



**MGMT 111 – Multinational Management  
Course Syllabus, Fall 2019**

**Faculty:** Professor Britta Glennon  
**Office:** 2021 SHDH  
**Office hours:** Wednesdays 2-4 and by appointment  
**Phone:** 215-746-3132  
**Email:** [bglennon@wharton.upenn.edu](mailto:bglennon@wharton.upenn.edu)

*This syllabus is a plan, not a contract. I reserve the right to change or update it as needed, particularly since some of the topics have current events unfolding in real time.*

**COURSE DESCRIPTION**

MGMT 111 is the basic introductory course to international business and management. Its goal is to familiarize students with key aspects of the international political, economic, and institutional environment in which firms operate. The course is considered a foundation for the Management Department's courses in Multinational Corporate Strategy (MGMT 205), Politics and the Multinational Corporation (MGMT 209), and Comparative Management (MGMT 234).

This course begins with an overview of the global landscape, and then covers different aspects of international trade before turning to foreign investment. Topics covered in international trade include the returns and costs to trade, tariffs and non-tariff barriers, trade war, and trading institutions and rules.

After examining the theories behind foreign investment, the course turns to taxation, the globalization of R&D, the role of diasporas and migration in driving multinational strategy, and ethics.

While the majority of this course is in a lecture format, there will be some cases that allow students to synthesize the extensive materials on multinational management, international institutions, economic policies, and politics with a goal towards formulating multinational firm strategy. Cases will be drawn to reflect the diversity of global strategy challenges across different continents.

**TEXTBOOKS AND READINGS**

All of the readings are on Canvas. While there is no required textbook for the course, I assign several chapters from Keith Head's book, *Elements of Multinational Strategy*. These readings are required for each lecture. They have been selected to help you better grasp the concepts during the lecture and to improve the quality of discussion during class.

## GRADING

Students will be graded on the basis of a midterm (25%) and final project (35%), as well as four case write-ups worth a total of 20%. The remaining 20% will be based on attendance and class participation in the cases and lectures. The midterm will be on **October 3<sup>rd</sup>**.

You will not be graded on a curve. Your grade will correspond to the sum of the points you have accumulated as a proportion of the total points available. MGMT111 uses the following grade distribution:

A+: 97-100%	B+: 87-89.99%	C+: 77-79.99%	D+: 67-69.99%
A: 93-96.99%	B: 83-86.99%	C: 73-76.99%	D: 63-66.99%
A-: 90-92.99%	B-: 80-82.99%	C-: 70-72.99%	F: 62.99% or below

Information about each of these assignment components can be found below.

No late submissions are accepted for any assignments.

### **Attendance and Participation (20%)**

Lecture attendance is required and counts toward your grade. We will use an assigned seating plan that I will provide on Canvas and on the first day of class. You are expected to display your name tent during every class. Attendance will be taken at every lecture. Missing more than ten minutes of lecture (arriving late, leaving early, or exiting the room during the class) counts as missing the entire class. Attendance will not be taken for the first lecture.

*Authorized Absences:* While you are expected to attend every lecture and recitation, I recognize that illness or other conflicts sometimes intervene. You will therefore be permitted two absences. Each additional absence beyond the two permitted ones will result in a 1-point deduction from your attendance grade. Attendance is important for your understanding of course concepts because exams draw heavily on the content covered in lectures; this content goes well beyond the readings. The only classes that are recorded and posted online for students are those that conflict with religious holidays. Thus, the content that you will miss if you do not attend a lecture will not be available to you in another form.

*Participation:* To earn full participation points, you must actively and productively engage in any group discussions and exercises (particularly on case days). Valuable comments are those that address the issues under discussion directly, integrate concepts or different perspectives, demonstrate critical thinking, provide relevant examples, or pose insightful questions.

### **Case Writeups (20%)**

Pick four cases from the nine total cases and submit a short reaction paper on it the day **BEFORE** the case is discussed in class (no later than 11:59pm the day before). The reaction paper should focus on the company discussed in the case. The paper should answer the questions for that individual case included in the syllabus.

Papers will be graded on the basis of their insightfulness, use of concepts learned during the global module of this course, quality of answers to the case questions posed in this syllabus, and clarity of the writing. Typos or careless writing will be penalized. Please review and proofread your reaction paper before uploading it. Your Penn ID should be included at the top right, but not your name. *This is an individual assignment. No teamwork.*

Word limit: 2 pages, single spaced (1000 words) in Times New Roman 12-point font, with 1" margins.

### **Team Project (35%)**

Students should pick a company contemplating engaging in international trade, foreign investment, or offshoring parts of the value chain. The team should describe the potential challenges and solutions in moving into global operations, which could consist of products that are goods or services. This could be a domestic company, or a multinational company that already engages in international activities but is thinking of moving into a new geographic area or product segment.

The team project should be carried out in groups of 4. I will randomize the team assignment after the first week of class. Part of your grade will depend on peer evaluations of your teammates.

Your assignment is to use theories and concepts from the course to analyze and explain the activities of a given firm in a given country, vis-à-vis the firm's global strategy. Essentially, you will use an actual firm as the case material that allows you to demonstrate your understanding of and ability to apply course theories/concepts. The project can incorporate such topics as comparative and competitive advantage, tariffs and other barriers to trade, access to human capital, engaging in foreign investment, international tax strategies, offshoring key components of the value chain, and global corporate social responsibility (CSR) dilemmas.

You must prepare a report (25 pages in length, double-spaced, Times New Roman, 12-point font, with 1" margins) and a 15 minute presentation summarizing your main themes and findings. You should consider the drivers of the firm's recent relative performance as well as the sustainability of these drivers over time.

The choice about the relative weight to put on different issues, theories, and concepts in explaining the firm's activities and its performance is yours. In evaluating your paper, I will look to see whether the theories/concepts you use are described accurately (i.e. substantively correct), applied appropriately (i.e. fit the context you describe), and most relevant to the situation (i.e. did you pick the theories/concepts that best illuminate the firm's situation). In choosing a focal firm, remember that you may not choose a firm highlighted in the cases from the course, and that the firm must, to some degree, be global.

Please consider the following as possible topics to include in your report:

- Short history/overview of the focal firm, its strategy, and its management practices, including the influence of its home country's political, economic and social institutions;
- Short history / overview of the economic, political, legal or social context in the focal country and the focal firm's perceptions of their likely evolution over time, as it pertains to the evolution of the focal firm's strategy and management practices;

- Is this company considering a global expansion or contraction? Does it make sense for the company to expand globally at this time? Why or why not?
- What comparative or competitive advantage does this firm have on global markets? What is the ideal form of global sales—trade or foreign investment? If foreign investment is being contemplated or expanded, what is the right form of FDI?
- How important are regional agreements in either enhancing the firm’s competitiveness or creating barriers that need to be overcome such as preferential tariffs for regional competitors?
- If the company were to expand globally beyond its current geographic scope, which regions make the most sense? (CAGE framework) Why?
- How much adaptation of product attributes or marketing does this company do as it moves across different geographies? Should it do more? Less?
- Global strategy (i.e., Aggregation, Adaptation or Arbitrage) of the firm in the focal market differentiating by product or function as appropriate, and including mode of entry and sequence of entry by which the firm entered the focal market where appropriate;
- Impact of different national employment laws, policies, institutions, and norms on the focal firm when it operates in different countries (Porter Diamond, Institutional Voids)

Some tips:

- Don’t forget that this is an exercise that must be graded. It is easy to get carried away with an interesting story and forget that this is also a way to test your knowledge of and ability to apply the course material.
- Remember to mention course concepts specifically, so I don’t have to read your mind to figure out what concepts you are applying to your case. Drawing explicit links between the concepts you identify and the case material is the key. Don’t just drop in the names of a few theories or concepts into the midst of a description. Show how they apply.
- Do not expect the reader to “crunch the numbers” that you display in your exhibits to see what is really happening; this is the difference between a case and a paper: you have to provide the data and the analysis.
- When facing a choice as to whether to narrow your paper to a more focused topic, recognize the benefits of this strategy in terms of richness, thoroughness and completeness but balance these benefits against the costs of reduced data availability and difficulty in legitimately speaking to the elements of the course.
- It may be useful to:
  - develop a comparative angle in the paper, i.e. compare your firm to another firm in the same country or your firm’s operations in the focal country to those in another country. Doing so, however, enhances the risk of spreading yourself too thin so be cognizant of this risk if you choose this approach.
  - Compare and contrast how two or more different theories or frameworks can be applied to the same case. Be sure you make it clear to me why you chose those theories and which you felt provided more insight.

**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 formal charges of plagiarism to the**

**office of student conduct. If you have any questions on policy, see**  
[http://gethelp.library.upenn.edu/PORT/documentation/plagiarism\\_policy.html](http://gethelp.library.upenn.edu/PORT/documentation/plagiarism_policy.html)

A one page proposal that describes the company you are planning to study, what aspects your analysis will focus on, and how you plan to gather data should be submitted on Canvas by **Tuesday September 24.**

In-class presentations will take place on **November 26 and December 3.** The report is due at **noon on December 11.**

The report should be double-spaced, with 12-point Times New Roman font. The maximum length is 25 pages, not including figures, tables, and references. Please include an Executive Summary and Word Count on a title page. I recommend that you begin work on the paper early, to avoid a last-minute crunch. This is feasible because some corporate material is readily available and each class session will introduce new concepts that are potentially applicable.

### **COURSE POLICIES:**

All students are responsible for reading, understanding and following the course policies posted below and on Canvas regarding class expectations, absences, withdrawals, exam conflicts, and academic integrity.

**Electronics:** Please turn off all phones and computers and ensure they are put away out of sight for the entire duration of all lectures and recitations, unless you are instructed to do otherwise. Tablets are authorized for note-taking purposes but please ensure that all sound settings are turned off. The lecture slides will be provided in advance of each lecture so that you can print them out or save them to your tablet if you want to take notes on them directly.

This no electronics policy is in place for two reasons. First, recent research shows that taking notes by hand rather than on a computer is superior for long-term retention of material. Second, laptops and phones make it more difficult to create an interactive learning environment. Your instructors want to get to know you and help you engage fully with the course material. We can't do that if there is a computer or phone screen between us. Additionally, this policy reduces distractions for other students around you in the classroom, since when electronics are permitted it can be hard to resist the temptation to check email or surf the web, which is distracting for others and also reduces the energy in the classroom, detracting from the learning experience.

**Midterm exam/Final presentation conflicts:** Makeup exams will only be available to students with university-approved absences or by prior permission of the professor. An unexcused absence from an exam will result in a grade of zero. Per university policy, excused absences are only granted in cases of a conflicting class, a conflicting exam, a religious holiday, a serious illness or a grave family emergency, and each of these situations must be documented to our satisfaction. Note that Student Health Services do not deliver justifications for absences from class or exams, per their policy. Job interviews, incompatible

travel plans, and forgetfulness will be considered unexcused absences. We require at least two weeks' notice for foreseeable conflicts. Please note that the Course Absence Report (CAR) system should not be used if you have an exam conflict; you will need to contact me or the TA at least two weeks in advance for anticipated exam conflicts to make other arrangements.

**Special needs:** If you have any kind of learning or physical disability, please notify me (by email or during office hours) so that we can discuss how best to support you. Any students who require special arrangements for their classes or exams must have an official letter from student disability services. They should submit this letter together with their request for special arrangements to the professor as early in the semester as possible, and at least two weeks before an exam.

**Academic integrity:** Students are required to abide by the University's policy of academic integrity at all times. This applies to exam-related issues as well as plagiarism on graded assignments.

**Student-faculty meals and coffee breaks:** I will hold five lunches and dinners during the semester with up to seven students each time, to give us a chance to meet and chat informally. Sign-up sheets will be available on Canvas.

**Ethics and Use of Prior Materials:** It is never appropriate to use materials prepared by students of faculty in this course from previous years. You should not use previously completed case write-ups, summaries of readings, or other "cheat sheets".

## **IMPORTANT DATES TO REMEMBER**

- August 27: First day of class
- September 24: Submission Deadline: Team project proposal
- October 3: MIDTERM EXAM
- November 26: In-class team presentations
- December 3: In-class team presentations
- December 5: Last day of class
- December 11: Team project report due

## **Acknowledgements**

I acknowledge and thank Professor Ann Harrison for sharing her materials from when she taught this course, on which I draw heavily.

## Readings and Schedule

### **Class 1: An Introduction to Multinational Management**

#### Readings

Thomas L. Friedman, "It's a Flat World, After All," New York Times Magazine, April 3, 2005.

Pankaj Ghemawat, Redefining Global Strategy, Chapter 1: Semiglobalization and Strategy.

"Remember When Trump Said He Saved 1,100 Jobs at a Carrier Plant?", Bloomberg Business Week, March 29, 2017.

#### Discussion Questions

1. Friedman and Ghemawat have a very different world view regarding globalization. How do those different perspectives inform their vision of a firm's global strategy?
2. Why did Carrier consider relocating activity to Mexico? Why did the firm reconsider its decision?
3. If you were Carrier's CEO, what would you do about its Indianapolis plant?

### **Classes 2-3: What is Competitive Advantage?**

#### Readings

Keith Head, Elements of Multinational Strategy, Chapters 2-3

Michael Porter, Competitive Advantage of Nations (HBS90211)

"How the US Lost out on iPhone Work" New York Times, January 21, 2012

#### Discussion Questions

1. According to Porter, what are the deficiencies of classical theory?
2. How does Porter's concept of competitive advantage differ from Keith Head's definition of comparative advantage?
3. According to Porter, what are the determinants of competitive advantage?
4. What is the source of China's competitive advantage in producing the iPhone?

### **Class 4: Comparative and Absolute Advantage in Practice [Case]**

#### Readings

Swatch and the Global Watch Industry, Ivey School of Business (9A99M023)

#### Discussion Questions

1. What was Hayek's key vision to revive the Swiss watch industry?
2. What are Swatch's key competitive strengths?
3. Is the competitive landscape for watches flat?

## **Class 5: Introducing the Costs to Trade**

### Readings

Keith Head, Elements of Multinational Strategy, Chapter 4  
Pankaj Ghemawat, "Differences Across Countries: The CAGE Distance Framework", Chapter 2 in *Redefining Global Strategy*, 2007.

### Discussion Questions

1. What does the gravity model tell us is important for predicting trade?
2. How does Ghemawat's framework expand on economists' view of gravity and trade?
3. What are the strengths of the gravity approach? The weaknesses?

## **Class 6: Applying CAGE: the case of CEMEX [Case]**

### Readings

The Globalization of CEMEX, HBS9-701-017

### Discussion Questions

1. Why did CEMEX enter foreign markets primarily through foreign investment and not through international trade?
2. Did CEMEX expand geographically along the distance metrics outlined by CAGE?
3. What do you think of CEMEX's pace of expansion?
4. Would you have entered different national markets using the same entry modes as CEMEX? Why or why not?

## **Class 7: Tariffs**

### Readings

"US Border Tax Plan Risks Hitting Asia Growth", Financial Times, Jan. 16, 2017.  
"Building Trade Walls", Keith Bradsher and Karl Russell, The New York Times, March 7, 2017.  
Alan Auerbach, "The Case for a Border-Adjusted Tax", The New York Times, March 6, 2017.  
"How America's Border-Adjusted Corporate Tax Would Work", The Economist, February 13, 2017.  
Krugman and Obstfeld, International Economics: Theory and Policy, Chapter 8.

### Discussion Questions

1. US Congress considered a border tax adjustment that would lead to taxes on imports but not on exports or domestically produced goods. Identify which types of companies would gain and lose from such a tax.
2. How would US consumers be affected by a border tax adjustment?



## **Class 8: Non-tariff barriers and Trade Wars**

### Readings

- “Trump’s Trade War Timeline: An Up-to-Date Guide”, PIIIE.  
“Dumping and tub-Thumping”, The Economist, 9 April 2016  
“Who’s Winning the US-China Trade War? It’s Not the United States or China”, PIIIE.  
Robinson, Sherman and Karen Thierfelder. July 11, 2019.

## **Class 9: Trading Rules and Institutions**

### Readings

- “The World Trade Organization and the Future of Multilateralism”, Richard Baldwin, Journal of Economic Perspectives, Winter 2016.  
Stern, Robert. “The multilateral trading system”.  
“Why Obama’s key trade deal with Asia would actually be good for American workers,” David Autor, David Dorn, and Gordon Hanson, Washington Post, 12 March 2015.  
“What is Lost by Burying the Trans-Pacific Partnership?”, Jackie Calmers, The New York Times, 11 November 2016.

### Discussion Questions

1. Who is likely to support and oppose the TPP?
2. Do you think the TPP is a good idea? Why or why not?

## **Class 10: The truth about NAFTA [Case]**

### Readings

To Trade or not to Trade: NAFTA and the Prospects of Free Trade in the Americas: HBS 9-705-034

### Discussion Questions

1. Based on the evidence presented in the case, did NAFTA result in a loss of jobs in the USA? What about in Mexico? Defend your answer.
2. What happened to trade between the 3 members post-NAFTA? Does this represent a welfare gain or a welfare loss or neither?
3. Why did the US, Mexico, and Canada sign the North American Free Trade Agreement? Which sectors would you expect to gain most from this agreement?
4. What opportunities and challenges did NAFTA create for North American firms already operating within the three countries of Mexico, the US, and Canada?
5. What opportunities and challenges did NAFTA create for companies based outside North America? What strategic responses should companies outside NAFTA adopt?

## **Class 11: Trade in Services**

### Readings

Jensen, J. Bradford. Global trade in services: fear, facts, and offshoring: Chapter 1. Washington, DC: Peterson Institute for International Economics, 2011.  
OECD. Services Trade Policies and the Global Economy: Chapter One.

## **Class 12: MIDTERM**

## **Class 13-14: Economic Theories of FDI I**

### Readings

“The Multinational Enterprise: An Overview of Theory and Empirical Findings,” Section 2.1 (Pages 23-39), Giorgio Barba Navaretti and Anthony J. Venables, Multinational Firms in the Global Economy, Princeton University Press, 2006.  
“Why foreign investment still polarizes India”, Sonal S. Pandya, Monkey Cage, Washington Post, September 30, 2014.  
R. Vernon, Quarterly Journal of Economics, 1966, “International Investment and International Trade in the Product Cycle”.  
“Attracting High Technology Investment: Intel’s Costa Rican Plant”, Debora Spar, FIAS, April 1998.  
“Intel outside”, The Economist, April 16 2014.  
“Costa Rica: Life after Intel”, Rodrigo Aguilera, May 1, 2014.

## **Class 15: Management Theories of Global Strategy (Dunning’s OLI Paradigm; AAA)**

### Readings

“The Eclectic Paradigm of International Production: a Restatement and Some Possible Extensions”, Journal of International Business Studies, Spring 1988.  
“Managing Differences: The Central Challenge of Global Strategy”, Harvard Business Review, P. Ghemawat, R0703C-PDF-ENG.

## **Class 16: Where to go? Entering Foreign Markets Part I [Case]**

### Readings

Grolsch: Growing Globally (HBS)

### Discussion Questions

1. What would Grolsch claim as its competitive advantages vis-à-vis its competitors?
2. When did they begin going global? Why did Grolsch expand internationally?
3. What market characteristics does Grolsch analyze when it enters foreign markets? What do you make of their framework to evaluate market entry?
4. Evaluate Grolsch’s performance in international markets

## **Class 17: How to go? Entering foreign markets Part II: Lincoln Electric [Case]**

### Readings

Lincoln Electric (HBS 9-707-445)

Discussion Questions

1. Put yourself in CEO Stropki's shoes. Should Lincoln Electric expand into India?
2. In which countries is Lincoln Electric likely to be most/least successful? Why? How would this guide your choice about where the company should place its production facilities?
3. When Lincoln Electric goes abroad, what factors should determine how much it adapts its core incentive pay-for-performance management practices to local labor market norms? Should the company follow the adage "when in Rome, do as the Romans do" or should they replicate the system that drove success at home in Cleveland, Ohio?

**Class 18: Optimizing MNC taxation I**

Readings

"International Taxation", Chapter 12 in Elements of Multinational Strategy, Head.  
"The missing profits of nations", VoxEU. Torslov, Wier, and Zucman. 23 July 2018.  
"Apple's Tax Avoidance Illustrates Gap Between Law and Economics." Wall Street Journal. September 7, 2016.  
"Caterpillar Is Accused In a Report of Fraud", The New York Times, March 8, 2017.

**Class 19: Optimizing MNC taxation II [Case]**

Readings

Desai, Mihir A., James R. Hines, Jr, and Mark Veblen. "Corporate Inversions: Stanley Works and the Lure of Tax Havens." Harvard Business School Case 203-008, September 2002.

Discussion Questions

1. What is the difference between taxing one's citizens and one's residents? How does this affect behavior?
2. Why is Stanley Works moving to Bermuda?
3. What are the costs of an inversion transaction? Who pays them? Who makes the decision?
4. Is what Stanley is doing problematic? Morally? Economically?

**Class 20: Globalization of R&D and Ideas**

Readings

The Rise of Global Innovation by US Multinationals Poses Risks and Opportunities.  
Branstetter, Lee, Britta Glennon, and J. Bradford Jensen. PIIIE Brief. June 2019.

Discussion Questions

1. Why might US MNCs want to do R&D abroad?
2. What factors might drive the R&D location choice?

## **Classes 21-22: Immigration and multinationals [Case]**

### Readings

Glennon, 2019. How Do Restrictions on High-Skilled Immigration Affect Offshoring? Evidence from the H-1B Program  
Jollibee Foods Corporation (A): International Expansion (HBS 9-399-007)  
“Trump’s immigration policy has foreign tech talent looking north of the border”, Washington Post, January 11, 2019.  
“Research Shows Immigrants Help Businesses Grow. Here’s Why.” Harvard Business Review. Kelly, Natalya.

### Discussion Questions

1. How can diasporas provide strategic advantages to MNCs?
2. How can diasporas and immigration policies drive offshoring and FDI location choice?

## **Class 23: Human Resource Management in a World of Varying Labor Laws (institutional voids) [Case]**

### Readings

“Spotting Institutional Voids in Emerging Markets”, Khanna and Palepu, 2005.  
“In China, Human Costs are Built into an Ipad”, New York Times, Jan 25, 2012.  
Apple in China: Wharton Case Prepared for Global Summit

### Discussion Questions

1. What is the significance of the Chinese market to Apple’s growth?
2. Evaluate Apple’s strategy in China (use the AAA framework!).
3. Should Apple be held accountable for poor labor conditions at factories it subcontracts from, including companies like Foxconn?
4. What should Apple do, if anything, to address institutional voids in Chinese labor markets? Do you have any recommendations for Apple’s CSR strategy going forward?

## **Class 24: Ethics and Multinational Firms [Case]**

### Readings

Corruption in Russia: IKEA's Expansion to the East (A).  
“The Road to Hell is Unpaved”, The Economist, December 19, 2002.  
“Do Honest Corporations Stand a Chance?”, Mark Pieth and Radha Ivory, Forbes, January 22, 2009.  
“Vast Mexico Bribery Case Hushed Up by Wal-Mart After Top-Level Struggle,” David Barstow, New York Times, April 21, 2012.

### Discussion Questions

1. If you were in Dahlgren’s position, would you pay the bribe or not?

2. What would be your specific actions? How would your actions impact the short-term or long-term future of IKEA in Russia and IKEA in general?
3. What are the underlying reasons for your choice and proposed actions?

**Class 25: Preparation Time for Class Presentations (NO CLASS)**

**Classes 26-27: Student Presentations**

**Class 28: Final Review and Wrap-Up**