hall, 3620 Locust Walk
Email : henisz@wharton.upenn.edu
Web: <http://www-management.wharton.upenn.edu/henisz/>

MW 1:30pm
CPC Auditorium
OH: TBD

Overview:

Successful practitioners of corporate diplomacy meld art and skill in engaging external stakeholders to advance their corporate interests. They craft international coalitions of stakeholders spanning politicians, regulators, bureaucrats, analysts, investors, lawyers, reporters, consumers and activists. They influence these stakeholders' opinions, perceptions, behaviors and decisions so as to secure a favorable policy outcome, collective decision or shift in group opinion that enhances their corporation's ability to generate a profit by satisfying a market demand. This course surveys the managerial, political economic, sociological and psychological foundations of corporate diplomacy as well as 12 case study examples of successful and failed implementation in order to develop an interdisciplinary framework for the play of global influence games. The insights gained can be applied to influence team decision-making and organizational politics as well as by individuals and organizations in lobbying, marketing, sales, political campaigns and corporate, national or multilateral projections of soft power.

Outline:

We will begin with a module that offers an overview of the principles that govern influence games as laid out by leading scholars and practitioners. We will highlight the gap between these principles and practical tools that managers can apply to design and implement corporate diplomacy making reference to the recent experience of the electricity generation and distribution company AES's investment in the Republic of Georgia.

We will develop the foundations of corporate diplomacy through a review of relevant literature in international political economy, social networks and social movements. For each literature, we will examine practical applications of the relevant tools. These include the experience of Newmont Gold in Fujimori's Peru, Dell's negotiations over a new plant in Brazil, United Fruit Company's investment in Guatemala, the WTO dispute between Bombardier and Embraer, the development of a gold mine in Indonesia by Canadian mining company Bre-X, Echelon's corporation strategy for influencing standard setting in the European Union, creditors seeking to minimize the losses from their exposure to Thai Petrochemical after the East Asian crisis, a Canadian gold mining company struggling with NGO

opposition in Romania, Ikea's treatment of accusations that it was complicit in the use of child labor in the fabrication of rugs and the development of a water distribution company in Tanzania.

After an integrative case examining the Russian oil industry, student teams will present projects that examine the corporate diplomacy of a specific multinational firm facing a crucial decision point in a global influence game requiring a non-obvious strategic response. Presentations will highlight the pros and cons of at least two strategic options and the means that the firms did or should choose between them. In the final classes, we survey industry best practice and just over the horizon methodologies for the design and implementation of corporate diplomacy and reflect upon how these tools could help mitigate some of the largest risks faced by multinational corporations as well as unlock new opportunities for these companies.

Process:

This 1.0 credit unit full semester elective is designed for undergraduate students across the University of Pennsylvania with an interest in the interface between multinational corporations and political and social actors. The course is organized around a central phenomenon: international investors' attempts to overcome political and social challenges that stand between market demand and shareholder profit. The course is consciously interdisciplinary in its design. There are no formal prerequisites but participants should be able to contribute some individual expertise from previous coursework, training and work experience and will, at other times, rely heavily on their peers to summarize and introduce key concepts and perspectives from other disciplines, industries or countries with which they may be less familiar.

The course is built around the assumption that as international investment involves individuals working in teams in multiple organizations from multiple countries motivated by some combination of self-interest, profit and public interest, an interdisciplinary perspective in which one genuinely integrates insights and tools from economics, political science, sociology, psychology will outperform a narrower approach. While our focus will be on corporate diplomacy in global influence games, the insights gained should be generalizable to many additional contexts including team decision-making, organizational politics, lobbying, marketing, sales, political campaigns and corporate, national or multilateral projections of soft power.

The required reading list is heavy with a mix of conceptual background readings and case studies. Students will be expected to substantively participate in each class's discussion (i.e., regular attendance with "fully present" participation in both conceptual and case discussion is required).

Discussion should not merely recap the facts in a reading but generate insight into links between concepts or paths forward for protagonists in a case. The sharing of relevant practical insights from professional or other international experiences is also encouraged.

Assessment:

KEY DATES

Wednesday, January 27 5:00pm – Sign-ups for Discussion Question Posts Open in eRoom

9pm on day prior to case discussion

- All student post three sentence response via Course Assessment Tool in eRoom
- Students signed up for Discussion Question post their 2-3 page submission to their assignment submissions folder in eRoom

Friday, March 5 5:00pm – Post team paper outlines to team folders in eRoom

Monday, March 15 in class – Assignment of team paper presentation dates

Wednesday, April 7 – Wednesday, April 14 in class – Team paper presentations (any presentations should be uploaded to team presentation folder in eRoom)

Wednesday, April 14 at end of class – Assignment of peer reviews for team presentations

Wednesday, April 21 Noon – Post peer reviews to assignment submissions folder & email them to reviewed team

TBD (DURING EXAM WEEK) – Post final version of team papers to team paper folder

CONTENT

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 individual preparation of:

- (1) overall class participation including submission of three sentence case reaction posts (25%)
- (2) answer the ***bold italicized*** discussion question from two different cases (2 X 12.5% = 25%)
- (3) team paper outline (1 X 5%)
- (4) in-class team presentation of your team paper draft (1 X 10%)
- (5) team (**NO** team > 5 members) paper (1 X 30%)
- (6) peer review of another team's presentation (1 X 5%)

Note that there is NO MIDTERM OR FINAL EXAM.

These six components are discussed in more detail below.

(1) I expect a high-level of interactive and integrative discussion in every class. Please come to class prepared to engage with your peers. Use the case reaction post (a three sentence quick response to the ***bold italicized*** case discussion question) to help you organize your thoughts and prepare for the discussion. We will also employ small group discussions, debates, role play exercises and other activities throughout the semester. You are also encouraged to post in the Current Events of Interest to the Class folder in WebCafe and/or bring up real time political or strategic events of relevance to the class. I will also cold call students.

(2) For two cases (signup on a first come first serve basis via WebCafe), you should address in 2-3 single-spaced pages the ***discussion question(s) in bold italics*** for a given class. You are free to discuss the questions with your classmates or peers but you must each write up your submissions

independently. The post should not overly emphasize facts from the readings but rather draw upon relevant material in the readings to address the points highlighted below.

In the first half of the course, posts will be more policy oriented and focus on the drivers of observed imperfections in public policy outcomes. These posts should

- a) Identify the ideal policymaking structure or process for the investor in the case
- b) Explain why, in this case, we do not observe such a structure or process
- c) Offer insights into the potential to improve the status quo and the difficulties in doing so

In the second half of the course (and in your team papers), the focus shifts to multinational actors operating in an imperfect policymaking structure. Your posts in the second half of the course should

- a) Analyze the strengths and weaknesses of at least two feasible strategic options to improve upon the situation presented in the focal case reading
 - i. an understanding of the preferences of the key actors in the case and their intensity;
 - ii. the national or international decisionmaking structure that leads to the translation of these preferences into policy outcomes; and
 - iii. the likely reactions of key market and political actors to any strategic choice.
- b) Make a recommendation based on that analysis of what the firm/manager should do. Make sure that you help the reader understand the assumptions or weights that led you from your status quo scenario and your analysis of the strengths and weaknesses of options to this particular recommendation.
- c) Incorporate within your analysis a refutation of the alternative strategies
- d) Succinctly summarize the key takeaway of the case (i.e., what lessons can other firms facing similar challenges take from your analysis and recommendations?)

Both of your posts should be formatted as with 1" margins in a 12-point times new roman font. Your submissions should be received before 9pm on the night before the case discussion. You must sign up on web café on a first come first serve basis after the fourth class for your case write-ups.

(3) Team paper outlines should highlight the key components of the paper's structure as detailed below in (6). More thorough outlines elicit more helpful feedback. It is insufficient to merely identify a topic in your outline. You need to provide me with meaningful guidance as to the substance of your paper.

(4) Each team will be asked to present their paper. As you will face relatively tight time constraints, please think carefully about the organization of the material, the links to topics covered in class and the "takeaway" from your case. Based on your presentation, you will receive written feedback from your peers (see point 5) and from me regarding points that you should address or improve upon prior to submission of your final paper.

(5) After the completion of the last team presentation each student will be randomly assigned a presentation on which they will write up a review. This 1-2pp. single spaced review should

- 1) Briefly summarize the substance of the presentation (1 paragraph)
- 2) Comment on the strengths of the presentation (1-2 paragraphs)
- 3) Comment on the weaknesses of the presentation INCLUDING HELPFUL SUGGESTIONS FOR IMPROVEMENT OF THE MATERIAL (1-2 paragraphs)

You should turn in one copy to me and one copy to the team on whose presentation you are commenting. These reviews should prove useful in making revisions on the team papers.

(6) Teams consisting of NO MORE THAN FIVE students (preferably combining individuals from different majors and nationalities) will identify a corporation that faced a dilemma relating to the

management of corporate diplomacy (examples below) and draft a 15-20 page paper on the problem faced and strategy pursued by its management. In your team's own words, you will identify and discuss the nature of the conflict between the corporation, the host country governments and its constituents including any relevant multilateral agencies or non-governmental actors; provide detail on the specific conflict, assess the contending forces faced by the firm, detail the company's strategy (or strategic options) and assess the choices made (or make a recommendation). Papers should be written in a clear and concise manner and integrate material from multiple primary and secondary sources including local press accounts, company documents, local analysis, Text should be double-spaced with 1" margins in a 12-point times new roman font. References, tables, charts and figures do not count towards the page limit but should be used only when they complement the text.

The six broad types of dilemmas typically examined by students are:

- 1) Mitigating political and regulatory risk in politically salient investments;
- 2) Addressing human rights, environmental or other social claims;
- 3) Managing a tumultuous political or economic period in a host country (e.g., economic or political transition);
- 4) Responding to an international trade or investment dispute;
- 5) Responding to an international liquidity or solvency crisis;
- 6) Enforcing or influencing the development of intellectual property protection, standards or other international legal issues

Scenarios other than those described here may be pursued with the prior consent of the instructor.

Eight basic components should be found in the submitted 15-20 page paper. Page lengths described for each component are suggestions of a normal distribution across sections only and should not be considered binding if your topic merits relatively more/less detail in a given section. However, the complete paper must fall within the page limit and formatting requirements described above.

- 1) An unnumbered title page that identifies all team members and contains an executive summary
- 2) An introduction that identifies a specific company and a specific strategic choice that it faces in a specific policymaking environment that clearly involves a conflict between the corporation and a set of political and/or social actors (1 page);
- 3) An elaboration upon the conflict in a general context but with examples or emphasis upon the particular country and industry setting that you have chosen (2-3 pages);
- 4) A brief background on the company and context that you have chosen highlighting facts relevant to the case discussion (2-3 pages);
- 5) Analyze the strengths and weaknesses of at least two feasible strategic options to address that conflict drawing upon (4-6 pages)
 - i. an understanding of the preferences of the key actors in the case and their intensity;
 - ii. the national or international decisionmaking structure that leads to the translation of these preferences into policy outcomes; and
 - iii. the likely reactions of key market and political actors to any strategic choice.
 - iv. the incorporation of this information into scenarios constructed using the Geopolitical Influence and Strategy Tool (GIST) that compare alternative strategies to influence the current formal or informal policymaking structure and likely policy outcome (online with Figures incorporated in your manuscript);
- 6) Make a recommendation based on that analysis of what the firm/manager should do or have done. Make sure that you help the reader understand the assumptions or weights that led you from your status quo scenario and your analysis of the strengths and weaknesses of options to

- this particular recommendation. It should be clear to the reader of this section why you did not choose the second best strategic option. (1-2 pages).
- 7) Succinctly summarize the key takeaway of the case (i.e., what lessons can other firms facing similar challenges take from your analysis and recommendations?) (1 page)
 - 8) A list of references that includes both secondary (newspaper or magazine) **AND** primary (company newsletter, press release, annual report, company internet site or conversations with individuals familiar with the corporate response to the strategic choice) sources. Please provide enough information so that a reader can easily find the reference.

Examples of exceptional papers will be provided on Wharton Web Café.

PLEASE NOTE THAT ANY QUOTATIONS OF LONGER THAN A PHRASE MUST BE EXPLICITLY NOTED IN THE TEXT. INSUFFICIENT ATTRIBUTION TO EXTENDED QUOTATIONS FROM EXTERNAL SOURCES WILL RESULT IN THE PURSUIT OF FORMAL CHARGES OF PLAGIARISM.

Feedback

I encourage anyone with specific or general questions regarding the course structure, content or discussions to drop by during my office hours or by appointment or to contact me via email or phone. There will be a detailed mid-course evaluation whose results I will present in class. If desired, we can form a quality circle to anonymously gather additional feedback.

I. Introduction

I.1. Conceptual Introduction (1/13/10)

Readings (to be complete before first class)

Bernays, Edward. 1947. "The Engineering of Consent" *Annals of the American Academy of Political and Social Science* **250**:113-120.

Watkins, Michael T. 2001. "Principles of Persuasion" *Negotiation Journal* **17**(2):115-137.

Discussion Questions

1. How do global influence games differ from bilateral negotiations?
2. Identify a firm that in your opinion mismanaged a global influence game (or identify a class of global influence games with which you perceive firms to have difficulty.)
3. ***What tools from other Wharton courses (e.g., financial options, marketing, management, negotiations, legal studies, business and public policy, ...) OR from other college courses (e.g., international relations, development, political science, economics, an area studies course, communications), would you currently use to answer the following questions regarding this firm's experiences:***
 - a. *What did the firm not understand?*
 - b. *What should the firm have done differently?*

I.2/3. Introductory Case: Power Trip or Power Play in the Republic of Georgia (1/20/10-1/25/10)

Readings

Henisz, Witold J. and Bennet A. Zelner. Power Trip or Power Play: AES-Telasi (A)

Discussion Questions

1. Did AES-Telasi face substantial policy risks? Why?
2. Who were the key political and social actors for Michael Scholey in the Georgian environment? Who were his allies? Opponents?
3. Who were the key political and social actors for Michael Scholey in the international environment? Who were his allies? Opponents?
4. What strategy did AES adopt to deal with this divided political and social environment?
5. ***What were the shortcomings of the strategy of Michael Scholey towards the policy risks faced by AES-Telasi? What alternative strategy would you recommend that Michael's successor (Ignacio Iribarren) implement upon his arrival?***

II. International Political Economy

II.1. Two-Level Games (1/27/10)

Readings

Putnam, Robert D. (1988). Diplomacy and Domestic Politics: The Logic of Two-Level Games, International Organization 42:3 pp.427-460.

Discussion Questions

1. What makes a deal more likely in a two level game?
2. What makes it more likely that one side will receive relatively more in such a deal?
3. ***Provide an example NOT IN THE READING of a two-level game and describe the features that made a deal more or less likely and the features that enabled one side to receive a relatively greater share of the returns.***

II.2. Rule of Man vs. Rule of Law (2/1/10)

Readings

Newmont in Peru Stanford Case IB-51

Discussion Questions

1. Who was right: The Wall Street analyst approving of the Fujimori administration because it brought political stability and guaranteed the rules of the game, or the Polish newspaper editor worried that the institutions of a democracy were being trampled?
2. Aristotle warned against the rule of man. By reference to Fujimori's Peru, what is wrong with the rule of man? What do you think would do a better job of generating economic growth – the rule of law or the rule of man? What exactly are the causal links between the rules of the game and economic growth?
3. What do you see to be the post-Fujimori future of Peru's legal and political institutions? Will what Michnik called the "Montesinos virus" fade away after Fujimori and Montesinos leave power, or will the effects of the "virus" continue?
4. ***Do investors prefer the rule of one individual or the rule of law? Under what conditions? Why?***

II.3. Centralization vs. Decentralization (2/3/10)

Readings

Background

Power to the States: Fiscal Wars for FDI in Brazil (HBS Case 9-701-079)

Case Discussion

Dell's Dilemma in Brazil: Negotiations at the State Level (Thunderbird Case A03-03-0021)

Discussion Questions

1. What are the arguments in favor and against federalism?
2. *Do relations among Brazilian states and between its states and central government contribute to its development or its 'development trap'? Why?*
3. What should Maxwell recommend to Michael Dell?

II.4. Multinational Corporations and the Rule of Law (2/8/10)

Reading

The Octopus and the Generals: The United Fruit Company in Guatemala (HBS Case 9-805-146)

Discussion Questions

1. It's 1951, you are Jacobo Arbenz and want to develop your country: what are your options?
2. Do you think Guatemala would have been better without United Fruit?
3. Was it worth it for the United States to intervene in Guatemala? What was at stake? What did the US gain? What would it have lost by allowing Arbenz to remain in power?
4. Why did United Fruit face so much hostility in Guatemala despite creating jobs, building infrastructure, and creating a successful export industry?
5. What would have permitted a better development of a capitalist economy in Guatemala: United Fruit's operations, or the agrarian reform?
 - ➔ Or, was United Fruit permitting the development of Guatemalan entrepreneurs?
 - ➔ Or was this more possible with land distribution?
6. *Do multinationals spread Western values like equality, democracy and the rule of law?*

II.5. Limiting Political & Corporate Power through International Regimes (2/10/10)

Readings

Background

The WTO Through The Lens of International Regime Theory (Erick Duchesne, Canadian Department of Foreign Affairs and International Trade, Trade Policy Research Working Paper #03, excerpt)

Case Discussion

Bombardier: Canada vs. Brazil at the WTO (HBS Case 9-703-022)

Discussion Questions

1. If free trade is so good, why is it so hard to obtain and maintain?
2. Why do governments provide subsidies, tax concessions, credits, ...?
3. Why do international regimes such as the WTO emerge?
4. Why do international regimes such as the WTO encounter such opposition?
5. Given this opposition, how can international regimes change domestic policy outcomes?
6. Make the legal case for the position of the Brazilian (Canadian) government at the WTO.

7. Beyond the legal basis for the dispute, make the argument from the perspective of Embraer (Bombardier) to the Brazilian (Canadian) government that your firm should receive subsidies.
8. ***Why do managers at firms like Bombardier and Embraer support a strong WTO (i.e., one that restricts their government's ability to subsidize them)?***

II.6. Predictioneering Using the Geopolitical Influence & Strategy Tool (GIST) (2/15/10)

Readings

Bueno de Mesquita, Bruce TBD [An excerpt of his book to be released on 9/29/09 entitled "The Predictioneer's Game: Using the Logic of Brazen Self-Interest to See and Shape the Future"]

Discussion Questions

1. In Bueno de Mesquita's decision process, what makes it more likely that an actor will achieve an outcome closer to his/her ideal point?
2. ***Develop a scenario in GIST in which you compare two strategies to alter the outcome of the Iranian game. You should not only develop numerical scenarios but also be able to explain that scenario and justify the differences between them using feasible policy interventions.***

III. Coalitions of Influence

III.1. Insights from International Business (2/17/10)

Readings

Moran, Theodore. 1973. "Transnational Strategies of Protection and Defense by Multinational Corporations: Spreading the Risk and Raising the Cost for Nationalization in Natural Resources," *International Organization* 27(2):273-287.

Vernon, Raymond. 1977. "Storm Over the Multinationals: Problems and Prospects", *Foreign Affairs*, 55(3):243-262.

Henisz, Witold J. and Bennet A. Zelner. Managing Political Risk and Opportunities Harvard Business Review *forthcoming*

Discussion Questions

1. What political and social factors limit the inflow of foreign direct investment into projects with positive economic/financial returns?
2. ***What tools does a corporation/manager need to surmount these obstacles?***

III.2. Influence Mapping (2/22/10)

Readings

Davies, Rick Network Perspectives In The Evaluation Of Development Interventions: More Than A Metaphor

Discussion Questions

1. Construct an Influence Network for a problem that you or a peer or a company is currently facing
2. *Describe how the construction of this network helped you to see a potential influence strategy that was not obvious to you beforehand.*

III.3. Corruption in Indonesian Mining (2/24/10)

Readings

Background

Corruption and Development (C. Gray & D. Kaufman, Finance & Development, 3/1/98, pp. 7-10)

Case Discussion

Busang: River of Gold (HBS Case 9-798-002)

Discussion Questions

1. How does corruption affect the development of the private sector?
2. How is corruption related to the structure of a nation's political institutions?
3. How is corruption related to informal norms within a country?
4. What are the "rules of the game" in Indonesia's mining sector at the time of the case? Has Bre-X played by the rules?
5. Has Bre-X developed relationships in Indonesia? Does it need to? How?
6. *How should David Walsh respond to Minister Sudjana's announcement? What options are open to him and to Bre-X?*

III.4. The European Union and Standards (3/1/10)

Readings

Background

The Impact of U.S. Lobbying Practice on the European Business-Government Relationship (David Coen, California Management Review 41(4): 27-44; CMR Reprint 155)

Case Discussion

Echelon in Europe (Graduate School of Business, Stanford University Case P-22)

Discussion Questions

1. What are the goals or objectives of the European Union?
2. Describe initiatives by the European Union other than tariff and subsidy reductions that have the purpose of achieving these goals. Why are these important?
3. Should the EU be able to set standards that are binding upon individual nation-states? Why or why not?
4. How will the enlargement of the EU in 2004 influence the scope of EU authority? Why is it so contentious?
5. *Should Echelon maintain its defensive blocking strategy? Why or why not? If not, how should it seek to influence the adoption of an open architecture policy at the EU level?*

III.5. Reflections on Big Mistakes in Economic Policymaking (3/3/10)

Readings

Can the IMF play Supercop? (James Smalhout, Euromoney, September, 1998, pp. 90-93)

Prevention is more complex than cure (James Smalhout, Euromoney, Sept. 2001, pp. 320-325)

Stinging Critiques of IMF, US Treasury (Chakravarthi Raghavan, Third World Network

<http://www.twinside.org.sg/title/sting.htm> Accessed 11/29/05)

The Insider (Joseph Stiglitz, The New Republic 4/17/2000 <http://www.tnr.com/article/politics/the-insider>)

How Did Economists Get it So Wrong (Paul Krugman, The New York Times Magazine 9/6/09

http://www.nytimes.com/2009/09/06/magazine/06Economic-t.html?_r=1&em=&pagewanted=print)

Discussion Questions

1. Who or what was to blame for the depth of the recessions/depressions in Thailand and the rest of East Asia?
2. How was reaction of the International Monetary Fund and the World Bank perceived by lenders, foreign investors, local entrepreneurs, local conglomerates, and local consumers?
3. What parallels exist between the East Asian crisis and the more recent global financial crisis?
4. *How did the policy reactions to the two crises differ? Why?*

III.6. Negotiating Debt After the East Asian Crisis: The Case of Thai Petrochemical (3/15/10)

Readings

Thai Petrochemical Industry: Negotiating Debt after the East Asian Crisis (Witold Henisz and Aneesha Capur)

Discussion Questions (in class role play exercise on this question)

1. *Should creditors undertake a*
 - a. *Debt restructuring with Prachai and current TPI management as planner*
 - b. *Debt restructuring with an external planner—most likely, Effective Planner, the creditors' steering committee nominee after the disagreements with Prachai*
 - c. *strategic partnership with a local company to restructure and manage TPI*
 - d. *Sale of TPI*

Why or on what would it depend?

IV. Social Issues and Non-Governmental Organizations

IV.1. Non-Governmental Organizations and Global Business Policy (3/17/10)

Readings

The Power of Activism: Assessing the Impact of NGOs on Global Business (California Management Review, 45(3):78-101; CMR Reprint 255)

Turning Gadflies into Allies (Michael Yaziji, Harvard Business Review, February 2004, R0402J)

Keck, Margaret E. and Kathryn Sikkink. 1999. "Transnational Advocacy Networks in International and Regional Politics." *International Social Science Journal* **51**(159):89-101.

Discussion Question

1. When are NGOs most able to impact multinational strategy? Why?

IV.2/3. MNC vs. NGO (3/22/10 - 3/24/10)

Readings

Background

Controlling Political Risks in Mining Operations (Control Risks Group)

Case Discussion

Rosia Montana: Political and Social Risk Management in the Land of Dracula (A) (Witold Henisz, Sinziana Dorobantu and Tim Gray)

Discussion Questions

1. Did the Rosia Montana mine have sufficient political, economic, and social support? Locally? Nationally? Which sort of support was most critical to the project's success?
2. What might opponents have done to raise the profile of their concerns, and slow or stop the mine's redevelopment?
3. *Given the political, economic, and social environment in Romania in the mid-1990s, which elements of Gabriel Resources' strategy made sense? Which ones could have been improved? What, if anything, did the executives neglect?*

IV.4. Public Private Partnerships I (3/29/10)

Readings

Background

The Political Economy of Child Labor and its Impacts on International Business (S.L. Bachman, Business Economics, July 2000, pp. 30-41)

Case Discussion

IKEA's Global Sourcing Challenge: Indian Rugs and Child Labor (A) (HBS Case 9-906-414)

Discussion Questions

1. What are the drivers of the use of child labor
2. What are the risks involved for IKEA in its treatment of child labor issues?
3. How should IKEA respond to the accusations leveled against it?
4. ***How should IKEA manage its policies with regard to child labor?***
 - a. *What should they do independently? Why?*
 - b. *What should they do in concert with NGOs such as Rugmark? Why?*
 - c. *What should they do in concert with IGOs such as the ILO or UNICEF? Why?*

IV.5/6. Public-Private Partnerships II (3/31/10 – 4/5/10)

Readings

Background

Creating Sustainable Local Enterprise Networks (Wheeler David et. al, *Sloan Management Review*, 47(1):33-40)

Case Discussion

City Water Tanzania (A): Water Partnerships for Dar es Salaam (Oana Branzei and Kevin McKaque, Richard Ivey School of Business Case 9B07M025)

Discussion Questions

1. What makes public private partnership difficult to craft and sustain?
2. ***Should Minister Lowassa accept the IFC's offer and seek a private operator with expertise and additional resources or should he encourage locally sponsored alternatives? Come to class ready to advocate for either***
 - a. *A public-private partnership*
 - b. *Independent operation (without international aid)*
 - c. *Status quo with improvements*

V. Integration, Presentation and Conclusions

V.1. Strategy in the Russian Oil Industry (4/7/10)

Readings

White Nights and Polar Lights: Investing in the Russian Oil Industry (HBS Case, 9-795-022)

Discussion Questions

1. What are some of the relevant characteristics of the oil industry and, in particular, the oil industry in Russia that lead political and regulatory risk to pose such concerns to investors?
2. How does political and regulatory risk affect the entry strategy of foreign oil firms in Russia?
3. ***Evaluate the entry strategies of Phibro, Mobil and Conoco. Which one chose wisely? Why?***
[In-class debate on this question]
4. How will the returns from the development of Russian oil likely be distributed in the long term? Why?

V.2/4. Team Presentations (4/12/10, 4/14/10 and 4/19/10)

V.5. Frontier Tools for Stakeholder Engagement (4/21/10)

Readings

SKIM the stakeholder engagement tools described at

UNEP/Accountability Stakeholder manual

<http://www.accountability21.net/publications.aspx?id=904>

Anglo-American Socio-Economic Assessment Toolbox

<http://www.angloamerican.co.uk/cr/socialresponsibility/seat/>

Social Analysis Systems

<http://www.sas2.net/>

OMEN/MASAM

<http://www.hec.unil.ch/yp/Pub/04-HICSS.PDF>

Playmaker's Standard

<http://www.plays2run.com>

PSI

TO BE DISTRIBUTED VIA WEBCAFE

Discussion Questions

1. Critically evaluate these tools.
 - a. Do they offer potential gains to multinational managers who implement them?
 - b. What are the impediments to the widespread adoption of such tools?
 - c. What improvements would you offer to the authors of these tools?

V.6. Global Risks and Course Wrap-up (4/26/10)

Readings

Global Risks 2010 (available for download at <http://www.weforum.org/en/initiatives/globalrisk/index.htm> in January 2010)

Mastering Management (Stephen Kobrin, *Financial Times*, 3/15/96, p. 13)

Discussion Questions

1. *For one specific global risk,*
 - a. *Identify specific reforms that could reduce the likelihood of this risk manifesting or reduce the severity of impact should it manifest*
 - b. *Identify specific impediments to the implementation of these reforms*
2. Will the global economy continue to become more integrated? Who will be the winners / losers?
3. Will international political institutions keep pace / surge ahead / fall behind?
4. What are the implications of these two trends for multinational managers?