MGMT 111 – Multinational Management
Course Syllabus, Fall 2021

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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 at a macro level, covering different aspects of international trade and trade policy. We then turn to foreign investment and the factors that influence the foreign investment decisions of multinational firm managers. Topics include the returns and costs to trade, tariffs and non-tariff barriers, trade wars, taxation and tax havens, IP, ethics, and 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.
GRADING

Your grade will be comprised of the following components, each of which will be described in further detail below:

<table>
<thead>
<tr>
<th>Assignment</th>
<th>Points</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attendance and Participation (individual)</td>
<td>20%</td>
<td>10am on the associated class day</td>
</tr>
<tr>
<td>8 case quizzes (individual)</td>
<td>16%</td>
<td>10am on the associated class day</td>
</tr>
<tr>
<td>Midterm Exam (individual)</td>
<td>28%</td>
<td>October 5</td>
</tr>
<tr>
<td>Final Project (group)</td>
<td>36%</td>
<td>Different components due on different dates</td>
</tr>
</tbody>
</table>

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**

**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. I will begin taking attendance in week two.

All classes will be recorded and posted on Canvas for your reference.

**Authorized Absences:** While you are expected to attend every lecture, 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.

**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.
Polling: There will be polling, using Poll Everywhere, during nearly every class. Please register with Poll Everywhere before the semester begins, following the instructions on this webpage: https://support.polleverywhere.com/hc/en-us/articles/1260801556329-Registration

My username is brittaglenno976. Please be sure you are signed in during every class, or I will not be able to track who is participating in the polls. Participation in polls will be required for full participation and attendance credit, but it is not sufficient. In addition to attending class and responding to polls, you must participate in class to receive full credit.

Case Quizzes (16%)

There will be a quiz due by 10am before every case class (taken via Canvas), based on the relevant case. The quiz will ask you to certify that you read the case for that day, plus ask a mix of multiple choice and short answer questions. The quiz is open book – you can go back to the case and any notes you took. I will frequently rely on your quiz answers to set up the discussion for class. Each quiz is worth two points. Some questions will have a correct answer, some will be graded on completeness and thoughtfulness. You may skip two quizzes during the course without penalty, which means you must submit eight cases, for a total of 16 points. If you take all ten quizzes, I will drop the two in which you scored the lowest. Each quiz is an individual assignment; no group work is permitted.

The ten cases are as follows:

<table>
<thead>
<tr>
<th>Antwerp Diamonds (9/9)</th>
<th>CEMEX (9/16)</th>
<th>NAFTA (9/30)</th>
<th>Lincoln Electric (10/21)</th>
<th>Foxconn vs BYD (10/28)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marks and Spencer (11/4)</td>
<td>Sun Microsystems (11/9)</td>
<td>Pfizer Allergan (11/16)</td>
<td>Tavazo (11/23)</td>
<td>IKEA (11/30)</td>
</tr>
</tbody>
</table>

Midterm Exam (28%)

There will be an 80-minute midterm exam in-class on October 5.

Last year’s midterm exam and solutions is posted on Canvas for your reference.

Team Project (36%)

Students should pick a company contemplating engaging in international trade, foreign investment, or offshoring parts of the value chain. This decision must be analyzed ex-ante. You may not choose a firm highlighted in the cases from the course, and the firm must, to some degree, be global. 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. Your assignment is to use theories and concepts from the course to analyze and evaluate whether a given firm should expand into – or contract out of – a given country, via exports or FDI. 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.

The core requirement is to analyze one global decision that has not happened yet. In analyzing the decision, you will have to bring in other elements about the firm’s history, prior global movements, country and industry characteristics, etc. But the primary goal is to analyze a firm decision that has not yet happened, using the frameworks of the course.

The library has provided a guide on the course Canvas page that may help you find sources for your research.

Your grade on the final paper and presentation will be assigned according to the grading rubric available on Canvas.

The team project should be carried out in groups of five. I will randomize the team assignment after the second week of class. There are five deliverables as part of the final project, described below.

<table>
<thead>
<tr>
<th>Deliverables</th>
<th>Points</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposal (group)</td>
<td>3</td>
<td>September 28</td>
</tr>
<tr>
<td>Recorded Presentation (group)</td>
<td>10</td>
<td>December 2 by 10am</td>
</tr>
<tr>
<td>Feedback on other groups’ presentations (group)</td>
<td>3</td>
<td>December 9 by 10am</td>
</tr>
<tr>
<td>25 Page Written Report (group)</td>
<td>12</td>
<td>December 14 by 10am</td>
</tr>
<tr>
<td>Peer Evaluation (individual)</td>
<td>8</td>
<td>December 14 by 10am</td>
</tr>
</tbody>
</table>

**Proposal:** Please fill out the project proposal on Canvas in Google Forms that describes the company you are planning to study and what decision you intend to analyze ex-ante. Please include sources. This should be submitted by **Tuesday September 28**. Only one member per team needs to submit.

**Presentation:** Your group should record a ten-minute presentation summarizing your main themes and findings, and upload the recording to Canvas. Your classmates and I will provide feedback in the week following, which can be used to make any adjustments to your analysis before the report. Please keep in mind that 10 minutes is not a lot of time, so you will have to think carefully about what are the most important pieces to present. Please upload both your slides and recordings. A grading rubric is available on Canvas.

**Feedback on other groups’ presentations:** You – as a group – will be required to view and provide feedback on one of your fellow classmates’ group presentations (the choice of presentation will be through random assignment). You may provide feedback on multiple presentations if you wish, but only one – the one assigned – is required. Your response should include three parts: at least one item of positive feedback, one constructive critique or area that you think could be improved, and one thoughtful question. This will take place on Canvas. You must also respond to questions posted about your own presentation.
**Peer Evaluation:** Please submit the Peer Evaluation of your teammates by 10am EST on December 14 on Canvas using Feedback Fruits. Note that each peer evaluation grade will be an average of your teammates’ evaluation of yourself and your own self-evaluation, so please treat your teammates fairly in their evaluations. If you provide an especially poor peer evaluation grade, please provide an explanation in the comments.

**Report:** You must prepare a report that is no more than 25 pages and no fewer than 20 pages (not including figures, tables, and references) to be submitted on Canvas by 10am on December 14. It should be double-spaced, in Times New Roman 12-point font, with 1” margins. Please include an Executive Summary and Word Count on a title page and use the APA citation style. Only one member per team needs to submit.

There are three samples of excellent project reports from last year on Canvas for your reference. These may help guide you as you select your topic and formulate your analysis. Please note that the course assignment evolves each year so past exemplars may not follow the same structure and rubric.

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)

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**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.

**Late Submissions Policy:** No late submissions are accepted for any assignments. No exceptions.

**Regrading Policy:** You have one week to submit a written request for a midterm regrade (which lays out the reasons why you think your exam should be regraded). I will regrade the entire exam, which means your grade could go up or down.

**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. I 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 lunches:** I will hold seven lunches during the semester with up to six 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 projects, summaries of readings, or other “cheat sheets”.

**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.

There are two exceptions to the electronics policy: (1) when there is a poll up, and (2) when there is a Zoom component to the class.

**Guest Speakers:** Please be respectful of our guest speakers. They are busy and important people who take personal time to come to our classes. Your attendance, participation, and attention are expected (as in any other class session) on December 2nd and 7th.
READINGS

Most of the readings can be found on Canvas in the Course Materials @ Penn Libraries tab. Cases can be found in the Study.net course pack. There are very few required readings: cases are always required, and I will sometimes include a reading on non-case days that I will be drawing on for discussion.

I have, however, included quite a few “recommended” readings at the end of the Syllabus. These are either news articles that I have come across that nicely illustrate a concept from a class, or textbook chapters/more in-depth articles that may help you to dig deeper into a topic or provide additional materials to help you better grasp the concepts during the lecture and to improve the quality of discussion during class. These are provided by the library.

IMPORTANT DATES TO REMEMBER

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 31</td>
<td>First day of class</td>
</tr>
<tr>
<td>September 28</td>
<td>Team project proposal due</td>
</tr>
<tr>
<td>October 5</td>
<td>Midterm Exam</td>
</tr>
<tr>
<td>December 2</td>
<td>Recorded presentation due</td>
</tr>
<tr>
<td>December 9</td>
<td>Last day of class; feedback on presentations due</td>
</tr>
<tr>
<td>December 14</td>
<td>Team project paper and peer evaluations due</td>
</tr>
</tbody>
</table>
SCHEDULE AND REQUIRED READINGS

Part 1: Understanding International Trade at a Macro Level

<table>
<thead>
<tr>
<th>Class</th>
<th>Date</th>
<th>Topic</th>
<th>Case Study?</th>
<th>Required Readings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>8/31</td>
<td>An Introduction to Multinational Management</td>
<td></td>
<td></td>
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<tr>
<td>2</td>
<td>9/2</td>
<td>Comparative Advantage and Economies of Scale</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>9/7</td>
<td>Country Advantages</td>
<td></td>
<td></td>
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<tr>
<td>5</td>
<td>9/14</td>
<td>Introducing the Costs to Trade</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>9/16</td>
<td>Applying CAGE</td>
<td>YES: CEMEX</td>
<td>The Globalization of CEMEX (HBS 9-701-017)</td>
</tr>
<tr>
<td>7</td>
<td>9/21</td>
<td>Tariffs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>9/23</td>
<td>Trade Wars and non-tariff barriers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>9/28</td>
<td>Trading Rules and Institutions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>9/30</td>
<td>The Truth about NAFTA</td>
<td>YES: NAFTA</td>
<td>To Trade or not to Trade: NAFTA and the Prospects of Free Trade in the Americas (HBS 9-705-034)</td>
</tr>
</tbody>
</table>
## PART 2: Multinational Firms and FDI

<table>
<thead>
<tr>
<th>Class</th>
<th>Date</th>
<th>Topic</th>
<th>Case Study?</th>
<th>Required Readings</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>10/7</td>
<td>Horizontal vs Vertical FDI</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>10/12</td>
<td>More theories of FDI</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>10/19</td>
<td>Ownership advantages and Internalization Theory</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>10/26</td>
<td>Managing IP, Knowledge Spillovers, and Conducting R&amp;D Abroad</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>10/28</td>
<td>IP Management in Practice</td>
<td>YES: Foxconn</td>
<td>“Foxconn vs BYD (A): Commercial Espionage or Learning by Hiring?” Ivey Publishing (090316A)</td>
</tr>
<tr>
<td>18</td>
<td>11/2</td>
<td>AAA Framework</td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>11/4</td>
<td>AAA Framework: Adaptation in Practice</td>
<td>YES: Marks and Spencer</td>
<td>“Marks and Spencer Enters China” Ivey Publishing (9B12A036)</td>
</tr>
<tr>
<td>20</td>
<td>11/9</td>
<td>Managing a Global Team</td>
<td>YES: Sun Microsystems</td>
<td>“Managing a Global Team: Greg James at Sun Microsystems Inc (A)” (HBS 9-409-003)</td>
</tr>
<tr>
<td>21</td>
<td>11/11</td>
<td>Optimizing MNC Taxation I</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>11/16</td>
<td>Optimizing MNC Taxation II</td>
<td>YES: Pfizer</td>
<td>&quot;Tax for the CFO: Should Pfizer Acquire Allergan?” Ivey Publishing (9B18B008)</td>
</tr>
<tr>
<td>23</td>
<td>11/17</td>
<td>Immigration and MNCs I</td>
<td></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>11/19</td>
<td>Immigration and MNCs II</td>
<td>YES: Tavazo</td>
<td>“Tavazo Co.” Ivey Publishing (9B10M093)</td>
</tr>
<tr>
<td>25</td>
<td>11/24</td>
<td>Institutional Voids and Ethics</td>
<td>YES: IKEA</td>
<td>Corruption in Russia: IKEA’s Expansion to the East (A) (ESMT-716-0169-1)</td>
</tr>
<tr>
<td>26</td>
<td>12/1</td>
<td>Guest Speaker: Michael Callahan</td>
<td></td>
<td></td>
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<tr>
<td>27</td>
<td>12/3</td>
<td>Guest Speaker: Being finalized.</td>
<td></td>
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<tr>
<td>28</td>
<td>12/8</td>
<td>Final Review</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
ADDITIONAL OPTIONAL READINGS

Class 1: Introduction
- “Globalisation has faltered” January 24, 2019. The Economist.
- “In Suez Canal, Stuck Ship is a Warning about Excessive Globalization”. New York Times.
- “Talk of De-Globalization is Fashionable but Wrong”. Blomberg. Peter Coy.

Class 2: Comparative Advantage and Economies of Scale
- “Trade and Labor Markets: Lessons from China’s Rise”. David Autor. IZA.
- Keith Head, Elements of Multinational Strategy, Chapter 2

Class 3: Country Advantages
- “An Inconvenient Iota of Truth”. August 6, 2016. The Economist
- Michael Porter, Competitive Advantage of Nations (HBS90211)
- Keith Head, Elements of Multinational Strategy, Chapter 3

Class 5: Introducing the Costs to Trade
- CAGE Comparator tool: https://globalization.stern.nyu.edu/cage
- Keith Head, Elements of Multinational Strategy, Chapter 4
Class 7: Tariffs and Trade War

- “The ghost of Smoot-Hawley tells why America isn’t too big to avoid retaliation”. Kris Mitchener, Kevin O’Rourke, and Kirsten Wandschneider. May 19, 2021.
- “Why tariffs are bad taxes”, July 31 2018. The Economist.

Class 8: Non-Tariff Barriers


Class 9: Trading Rules and Institutions

- Caroline Freund and Emanuel Ornelas. June 2, 2010. “Regional Trade Agreements: Blessing or Burden?” VoxEU.
- Chad Bown. “Mega-Regional Trade Agreements and the Future of the WTO” September 2016. Discussion Paper Series on Global and Regional Governance
- “It’s the end of the World Trade Organisation as we know it”. November 28, 2019. The Economist.
Class 12: Horizontal vs Vertical FDI


Class 13: More Theories of FDI

- Pankaj Ghemawat, “Global Value Creation: The ADDING Value Scorecard”.

Class 14: Ownership Advantages and Internalization Theory

- Guillen, Mauro. “Understanding and Managing the Multinational Firm”.

Class 16: Managing IP, Knowledge Spillovers, and Conducting R&D Abroad

- “Huawei’s Yearslong Rise is Littered with Accusations of Theft and Dubious Ethics”. The Wall Street Journal.
- “Can you keep a secret?” The Economist.
- https://www.internationalpropertyrightsindex.org/countries

Class 18: AAA Framework

- “American Factory” on Netflix

Class 20: Managing a Global Team

• If you want to explore this topic further, you may enjoy Erin Meyer’s The Culture Map book.

Class 21: Optimizing MNC Taxation I

• “International Taxation”, Chapter 12 in Elements of Multinational Strategy, Head.
• “The missing profits of nations”, VoxEU. Torslov, Wier, and Zucman. 23 July 2018.
• Trade Talks podcast: “Multilateral tax cooperation gets one step closer”. June 9, 2021.
  https://podcast.app/multilateral-tax-cooperation-gets-one-st-closer-e139462471/?utm_source=ios&utm_medium=share

Class 23: Immigration and MNCs

• Forbes. “Restrictions on H-1B Visas Found to Push Jobs Out of the US”.
• Talent on the Move (William R. Kerr), Chapter 1 of The Gift of Global Talent

Class 25: Institutional Voids and Ethics

• “The Road to Hell is Unpaved”, The Economist.
• “Profit or Principle is the hard choice for foreign companies in China”. March 30, 2021. Financial Times.
Acknowledgements

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