Module Leader

Dr J Kroezen

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 TRIPOS PART IIB – 2021-22 Module 4E5: International Business

TABLE 1: Preliminary Course Outline (Subject to Minor Change)

<table>
<thead>
<tr>
<th>Session</th>
<th>Time and Location</th>
<th>Learning Points</th>
<th>Required Reading Materials to be Prepared Before the Session</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Defining International Business</td>
<td>22 Feb 2022 16:00-18:00 Live Online</td>
<td>- Defining what international business is about - Understanding the aims and structure of the course</td>
<td>Course Syllabus</td>
</tr>
<tr>
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| 5. Formal Institutions: Differences in Political and Legal Systems | 8 Mar 2022 16:00-18:00 Live Online | - Being able to classify different legal and political systems.  
- Understanding the impact of legal and political systems on business | Siems, Mathias M. 2016. "Varieties of legal systems towards a new global taxonomy." Journal of Institutional Economics (23 pages) |
| 6. Informal Institutions: Cross-Cultural Differences | 9 Mar 2022 15:00-17:00 Live Online | - Being able to classify different cultures according to Hofstede’s dimensions  
- Understanding the impact of cultural differences on international business | Ibarra, Herminia. 1996. “National Cultures and Work-Related Values: The Hofstede Study” Harvard Business School (7 pages)  
| 7. Institutional Voids: Differences in Institutional Development | 15 Mar 2022 16:00-18:00 Live Online | - Being able to classify differences in institutional development  
| 8. Recap / In-Class Case Study | 16 Mar 2022 15:00-17:00 Live Online | - Recollect main learning points from the course  
- Develop an informed opinion on how the international business environment is going to evolve | TBD |

Coursework

ENGINEERING TRIPOS PART IIB – 2019-20

Module 4E5: International Business
Coursework

<table>
<thead>
<tr>
<th>Format</th>
<th>Due date &amp; marks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analysis of Institutional Distance and Recommendation on Internationalization Strategy</td>
<td>Individual Report</td>
</tr>
<tr>
<td>Anonymously marked</td>
<td>MARKS: [60/60]</td>
</tr>
</tbody>
</table>

Learning objective:

- Apply the institution-based view to analyze institutional distance;
- Learn how to critically evaluate and make use of available data sources to understand institutional distance;
- Apply theory on international entry strategy to an empirical setting;
- Appreciate the complex strategic choices that are involved with international expansion.

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 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.

You need to imagine the following situation:

You are responsible for the internationalization 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...

### 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

The UK Standard for Professional Engineering Competence (UK-SPEC) [5] describes the requirements that have to be met in order to become a Chartered Engineer, and gives examples of ways of doing this.

UK-SPEC is published by the Engineering Council on behalf of the UK engineering profession. The standard has been developed, and is regularly updated, by panels representing professional engineering institutions, employers and engineering educators. Of particular relevance here is the 'Accreditation of Higher Education Programmes' (AHEP) document [6] which sets out the standard for degree accreditation.

The Output Standards Matrices [7] indicate where each of the Output Criteria as specified in the AHEP 3rd edition document is addressed within the Engineering and Manufacturing Engineering Triposes.