



**MGMT 111 – Multinational Management
Course Syllabus, Fall 2020**

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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:

Assignment	Points	Due Date
Attendance and Participation (individual)	15%	
8 case quizzes (individual)	24%	10am on the associated class day
Midterm Exam (individual)	25%	October 6
Final Project (group)	36%	Different components due on different dates

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 (15%)

You are expected to be present during class and to be well-prepared to discuss the cases and other readings. I will sometimes cold call students, particularly on case days. You have the opportunity to opt out of being cold called twice during the semester, no questions asked; just email me in advance of class and let me know. I will begin taking attendance in week 2.

Participation points will be allocated for the following items:

- Substantively speaking up during class, either on the chat or verbally.
- Completing polling – using Poll Everywhere - during class. To facilitate discussion, I will often have students fill out a poll during class. I will download reports of who participated in these polls after each class.
- Participating in the discussion boards on Canvas. Discussion prompts will be posted 3-4 times per month (precise dates listed in schedule below), and you will receive participation credit for responding constructively to the prompt and/or to your fellow classmates. There will also be a place in the discussion board to post questions you may have about each class.

I will use Zoom Usage Reports to take attendance. You are expected to attend every class. You will be permitted two absences. Each additional absence beyond the two permitted ones will result in a 1-point deduction from your attendance grade.

I am sympathetic to the fact that the online setting makes in-class interactions challenging, and that health and bandwidth issues add additional difficulties. Please email me if you cannot make a session for any reason beyond your control, or if you are having trouble participating due to connectivity or other reasons. If you are in a different time zone and know that you will be unable to attend classes live, please email me in advance so we can work something out.

Case Quizzes (24%)

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 three 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 24 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:

Antwerp Diamonds (9/10)	CEMEX (9/17)	NAFTA (10/1)	Lincoln Electric (10/20)	Foxconn vs BYD (10/27)
Marks and Spencer (11/3)	Sun Microsystems (11/5)	Stanley Works (11/12)	Tavazo (11/19)	IKEA (11/24)

Midterm Exam

There will be an 80-minute midterm exam on Canvas. You may take it anytime within the 24-hour time period beginning at 12:00AM EST on October 6 and ending at 11:59PM EST on October 6. It will be open-book.

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.

To receive full credit, you will need to:

1. Provide a recommendation regarding that global decision that is substantiated by some qualitative and quantitative evidence. This recommendation should not be a simple yes/no, but should also expand on the following types of questions (for example): Should they expand/contract? What is a good alternative if not? What will they have to be careful of? Should they expand but use a different mode of entry?
2. Apply course theories and concepts accurately (i.e. substantively correct) and appropriately (i.e. do they fit the context). Do NOT just drop in the names of a few theories or concepts into the midst of a description. Show how they apply.

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.

Deliverables	Points	Due Date
Proposal (group)	3	September 29
Recorded Presentation (group)	10	December 3 by 11:59pm
Feedback on other groups’ presentations (group)	3	December 8 by 10am
25 Page Written Report (group)	12	December 14
Peer Evaluation (individual)	8	December 14

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 29**. 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.

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 12pm noon EST on December 14 on Canvas using Feedback Fruits.

Report: You must prepare a 25-page report (not including figures, tables, and references) to be submitted on Canvas **by 12pm noon 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. 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.

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

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.

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. 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. The exam can be taken over a twenty-four hour period to allow for maximum flexibility.

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 virtual coffee hours: I will hold seven virtual coffee hours 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".

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

September 1	First day of class
September 29	Team project proposal due
October 6	Midterm Exam
December 1 and 3	No class (to work on presentation and report)
December 3	Recorded presentation due
December 8	Last day of class; feedback on presentations due
December 14	Team project report and peer evaluations due

SCHEDULE AND REQUIRED READINGS

Part 1: Understanding International Trade at a Macro Level

Class	Date	Topic	Case Study?	Discussion board Q?	Required Readings
1	9/1	An Introduction to Multinational Management			
2	9/3	Comparative Advantage and Economies of Scale		YES	
3	9/8	Country Advantages		YES	
4	9/10	Comparative Advantage in Practice	YES: Antwerp Diamonds		Is the Diamond Capital of the World Losing Its Sparkle? Diamond Trading and Cutting in a Changing Global Economy, Darden Business Publishing (UVA-G-0612)
5	9/15	Introducing the Costs to Trade			
6	9/17	Applying CAGE	YES: CEMEX		The Globalization of CEMEX (HBS 9-701-017)
7	9/22	Tariffs			
8	9/24	Trade Wars and non-tariff barriers		YES	
9	9/29	Trading Rules and Institutions			
10	10/1	The Truth about NAFTA	YES: NAFTA	YES	To Trade or not to Trade: NAFTA and the Prospects of Free Trade in the Americas (HBS 9-705-034)
Class 11: MIDTERM (10/6)					

PART 2: Multinational Firms and FDI

Class	Date	Topic	Case Study?	Discussion board Q?	Required Readings
12	10/8	Horizontal vs Vertical FDI			
13	10/13	More theories of FDI		YES	
14	10/15	Ownership advantages and Internalization Theory			
15	10/20	Entering Foreign Markets in Practice	YES: Lincoln Electric		Lincoln Electric (HBS 9-707-445)
16	10/22	Managing IP, Knowledge Spillovers, and Conducting R&D Abroad		YES	
17	10/27	IP Management in Practice	YES: Foxconn	YES	"Foxconn vs BYD (A): Commercial Espionage or Learning by Hiring?" Ivey Publishing (090316A)
18	10/29	AAA Framework			
19	11/3	AAA Framework: Adaptation in Practice	YES: Marks and Spencer	YES	"Marks and Spencer Enters China" Ivey Publishing (9B12A036)
20	11/5	Managing a Global Team	YES: Sun Microsystems		"Managing a Global Team: Greg James at Sun Microsystems Inc (A)" (HBS 9-409-003)
21	11/10	Optimizing MNC Taxation I			
22	11/12	Optimizing MNC Taxation II	YES: Stanley Works	YES	"Corporate Inversions: Stanley Works and the Lure of Tax Havens." Harvard Business School Case 203-008.
23	11/17	Immigration and MNCs I			
24	11/19	Immigration and MNCs II	YES: Tavazo		"Tavazo Co." Ivey Publishing Case 9B10M093.
25	11/24	Institutional Voids and Ethics	YES: IKEA	YES	Corruption in Russia: IKEA's Expansion to the East (A) (ESMT-716-0169-1)
26	12/1	NO CLASS			

27	12/3	NO CLASS			
28	12/8	Final Review			

ADDITIONAL OPTIONAL READINGS

Class 1: introduction

- Sebastien Miroudot, “Resilience versus robustness in global value chains: Some policy implications.” June 18, 2020. VoxEU.
- Douglas Irwin. “The Pandemic Adds Momentum to the Deglobalization Trend.” April 23, 2020. PIIIE.
- “Has covid-19 killed globalization?” May 14, 2020. The Economist.

Class 2: Comparative Advantage and Economies of Scale

- “China is Working Its Way Up from Sweatshops to Skilled Jobs”. December 6 2019. The Wall Street Journal.
- “A Tiny Screw Shows Why iPhones Won’t Be ‘Assembled in U.S.A.’” New York Times, January 28, 2019.
- Keith Head, Elements of Multinational Strategy, Chapter 2

Class 3: Country Advantages

- “How the US Lost Out on iPhone Work”. January 22, 2012. The New York Times.
- “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

- “Brexiters Bet the U.K. Can Defy Gravity in Post-Divorce Trade.” November 15, 2018. Bloomberg.
- Pankaj Ghemawat, “Differences Across Countries: The CAGE Distance Framework”, Chapter 2 in Redefining Global Strategy, 2007.
- Keith Head, Elements of Multinational Strategy, Chapter 4

Class 7: Tariffs

- “A Winter-Coat Heavyweight Gives Trump’s Trade War the Cold Shoulder”. November 23, 2018. The New York Times.
- “Whirlpool Wanted Washer Tariffs. It Wasn’t Ready for a Trade Showdown.” July 16, 2018. The Wall Street Journal.
- “The trouble with putting tariffs on Chinese goods.” May 16 2019. The Economist.
- “Why tariffs are bad taxes”. July 31 2018. The Economist.

- Krugman, Obstfeld, and Melitz, International Economics: Theory and Policy, Chapter 9: The Instruments of Trade Policy.

Class 8: Non-Tariff Barriers and Trade Wars

- “Trump’s Trade War Timeline: An Up-to-Date Guide”, PIIIE. <https://www.piie.com/blogs/trade-investment-policy-watch/trump-trade-war-china-date-guide>
- “Dumping and Tub-thumping”, April 9 2016. The Economist.
- “Companies Find Ways to Bypass Tariffs on Chinese Imports”. February 6 2020. The Wall Street Journal.
- “Rules of Origin Risk Tripping Up Trade Post-Brexit”. May 16 2018. The Wall Street Journal.
- “China’s Virus-Safety Demand is Latest Hurdle to Trade Deal”. June 23, 2020. Bloomberg.
- “China Has a Plan to Be Nearly Self-Sufficient by 2025. Global Rivals Call It Unfair”, Keith Bradsher and Paul Mozur, The New York Times, March 8, 2017.

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

Class 12: Horizontal vs Vertical FDI

- “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.
- Davies, Ronald and James R. Markusen. “The Structure of Multinational Firms’ International Activities”. NBER Working Paper 26827

Class 13: More Theories of FDI

- R. Vernon, Quarterly Journal of Economics, 1966, “International Investment and International Trade in the Product Cycle”.
- Pankaj Ghemawat, “Global Value Creation: The ADDING Value Scorecard”.

Class 14: Ownership Advantages and Internalization Theory

- “The Eclectic Paradigm of International Production: a Restatement and Some Possible Extensions”, Journal of International Business Studies, Spring 1988.
- Guillen, Mauro. “Understanding and Managing the Multinational Firm”.

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

- “Did Uber Steal Google’s Intellectual Property?” The New Yorker. October 15, 2018.
- “Huawei’s Yearslong Rise is Littered with Accusations of Theft and Dubious Ethics”. The Wall Street Journal.
- “Can you keep a secret?” The Economist.
- The Rise of Global Innovation by US Multinationals Poses Risks and Opportunities. Branstetter, Lee, Britta Glennon, and J. Bradford Jensen. PIIIE Brief. June 2019.
- <https://www.internationalpropertyrightsindex.org/countries>

Class 18: AAA Framework

- “Managing Differences: The Central Challenge of Global Strategy”, Harvard Business Review, P. Ghemawat, R0703C-PDF-ENG.
- “American Factory” on Netflix

Class 20: Managing a Global Team

- Transnational Teams in Knowledge-Intensive Organizations (Martine Haas and Mallika Banerjee), Handbook of 21st Century Management, 2008 ed.

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.
- “Apple’s Tax Avoidance Illustrates Gap Between Law and Economics.” Wall Street Journal. September 7, 2016. (required)
- “Caterpillar Is Accused In a Report of Fraud”, The New York Times, March 8, 2017. (required)
- Dyreng and Hanlon. “Tax Avoidance and Multinational Firm Behavior”.
- Dharmapala, Dhammika. “Do Multinational Firms use Tax Havens to the Detriment of Other Countries?”

Class 23: Immigration and MNCs

- Brookings Blog. Glennon. “Why the Trump administration’s anti-immigration policies are the United States’ loss and the rest of the world’s gain”. July 20, 2020.
- Forbes. “Restrictions on H-1B Visas Found to Push Jobs Out of the US”.
- “Trump’s immigration policy has foreign tech talent looking north of the border”, Washington Post, January 11, 2019.
- Glennon, 2019. How Do Restrictions on High-Skilled Immigration Affect Offshoring? Evidence from the H-1B Program. NBER Working Paper No. 27538
- Talent on the Move (William R. Kerr), Chapter 1 of The Gift of Global Talent

Class 25: Institutional Voids and Ethics

- “Spotting Institutional Voids in Emerging Markets”, Khanna and Palepu, 2005.

- “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.
- “The Road to Hell is Unpaved”, The Economist.

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