

# **Engineering Tripos Part IIB, 4E5: International Business, 2021-22**

## **Module Leader**

[Dr J Kroezen](#) [1]

## **Timing and Structure**

Lent term. 8 x 2 hour sessions. Live Online. Assessment: 100% coursework

## **Aims**

The aims of the course are to:

- Improve understanding of the international business environment through class lectures and discussion on (i) globalization; (ii) socio-cultural and political variation in business environments; and (iii) international business strategy.

## **Objectives**

As specific objectives, by the end of the course students should be able to:

- appreciate the complexities of the international organizational environment when making strategic decisions;
- understand and apply the concepts and theories of international business strategy.
- understand and apply key concepts related to the institution-based view in strategic management;
- conduct a comparative analysis of institutional environments in different countries;
- develop strategies to reduce political risks and manage cultural differences;

## **Content**

This module aims to provide managers with a deep and holistic understanding of international business. It moves beyond the analysis of macro-economic trends, market opportunities and industry competitiveness by paying extensive attention to the social, political and cultural differences that businesses need to consider when their activities cross borders. An appreciation of this broader "institutional" environment is essential for managers in order to craft successful internationalisation strategies.

During eight interactive lectures we will address the advantages and disadvantages of different foreign entry modes, critically discuss highly-influential ideas on understanding cross-border differences, examine exemplary internationalisation cases and enter into short class debates. As such, the module covers issues that are particularly relevant to those who are considering careers in multinational enterprises or in other organizations that deal with cross-border issues.

The course is structured around eight two-hour sessions comprising highly interactive lectures and firm-level case discussions. As this course usually draws over 100 students, the lectures are scheduled to take place live online.

1. Introduction to international business;
2. Globalization: historic and current trends;
3. The institution-based view in international business;
4. Formal institutions I: differences in legal and political systems;

5. Formal institutions II: differences in economic systems;
6. Informal institutions: cross-cultural differences;
7. Institutional voids: differences in institutional development;
8. Recap and/or in-class case study.

**Course Outline (Subject to Change)****ENGINEERING TRIPPOS PART IIB – 2021-22      Module 4E5: International Business****TABLE 1: Preliminary Course Outline (Subject to Minor Change)**

*More detailed reading list, including suggested further reading per session available elsewhere through Booklist [2]*

<u>Session</u>	<u>Time and Location</u>	<u>Learning Points</u>	<u>Required Reading Materials to be Prepared Before the Session</u>
1. Defining International Business	22 Feb 2022 16:00-18:00  Live Online	- Defining what international business is about  - Understanding the aims and structure of the course	Course Syllabus
2. Globalization: Historic and Current Trends	23 Feb 2022 15:00-17:00  Live Online	- Defining what globalization is and how it may affect business  - Understanding the different sides of debates around globalization	Friedman, Thomas. 2005. "It's a Flat World, After All." <i>The New York Times</i> , April 3 <sup>rd</sup> 2005. (10 pages)  Ghemawat, Pankaj. 2007. "Why the World Isn't Flat" <i>Foreign Policy</i> . (7 pages)
3. The Institution-Based View in International Business	1 Mar 2022 16:00-18:00  Live Online	- Understanding what an institution is  - Being able to apply the institution-based view as a lens to international business issues through the use of the notion of "institutional distance"	Peng, M.W., Sun, L.S., Pinkham, B., & Chen, H. 2009. "The Institution-Based View as a Third Leg of a Strategy Tripod" <i>Academy of Management Perspectives</i> . (15 pages)
4. Formal Institutions Part I: Differences in Economic Systems	2 Mar 2022 15:00-17:00  Live Online	- Being able to classify different economic system in accordance with the varieties of capitalism vocabulary  - Understanding the different dimensions across which economic systems may differ and the impact on business	Friel, Daniel. 2005. "Transferring a Lean Production Concept from Germany to the United States: The Impact of Labor Laws and Training Systems" <i>Academy of Management Executive</i> . (8 pages)  Hall, Peter A. & David Soskice. 2001. "Chapter 1. Introduction to Varieties of Capitalism" In: <i>Varieties of Capitalism: The Institutional Foundations of Comparative Advantage</i> . (68 pages)

Session	Time and Location	Learning Points	Required Reading Materials to be Prepared Before the Session
5. Formal Institutions Part II: Differences in Political and Legal Systems	8 Mar 2022 16:00-18:00 Live Online	<ul style="list-style-type: none"> <li>- Being able to classify different legal and political systems.</li> <li>- Understanding the impact of legal and political systems on business</li> </ul>	Siems, Mathias M. 2016. "Varieties of legal systems towards a new global taxonomy." <i>Journal of Institutional Economics</i> (23 pages)
6. Informal Institutions: Cross-Cultural Differences	9 Mar 2022 15:00-17:00 Live Online	<ul style="list-style-type: none"> <li>- Being able to classify different cultures according to Hofstede's dimensions</li> <li>- Understanding the impact of cultural differences on international business</li> </ul>	<p>Hofstede, G., Hofstede, G.J. &amp; Minkov, M. 2010. <i>Cultures and organizations: Software of the Mind. International Cooperation and its Importance for Survival</i>. McGraw Hill. (Read Part II: Dimensions of National Cultures)</p> <p>Hofstede, Geert. 1993. "Cultural Constraints in Management Theories." <i>Academy of Management Executive</i>. (13 pages)</p> <p>Kogut, Bruce and Singh, Harbir 1988. "The Effect of National Culture on the Choice of Entry Mode." <i>Journal of International Business Studies</i></p>
7. Institutional Voids: Differences in Institutional Development	15 Mar 2022 16:00-18:00 Live Online	<ul style="list-style-type: none"> <li>- Being able to classify differences in institutional development</li> <li>- Understanding the impact of institutional development on international business</li> </ul>	<p>Khanna, Tarun, Krishna G. Palepu &amp; Jayant Sinha 2005. "Strategies that Fit Emerging Markets" <i>Harvard Business Review</i>. (14 pages)</p> <p>Khanna, Tarun, and Krishna G. Palepu. 2006. "Emerging giants: Building world-class companies in developing countries." <i>Harvard Business Review</i>. (14 pages)</p>
8. Recap / In-Class Case Study	16 Mar 2022 15:00-17:00 Live Online	<ul style="list-style-type: none"> <li>- Recollect main learning points from the course</li> <li>- Develop an informed opinion on how the international business environment is going to evolve</li> </ul>	TBD

## Coursework

### ENGINEERING TRIPoS PART IIB – 2019-20

#### Module 4E5: International Business

Coursework	Format	Due date & marks
<p><b>Analysis of Institutional Distance and Recommendation on Internationalization Strategy</b></p> <p>You will investigate the “institutional distance” between two different countries of your choosing and make an informed recommendation for the internationalization strategy of a fictitious firm. The aim of the assignment is to provide you with the opportunity to directly apply the concepts learned during the course to an empirical setting and encourage you to critically reflect on the different manners in which firms can cross borders. Detailed guidelines are provided below.</p> <p><u>Learning objective:</u></p> <ul style="list-style-type: none"> <li>• Apply the institution-based view to analyze institutional distance;</li> <li>• Learn how to critically evaluate and make use of available data sources to understand institutional distance;</li> <li>• Apply theory on international entry strategy to an empirical setting;</li> <li>• Appreciate the complex strategic choices that are involved with international expansion.</li> </ul>	<p>Individual Report</p> <p>Anonymously marked</p>	<p><b>DEADLINE:</b> Tuesday 26 A</p> <p><b>HAND-IN LO:</b> Moodle</p> <p><b>MARKS:</b> [60/60]</p>

## INDIVIDUAL ASSIGNMENT GUIDELINES

### Assignment Description

You will investigate the “institutional distance” between two different countries of your choosing and make an informed recommendation for the internationalisation strategy of a (fictitious) firm of your choosing. The aim of the assignment is to provide you with the opportunity to directly apply the concepts learned during the course to an empirical setting and encourage you to critically reflect on the different manners in which firms can cross borders.

You need to imagine the following situation:

You are responsible for the internationalisation strategy of a firm that operates in {insert sector}. The firm's headquarters are based in {insert home country} and top management has asked you to assess the possibility of expansion toward {insert host country}. Top management has determined that there are considerable business opportunities in {insert host country}, but has limited local knowledge of this country nor does it have any prior experience with doing business in countries that are similar to this country. As such, top management is uncertain if and how the identified opportunities can be captured. Assess the institutional distance between your home country and the proposed host country and make an informed recommendation regarding the entry strategy your firm should follow. In your assessment, you can assume that there are no resource constraints as top-management has assured you that it has all the resources available to execute any recommendation you make.

### Assignment Steps

1. *Select a sector of interest in which your firm is active;*

Think of a sector that you are personally interested in or imagine a firm that you are interested in and use this as inspiration for your scenario. For the purpose of the assignment, it is helpful to work with a stylized or fictional scenario to allow you to focus on the most crucial part of the assignment (the comparative institutional analysis of a chosen home and host country). However, do make sure to develop an idea of what unique capabilities define the

firm that would need to be somehow replicated or transferred across borders.

*2. Select a home country and a host country;*

Base the headquarters of your firm in a country of your choosing and select a host country in which it may be interested in operating. Ideally, you should pick at least one country that you are relatively unfamiliar with in order to enhance your learning experience. Setting up a realistic scenario may be helpful, but is not required! As stressed in the scenario above, you can assume that there are considerable business opportunities in the host country you decide to choose. In other words, if you are working with a scenario where the firm is seeking a new market, you do not have to do any market research to justify why you have selected a particular host country.

*3. Observe institutional distance between home and host country with help of concepts discussed during sessions 3-7;*

Before each session from week 3 until week 7 of the course, take some time to explore the institutional differences across the two countries that you have selected based on the concepts discussed in class. At this stage, you do not have to write a report but be prepared to be able to discuss your initial findings in class.

*4. Select two dimensions of institutional distance that you will focus on in your paper;*

After the final session, you should have acquired a good understanding of the institutional differences between your home and host country. At this stage, you should select two dimensions of institutional distance that you deem to be most relevant for your scenario. Ideally, you would want to focus on dimensions for which (a) distance appears to be the greatest and that are (b) most relevant to the unique capabilities of your firm.

*5. Write an investigative paper in which you analyse the relevant institutional distance between your selected home and host country across the two selected dimensions and make an informed, detailed and realistic recommendation for an entry strategy.*

Your paper should make use of course concepts and provide definitions in own words (not quotes) where necessary. Make sure your paper follows the structure outlined below.

### **Structure of the Paper**

The paper should be no more than 3,000 words (excluding references) and has to contain the following parts:

- **Title page:** Title and Student Number
- **Introduction:** Very briefly introduce the firm, including the sector in which it is active, its unique capabilities and in which country headquarters are located. Succinctly introduce the internationalisation problem following the scenario you have crafted.
- **Theory:** Very briefly introduce and define key perspectives (e.g. the institution-based view) or concepts (e.g. various entry strategies) used in the assignment. There is no need to directly reproduce course content and/or tables.
- **Method:** Briefly describe which dimensions of institutional distance you will focus on and justify your choice. Discuss which sources you will rely on for your assessment.
- **Analysis:** Report in detail on your analysis of the two dimensions of institutional distance between the home and host country. Make sure to refer to any sources you have used. Where possible, make your analysis specifically relevant to your firm by considering how institutional differences may pose challenges for your firm's usual mode of operating / its unique capabilities.
- **Conclusion and Discussion:** Conclude with a detailed recommendation for an entry strategy that your firm should follow when entering the host country in which you make use of the relevant course frameworks on internationalisation strategy. Refer back to your analysis and consider how the firm can practically navigate any challenges in transferring or recreating the necessary capabilities for success in the host country. Discuss any other issues that the firm may need to consider in relation to your recommendation. Discuss

any limitations of your analysis and/or make suggestions for further research.

- **References:** Follow the Harvard system to carefully reference relevant literature and avoid plagiarism. See: <https://infolib.blog.jbs.cam.ac.uk/2017/09/28/referencing-advice-all-you...> [3].

## Assessment Criteria

- Clarity of constructed scenario (5%): Is the firm properly and succinctly introduced? Is the internationalisation problem clearly but succinctly described?
- Coverage of relevant literature (25%): Does the student engage with the literature in a constructive and concise manner? Has the student used additional (academic) sources, other than the ones covered in lectures?
- Critical analysis (25%): Has the student put effort in conducting a comparative institutional analysis? Are the reported observations and implications clear, relevant, and based on coherent argumentation? Is sufficient evidence provided?
- Practical recommendations (25%): Does the report provide a clear and coherent recommendation? Does the report provide detailed considerations for how the recommendation should be implemented in practice? Does the recommendation adequately connect back to the scenario and analysis? Are potential limitations considered??
- Originality (10%): Is the report creative and original? Does the report provide some new angle on the topic? ?
- Style and structure (10%): Is the paper clearly structured, well written and formatted with care?

## Booklists

Please refer to the Booklist for Part IIB Courses for references to this module, this can be found on the associated Moodle course.

## Examination Guidelines

Please refer to [Form & conduct of the examinations](#) [4].

## UK-SPEC

This syllabus contributes to the following areas of the [UK-SPEC](#) [5] standard:

[Toggle display of UK-SPEC areas.](#)

### GT1

Develop transferable skills that will be of value in a wide range of situations. These are exemplified by the Qualifications and Curriculum Authority Higher Level Key Skills and include problem solving, communication, and working with others, as well as the effective use of general IT facilities and information retrieval skills. They also include planning self-learning and improving performance, as the foundation for lifelong learning/CPD.

### IA1

Apply appropriate quantitative science and engineering tools to the analysis of problems.

### IA2

Demonstrate creative and innovative ability in the synthesis of solutions and in formulating designs.

### KU1

Demonstrate knowledge and understanding of essential facts, concepts, theories and principles of their engineering discipline, and its underpinning science and mathematics.

**KU2**

Have an appreciation of the wider multidisciplinary engineering context and its underlying principles.

**S1**

The ability to make general evaluations of commercial risks through some understanding of the basis of such risks.

**S3**

Understanding of the requirement for engineering activities to promote sustainable development.

**P3**

Understanding of contexts in which engineering knowledge can be applied (e.g. operations and management, technology, development, etc).

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**Links**

- [1] <mailto:jk632@cam.ac.uk>
- [2] <https://www.vle.cam.ac.uk/mod/book/view.php?id=364101&chapterid=54011>
- [3] <https://infolib.blog.jbs.cam.ac.uk/2017/09/28/referencing-advice-all-you-need-to-know-in-one-place/>
- [4] <https://teaching24-25.eng.cam.ac.uk/content/form-conduct-examinations>
- [5] <https://teaching24-25.eng.cam.ac.uk/content/uk-spec>