IBUS 590-1: International Environmental Analysis  
HSS 317 1:15pm-5:15 pm  
Professor Bruce Heiman  
Tel: 415-405-0596 (office)  
650-575-8220 (cell)  
e-mail: heiman@sfsu.edu  
Web Site: http://userwww.sfsu.edu/~bheiman

Office Hours (Science 350):  
Monday, Wednesday 10-12 and by appt.

COURSE DESCRIPTION
IBUS 590 is designed to expose students to a variety of issues in the international business environment that impact country policies as well as sector and firm strategies. We examine many relevant issues, for example globalization, trade policies, emerging markets, human resource and international marketing strategies. Students will also focus on developing in-depth knowledge of a particular sector in a foreign country. In addition to the class lectures, class meetings will involve student discussions and presentations. In addition, there may maybe an occasional outside speaker to add depth to the materials covered in class.

The class rewards cogent critical thinking in writing, speaking (presenting) and questioning. The goal is for students to be able to competently analyze international business environments and make good suggestions for a firm’s action based on the analysis. Since this is the first time I have offered this class at SFSU, I am following many of the ideas developed by Prof. R. Simeon, to whom I offer my gratitude for his help.

Required Readings:

Other Required Reading:
Students are expected to review leading business publications such as the Wall Street Journal, Business Week, The New York Times, The Financial Times (read by the instructor) and the Economist for current, application-oriented treatments of international business-related topics. This is an important part of the class, as students are expected to develop their own cases and examples for presentation and discussion of readings in class (see below). Additionally, students need to be very up-to-date regarding the present status of any firm, industry or country for which they are responsible at any time, for any task in class. Your performance will be improved with the regular reading (daily) of just ONE source as noted above—multiple sources are highly encouraged. It is also required to scan the instructor’s web page twice per week minimum for announcements. Information
critical to the class will regularly be posted there—Students are responsible for reading and acting on these announcements—which may not be repeated in class.

**Evaluation Breakdown: Determinants of the Final Grade**
All activities/assignments are graded on a scale of 1-10. The final grade is weighted as follows:

<table>
<thead>
<tr>
<th>Activity/Assignment:</th>
<th>% weight in final grade</th>
<th>% from Peer Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Attendance—indiv.</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>b. Participation—indiv.</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>c. Readings presentations—Group-based -- 2</td>
<td>30% = 2 x 15% each</td>
<td>40%</td>
</tr>
<tr>
<td>d. Final Project Presentation-Group-based</td>
<td>15%</td>
<td>40%</td>
</tr>
<tr>
<td>e. Final Project Paper—Group-based</td>
<td>15%</td>
<td>40%</td>
</tr>
<tr>
<td>f. Critical Notes</td>
<td>20% = 2 x 10% each</td>
<td></td>
</tr>
<tr>
<td>g. Quizzes -- 2</td>
<td>10% = 2 x 5% each</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>*</td>
</tr>
</tbody>
</table>

*Note: 24% (40% of the 60%) of the final grade that is based on group work (items c, d, and e, above) is determined by your fellow group members. This counts for 24% (.4 x .6) of the final grade of each student. The instructor determines the remaining 60% of the group work grades (36% of the final grade). Also, excessive absences (more than 1) will lead to a reduction in the course grade.

Generally, NO late submissions of any work are permitted.

**Grading Breakdown:**

a. 5% Attendance of individuals. Attendance is taken at the end of each class by each student turning in an index card with name, signature, and an original, unanswered question from the class presentation written on it. The grade is pro-rated from a 10 based on the fraction of all classes attended.

b. 5% Participation—individuals—individual participation during others' discussion leadership (when you are in the audience). Ask questions, challenge the presenters if you disagree, offer critical reflections. In every class, oral participation is monitored by the instructor and a sign-up list at the end of class.

c. 30% In-class reading presentations—group-based (2 @15% each). Your group will present one Part 1 and one Part 2 presentation during the semester. These will be discussed extensively in class. Here are the basics:

Part 1 is comprised of three topics:
- reading summary
- critique of the reading (something(s) your group disagrees with)
- Case that illustrates one aspect of the reading (may be an example or a counter-example). Students may use a case from the book, but will get a higher grade for using outside material.
Part 2 has 2 topics:
- Case (not from the book) illustrating one aspect of the reading
- An exercise or activity that creates an “experience” based on one of the ideas in the reading.

All topics above must be covered in each part 1 or Part 2 presentation.

Regarding when it is your group’s turn to lead the class discussion, you will be graded on the quality of your work (content, presentation), but you will also be graded on how well you stimulate relevant, insightful discussion among other students. This is an important part of the experience in the class—can you lead the other students to participate heavily and remain interested, engaged, and on-topic? See also * above for how peer-evaluations of group-based assignments affect this element of evaluation.

d., and e., 30%: Final Project (Group-based), Presentation (15%) and Paper (15%). The Final Project consists of a detailed case (a real story, that your group researches in an original manner) that identifies an international business opportunity and reports on the potential for exploiting this opportunity by look at the international business environment. At its minimum a final project contains at least one country analysis and one sector (for that country) analysis.

Choose a firm, and analyze the international business environment for that firm (country analysis, sector analysis) using techniques discussed in class, and/or in one or more of the readings discussed in class or from the book (but not discussed in class) or from outside sources approved by the instructor. Your analysis should be detailed and illustrate how a specific opportunity, problem or issue is addressed by analyzing the international business environment and making the appropriate recommendations. Your group may choose, for example, to research the potential for Brazilian firms to export shrimp to the U.S., or to examine the potential for Krispy Kreme in the UK, or to analyze India’s attractiveness to foreign electric-power contractors. In all cases, a country’s potential is analyzed, then a sector (industry from that country) is analyzed, followed by the crafting of firm-level recommendations that are sensitive to the findings of your international environment analysis.

THE SEMESTER IS VERY SHORT, SO GET STARTED WITH YOUR PROJECT NOW!

Thought: I have noticed that many of the best projects shy away from “major” firms everyone has heard of—better (sometimes) to research a small/medium-sized firm and analyze their strategy. Data is often easier to get and you can talk to founders and other top executives. Boutique industries (e.g., energy drinks, haut couture, antiques, etc.) are often more interesting to your fellow students. That said, the choice of firm remains up to your group. And access to data is an issue, which sometimes is more challenging for smaller firms (but not always).
Written paper (15%): Due last class meeting, start of class. Length: maximum 12 pages double-spaced text (~3500 words). Avoid penalties: Do NOT exceed the length requirements (either number of pages OR number of words). See also * above for how peer-evaluations of group-based assignments affect this element of evaluation.

Presentation (15%): Presentations will take place on the last day of class, and are to be no longer than 10 minutes, plus 5 minutes for student and instructor questions and critical reflections.

f. 20%: Critical notes (Individual) (2 x 10%) pertaining to specific readings in the textbook (and occasional other materials as mentioned in class). Critical notes examine how well the student thinks critically about the material before it has been discussed in class. Due: at start of any class, but it is not allowed to turn in a critical note AFTER that reading has been discussed in class. No exceptions. This suggests a payoff to reading ahead and attacking the critical notes aggressively. Length--1 page MAX. double-spaced, Times Roman font, 12 point font minimum, 1 inch margins all around the page. Yes, that is a very short length—penalties (typically –1pt.) apply for breaking ANY of these rules. This part of the class is an exercise in writing concisely to enable managers to quickly read and understand your thoughts. Do not submit a second page—it will not be read. Only the first page will be graded. No title pages, please. Individual efforts only for these submissions (do not work together). If you do not turn in the required 2 critical notes, any unsubmitted notes will be graded 0. You may turn in up to 4 critical notes, and only the two highest will be graded. See the website for advice in the form of many hints and tricks regarding how to write a good critical note.

AT LEAST ONE CRITICAL NOTE IS REQUIRED TO BE SUBMITTED AT THE START OF EITHER CLASS MEETING 2 or 3. This is so I can get some idea as to the level of the class’ writing and critical thinking skills. After that, it is up to individual students to decide for which readings they wish to write critical notes.

If you are unhappy with your grades for your critical notes (after you have turned in two notes), you may optionally submit up to two extra critical notes, and the two lowest grades will be thrown out and your grade will only reflect your 2 highest-graded critical notes. All critical notes turned in under this condition must also meet the other requirements for critical notes stated above (notably, timing). That is, it is very possible to run out of time for submitting critical notes, since the student is allowed to select the readings for which he/she submits notes.

g. 10%: 2 quizzes on the readings, each administered in class. NOTE: These quizzes are more “objective” answer than the other evaluation elements, in order to make certain that you are doing the reading. Quizzes may be T/F, multi-choice, and/or short essay/short answer format. NO WARNING IS GIVEN AHEAD OF QUizzes (AGAIN: THERE WILL BE TWO, at 5% of your final grade each). This element of the class is designed to create an incentive for doing the readings in a timely manner.
Some important details:

The book breaks down as follows into 23 parts, lettered A-W:

**Part One: New Realities of the Global Marketplace**
- A. What's New About Globalization?
- B. Labor's New Internationalism

**Part Two: Environments**
- C. A National Export Development Policy for New and Growing Businesses
- D. Export Controls and Global Changes
- E. The Asian Crisis: Lessons for Crisis Management and Prevention
- F. Globalism vs. Nationalism vs. E-Business: The World Debates
- G. Business Ethics Across Cultures: A Social Cognitive Model
- H. An Emerging Green Market in China

**Part Three: Strategies of Entry and Operations**
- J. Emerging Market Alliances: Must They Be Win-lose
- K. Localizing in the Global Village: Local Firms Competing in Global Markets

**Part Four: Four Functional Areas**
- L. Dynamics of Core Competencies in Leading Multinational Corporations
- M. International Marketing: Avoiding the Seven Deadly Traps
- N. Ten Steps to a Global Human Resources Strategy
- O. Petrozuata: A Case Study of the Effective Use of Project Finance

**Part Five: Organization and Implementation**
- P. Think Local, Organize…?
- Q. Global Transfer of Critical Capabilities
- R. Subsidiary Initiatives to Develop New Markets

**Part Six: Market-Specifics**
- S. The Euro: How to Keep Your Prices Up and Your Competitors Down
- T. Bypassing Barriers to Marketing in Japan
- U. Marketing's Contribution to the Transformation of Central and Eastern Europe
- V. Five Rules for Winning Emerging Market Consumers

**Part Seven: Future**
- W. International Business and Trade in the Next Decade: Report from a Delphi Study

For the group in-class presentations of readings, each group presents one Part 1 and one Part 2. Each group will be assigned (in the first class) their topics for presentation.

For example, Group 5 might be assigned Topics J (Part 1) and O (Part 2) for their presentations. Groups that present more than twice will receive extra credit. The goal is to assign at least one Part 1 OR a Part 2 to each topic. topics may be treated by BOTH a part 1 and a Part 2.

**NOTE WELL:** Not all topics in the book may be presented in class (we will try for covering them all), but ANY topic may appear on a QUIZ!!
<table>
<thead>
<tr>
<th>Session</th>
<th>Date (Day)</th>
<th>Reading</th>
<th>Activities</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>9 June (W)</td>
<td>None</td>
<td>Introduction to the class, PBL lecture, brainstorming demo, Group formation, questions</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>14 June (M)</td>
<td>Text, Section 1</td>
<td>Two groups present from Section 1 of text, questions, critical reflections.</td>
<td>Extra credit: +1 for grade if you present this day!</td>
</tr>
<tr>
<td>3</td>
<td>16 June (W)</td>
<td>Text, Section 2</td>
<td>Six (?) groups present from Section 2 of text, questions, critical reflections.</td>
<td>May be less than six, depending on student numbers.</td>
</tr>
<tr>
<td>4</td>
<td>21 June (M)</td>
<td>Text, Section 3</td>
<td>Three groups present from Section 3 of text, questions, critical reflections.</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>23 June (W)</td>
<td>Text, Section 4</td>
<td>Four groups present from Section 4 of text, questions, critical reflections.</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>28 June (M)</td>
<td>Text, Section 5</td>
<td>Three groups present from Section 5 of text, questions, critical reflections.</td>
<td>Extra: Final project updates — 1 min., 1 person, 1 transparency</td>
</tr>
<tr>
<td>7</td>
<td>30 June (W)</td>
<td>Text, Section 6</td>
<td>Five groups present from Section 6 of text, questions, critical reflections.</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>7 July (W)*</td>
<td>Text, Section 7</td>
<td>One group presents from Section 7 of text, questions, critical reflections.</td>
<td>Extra: Workshop, possible video.</td>
</tr>
<tr>
<td>9</td>
<td>12 July (M)</td>
<td>None.</td>
<td>Final Project Presentations</td>
<td></td>
</tr>
</tbody>
</table>

Note: No class on 5 July.
Country Analysis: Example Structure (optional)

**General Background of Country**
- Brief description of the Country: location, politics, people
- Main demographic (population) characteristics
- Main Social Practices (customs, attitudes)
- Main government activities to stimulate domestic & international business
- Main regulations impacting general business activities. (Business in General)

**Domestic Environment & Sector Competitiveness**
- Brief description of the sector chosen
- Any recent major government policy impacting the sector’s outlook
- General regulation and/or deregulation activities
- Major national/local developments or projects impacting sector growth
- Competitiveness of the sector (between domestic)( & int’l firms)
- Importance of the sector to the economy (employment etc.)

**Composition of the Sector (More Internal)**
- General size of the sector (number of firms)
- Age & patterns of ownership; Main alliances, M&A activities.
- Main leaders, followers, & challengers
- Main management style & HRM factors of firms in the sector

**Your firm and how it relates to the situation in the chosen country**
- Describe your firm, and the implications your analysis has for it. Make some tentative suggestions.

The above analysis also focuses on the sector, but in a shallow manner. The next structure (which could be used to continue your paper) offers more depth for a sector analysis:

**Sector Analysis: Example Structure (optional)**

**International Exposure of the Sector**
- A brief description of the sector chosen (1 page version).
- Non-domestic markets served
- Importance of trade (exports/imports)
- Foreign Direct Investment (FDI) activity- Outward: Any impact
- Foreign Direct Investments- Inward (Foreigners): Any impact

**Strategic Analysis of the Sector**
- SWOT analysis of the sector: strengths, weakness, opportunities, & threats.
Five Competitive Force Analysis (Michael Porter)…see below.
[ 1. The threat of new entrants 2. The bargaining power of suppliers, 3. The bargaining power of customers, 4. The threat of substitute products and services, and 5. The intensity of rivalry between competitors.]
Which forces rate “high” and require strategic responses?
A brief discussion of the strategies of the most innovative firm(s) in the sector

Conclusion: Overall outlook for the sector and recommendations
Main factors affecting change in the sector (future directions)
Potential domestic & international performance
Recommendation for your firm given the directions indicated by the analysis.

A variety of references, tables & graphs, properly presented (in both presentations and written submissions) will improve the chances for a good grade.

Factors affecting Paper Grade:
1. Citations
2. Bibliography
3. Structure
4. Content,
5. Presentation
6. Analysis
Two works that influenced the development of Business Strategy Theory were published in *Competitive Strategy* (1980) and *Competitive Advantage* (1985) by Michael Porter.

In them, Michael Porter described a concept that has become known as the “five forces model”. This concept involves a relationship between competitors within an industry, potential competitors, suppliers, buyers and alternative solutions to the problem being addressed.

**In your project, please discuss at least one factor from each category (if it is applicable).**

<table>
<thead>
<tr>
<th><strong>Entry Barriers</strong></th>
<th><strong>Supplier Power</strong></th>
<th><strong>Substitution Threat</strong></th>
<th><strong>Buyer Power</strong></th>
<th><strong>Rivalry</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Economies of scale, product differences, brand identity, switching costs, capital requirements, access to distribution, cost advantages, government policy, expected retaliation</td>
<td>Differentiation of inputs, switching costs, substitute inputs, supplier concentration, importance of volume, impact of inputs on cost or differentiation, level of supplier integration by main firms</td>
<td>Relative price performance of substitutes, Switching costs, buyer’s tendency to substitute</td>
<td>Buyer concentration, buyer volume, buyer switching costs, buyer information, ability to backward integrate, substitute products, price sensitivity, product differences, brand identity, impact of quality, buyer profits</td>
<td>Industry growth, trend of overcapacity, product differences, brand identity, switching costs, concentration, diversity of competitors, exit barriers</td>
</tr>
</tbody>
</table>
Policy on re-grading material.
Any material may be submitted for re-grade (except presentations). The conditions of the re-grade are as follows:

0. Before you submit something for re-grading, you should be aware, that once you submit it for a re-grade, the original grade may go UP OR DOWN. Your original grade is not “safe.”

1. Submit original work with instructor comments on it (if any). Also submit attached to the original work, a 1-page, typed, explanation of why the grade should be changed. No emails, faxes, orals, etc.

2. Instructor will review materials submitted in this format. No material will be reviewed unless it conforms to this format for review.

3. Instructor will notify you of the results of the re-grade.

The relevant SFSU and College of Business Policies regarding adding and dropping courses are hereby incorporated into this document by reference.