

Management 491

International Business

School of Management, NJIT

Tuesdays/Thursdays 4:00 – 5:30, Fall, 2006

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INTRODUCTION

The course is designed to improve understanding of international business (IB) activities. You already know about many aspects of it, perhaps more than you might realize. The course is to provide you with a structure and philosophy of internationalization of business that will be meaningful to you and your future. The concepts presented in the course will offer means for you to see from where IB comes and to where it appears to be going.

Some historic IB models will be introduced during the early part of the course. These will be followed by presentation of contemporary aspects since WW II. The later part of the course will address recent contemporary changes as well as future possibilities and problems in IB. The course concludes with a general normative picture about the possible futures of international business. This is followed by student presentations.

The international dimension is already accepted as an important part of business operations. Its importance continues to grow. This dilemma in its growth and importance is that it may be only a matter of time before the international distinction will be dropped altogether. Even now virtually all business activities have some link to the international. Until that day of total globalization we will continue to use the international qualifier. Management concerns have clearly shifted from whether or not to go international, to how best to manage the consequences of use of capital, labor, material and energy resources, to servicing products, markets and customers, many of which are more international than the one providing service. The challenge is how to manage the changes that IB implies. The contents will confront this question on several levels.

Once a company's management attention shifts to IB they quickly discover that many attitudinal shifts are required, such as redirection of focus to increased product varieties, brands management, and strategic marketing as well as how to manage product time-lines that approach zero, the complexity that approaches infinity and humans that don't want to be managed in different cultural ways. Product (as goods or services) attention shifts from attaining quality, via ever more standardization, to concern for achieving the qualities of infinite variety via ever higher levels of process quality. These and other challenges confront the traditional models of management, including international management theories. Perhaps the most important consequence of this is that the traditional knowledge base, of what a manager is and does, is left wanting. This may help explain why Dilbert is probably more helpful to the current situation of management than the majority of management texts. The shortcoming of Dilbert is that while it points to what is wrong, in relying on traditional methods of management, but offers little as to what methods are better. IB, since it appears quite different from normal business, allows a small opportunity to also speculate on what to do about something that doesn't work.

Views presented in the class come from experiences with firms involved in current international operations and some historic literature. You will see that some risks are being taken in the presentation of some of the course material. In this you can expect parts of the course content to be wrong, but hopefully less wrong than what would be expected from religious adherence to traditional policies and practices. Most of the insights raised in the course lectures will come from those who are creating the empirical basis for future policies and practices. The structure of the course is therefore loose. It attempts to be as fluid as the subject matter it deals with.

HELP-NOTES

- Most of you believe it is more beneficial to learn by experience than through ambiguous theories of what business management should be. In some ways you are right in this, except that to await learning via only your own personal experience is quite slow, is resource intensive, and is often very painful. It is helpful, perhaps now imperative to survival, to develop your skill in learning from others. The most common ways to do this are via reading, watching and listening. These three activities are critical to success in international operations. You need to develop your skill in all three. You should develop your appreciation of the difference between: “Don’t just stand there, do something!” and “Don’t just do something, stand there.” The first approach is said to be the essence of a U.S. business person while the second is thought to be more typical of the British. While both strategies are exaggerations the two give a meaningful basis for self-reflection.
- An additional problem is found near the center of the IB study area. The subject matter of IB seems so foreign, and thereby strange, and as such it appears to be difficult to learn from. To reduce the dilemmas associated with this kind of strangeness, and the time and pain that comes from accommodating it, it is helpful to have models that are more robust i.e., more accommodating of difference. With this you can more efficiently learn; even about items of traditional national business.
- International business operations appear far more ambiguous and strange than those you have dealt with in the “safer world” of regional and national business. To accommodate the ambiguity and deal with the strangeness it helps to loosen up your preconceptions about many things, i.e.: the validity of practice over theory, as well as many other things that have come to be the accepted lore of what it takes to be a successful or good manager. You should seek to improve the distinctions that you use to manage things; i.e., to find differences that make more of a difference.
- As an example of this you might consider moving the false dichotomy between theory and practice that business people traditionally love. Instead of practice over theory you might consider that “Nothing is so practical as a good theory.” (Kurt Lewin, 1936.) Or, in the U.S. it has come to be widely assumed that a “good” manager is one that talks loud and is aggressive. During this course you will see how such characteristics may in fact end up being great liabilities to non-national operations.
- The first parts of the course will outline two-hundred years of international business changes, along with an ongoing critic of each model. These will end with the dominant models of the early 1990s. From this basis we will try to find helpful ways to think about what international business is and then move to a more normative level of what it ought to be. Several of the traditional functional management areas will be discussed in the course via how the addition of the international dimension changes them.
- We will be examining specific factors behind and involved in the IB process; e.g., the delegation of responsibility, size of operation, competitive advantage, marketing, etc. You know much about these factors within a national business context, but should now begin to wonder whether they are different in international activities. They are different; in fact so different that you should stop and question their contemporary use in national operations. In addition, we will cover the contextual *conditions* behind the process. In a short-form you might consider that factors determine which activities will be pursued and how they will be pursued, or avoided, while conditions determine the success or failure of your choices. Looking at one without the other is like studying finance in isolation from operations; which of course is what MBA programs are good at doing.

THE CURRENT CONTEXT OF IB

- You will note that the factors and conditions of business tend to become much more varied as your focus shifts from local, to national, and then to the international. A major, and obvious reason for this is the addition of greater cultural diversity, where culture contains the language, conceptual and activity basis that gives meaning to economic exchange; e.g., “Never involve family members in your business.” or “Only deal with those in your family.” (This is the cross-cultural dimension of the course.)
- New acts, concepts and models are constantly emerging from the field we now call international business. Some managers try to avoid them, some work on predicting the next generation, while others simply attempt to avoid the entire change process. We will be working with a fourth approach in the course to try to find/invent concepts that take us where we ought to be, not where we are or where some predict we will be heading; i.e., a normative approach.
- The course emphasizes learning over education. The bias is towards articulation, and appreciation of models, not their memorization. This is consistent with the requirements of the second point, and is one of the few means known to be capable of handling the complexity that results from the first point. Instead of acquiring a set of examples (cases) as a firm would acquire some technologies, the approach taken herein is to develop the infrastructure that invents technologies. This requires an overview, a framework, within which *the underlying principles* of international business can become obvious.
- A wide array of authors, models and concepts will thus need to be presented. To allow for greater efficiency these will be presented along with current and past examples of international firms. These will be primarily from Asia, Europe and the U.S., due to the limits of the instructor’s experiences. From this information you should see that international business is a moving phenomena that is becoming, and perhaps only something you can learn to appreciate and manage, not a fixed entity that you can know and control.

TEXTS and REFERENCES:

The following provide worthwhile references for any interested in international business:

Adam Smith, *Wealth of Nations*, 1776.
Karl Marx, *The Economic and Philosophic Manuscripts of 1844 Karl Marx and the Communist Manifesto*, Great Books in Philosophy Series.
J.F. Riscard, *High Noon. Twenty Global Problems, Twenty Years to Solve them*, 2002, Basic Books
The Democratic Organization, Russell Ackoff, 1994.
Managing the Global Firm, 1992, Barlett, Dos, Hedlund, Routledge, New York.
Cultures and Organizations by Geert Hofstede, McGraw-Hill, New York, 1997
Handouts, from the *Economist* and related LB-oriented business publications.

The perspective given in the texts, and by the instructor, comes from a variety of national and cultural viewpoints (American, European, and Asian). The first segment of the course will address the history of the subject, give emphasis to the underlying definitions and concepts, and introduce an exposure to models for understanding international business. The second segment will involve additional concepts that encourage model redevelopment. Once again, examples of multinational company operations will be used throughout the segments.

PROJECTS & GRADING

There will be four assignments and one final project carrying out during the course. The specifics of these will be announced during classes. Grading will be based on 40% for the assignments, 40% for the final project and 20% for class participation.

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FINAL REPORTING

Verbal and written reporting will be required at the end of the course to illustrate your level of learning from the course. Two-thirds of the way through the course you will be given a one-page statement outlining the project requirements.

WEEKLY TOPICS

1. Terminology, rationales, and models of international business (IB).
2. Internationalization concepts for the business of trying to transcend traditional business at the levels of:
 - The Individual
 - The Local
 - The National
 - The International
 - The Global
 - & Beyond the Ego
3. From where do these concepts come, to where they lead, what is the next stage in this evolution? Does it matter?

First Assignment: In one page describe/define/present what you believe to be the essential difference between local, national and global business. Remember, poetry is preferable to prose.

Due: By the Thursday of the next week of classes.

4. International economic theories. When did they begin? Where do they end?
 5. International management theories. How sound are they?

The history of hierarchy as a connector:

- Simon's insistence on hierarchy.
- The problems of hierarchy in international business management.
- Hedlund's heterarchical alternative for international business.

Second Assignment: Divide into teams of 8 to 10 people and present your preferred model of internationalization to the class. Each group will have 15 minutes and be evaluated by the total class.

The product development alternative:

- Products as items that add value to the lives of others.
- Products as goods and services.

- Product development as an organizing principle.

Vengeance from the sins of our fathers:

- Emergence of cross-cultural levelers.
- The importance of the non-rational.
- Role of the eternal feminine.

Models of internationalization:

- Technical/Material development
- Financial planning/management.
- Spreading ethnic strengths.

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- Escaping ethnic limitations.
- etc

Third Assignment: Describe the meaning of cross-cultural in four pages or less. Outline a cross cultural event involving business relations. This should help you, and hopefully others, understand the role of cross-cultural understanding in international business success, or failure.

Due in two weeks.

6. Summary of previous session: How do the US, Asian, South American and European business regions fit into this set of issues and the choices they would imply? International strategy, ethics, and operations. (Can you be honest about your strategies?) (No.)

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7. International value-adding.

International technological and sociological collaboration

International R,D&D, Counter-trade as a new model, that happens to be very old.

8. Relationships between multinationals and governments.

Fourth Assignment: in one to four pages describe an international business event from the news (the print business news) sources you find most interesting. The focus of the event will be on the international dimension of the business exchange.

Due in two weeks.

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. . . Due: by the Thursday of the seventh week. . .

9. Alternative ways to think about international business. AIW, etc

10. The mission of the multinational corporation and change. Future issues and models for the future...

11. One More Time, with new/some feeling:

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Fifth Assignment: Term Project Handed out and discussed. Teams formed and agenda initiated.

Starting over with feeling and equipping with high appreciation/understanding of what is required.

Shifting from "Data," to "Information," to "Knowledge," and finally to consider the role of Wisdom. This is a shift from the world of things to the universe of Ideas. Some sample ideas are:

- "A Rationale for Internationalization"
- The Limits of Language.
- Terms as boxes that are difficult to crawl out from.
- What you see depends on where you stand.
- Alternative modes of problem solving.
- Management philosophies: a short history of the limits of method.
- Problem types.
- Logic . . .
- Change/changelessness.
- Environmental typologies, e.g., "Turbulence as your future."
- Interactivity as a way out.
- Walls and product management Myths

- International comparisons

12. One More Time, With Meaning.

13. '

- General International Theories
- Theories of International Trade
- Reasons for Going International
- Ways to Enter International Markets
- From Porter's dreams to Alice's realities
- The Local context of Globalization

Assignment 4: In four pages or less describe the idea assignment you would give in this course to cover the material you found most valuable.

Due: Thursday of week twelve

13. Items of international trade. (analyzing cute numbers)

14. The U.S. and International trade. (not-so-cute numbers)

- Items of U.S. Trade
- Levels of Imports/Exports (role of the Mac index)
- What Americans must have. (Is it good for them? For the world?)

15. Where are we at? To where might we now go...

FINAL PRESENTATIONS BY STUDENT TEAMS

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