



BUSINESS STRATEGIES IN EMERGING MARKETS

MGMT 579 - Summer Term A 2018

Class time: Thursday 6.00-9.30 PM

Location: PCAR 393

INSTRUCTOR INFORMATION

Instructor:

Marko Madunic

Email:

mmadunic@uw.edu

#	Date	READINGS
Introduction – Political Economy of Developed and Developing World		
1	Jun 21 st	<ul style="list-style-type: none"> ☞ “Karl Popper on democracy: The open society and its enemies revisited”, <i>The Economist</i>, Apr 23rd 1988 ☞ WSJ: Is Democracy the Best Setting for Strong Econ Growth? Mar’07
		Are <u>Institutions</u> a Sufficient Explanation for Development?
		<p>Listen (<i>please listen to the podcast before you get to readings</i>): http://www.econtalk.org/archives/2012/03/acemoglu_on_why.html</p> <p>Read (<i>read in the outlined order to follow the debate</i>):</p> <ul style="list-style-type: none"> ☞ Sachs, J. D. “Government, Geography, and Growth – The True Drivers of Economic Development” <i>Foreign Affairs</i>, Vol. 91, N.5. pp. 142-150 ☞ http://whynationsfail.com/blog/2012/11/21/response-to-jeffrey-sachs.html?printerFriendly=true ☞ Rodrik, D.; Subramanian A. “The Primacy of Institutions”
Why and Where Internationalize? – Starting a Business in International Settings		
2	Jun 28 th	<ul style="list-style-type: none"> ☞ Pankaj Ghemawat, “Global Value Creation: The ADDING Value Scorecard” ☞ Bloom et al., “Why do management practices differ across firms and countries?” <i>Journal of Economic Perspectives</i>, 2010
		<p>Listen (<i>only Act 2</i>) https://www.thisamericanlife.org/483/self-improvement-kick/act-two-0</p>
		CASE: Location Choices
☞ HBS case: Home Essentials: Building a Global Service Business		
Offshoring and outsourcing to emerging markets		
3	Jul 5 th	<ul style="list-style-type: none"> ☞ The BCG: “U.S. Manufacturing Nears The Tipping Point” ☞ TD Economics: “Offshoring, Onshoring, and the Rebirth of American Mfkt”
		<p>Listen: http://www.econtalk.org/archives/2007/04/mike_munger_on.html</p>
		CASE: Offshoring and Outsourcing in Manufacturing
☞ HBS case: New Balance, LTD		
How Do Firms Manufacture in Emerging Markets?		
4	Jul 12 th	<ul style="list-style-type: none"> ☞ Hayes, R., Pisano G., “Beyond World Class: The New Manufacturing Strategy”; HBR, 1995 ☞ https://www.theatlantic.com/magazine/archive/2012/12/the-insourcing-boom/309166/ ☞ Time to change the act: <i>The Economist</i>, Feb 19th 2009
		CASE: Manufacturing Decisions
		☞ HBS case: BYD Company, LTD

INTRODUCTION AND COURSE OBJECTIVES

The course. This class is designed to provide you with an overview of business strategies in emerging markets. The class will help you:

1. Study the institutions of emerging markets relevant to business managers
2. Analyze business opportunities in emerging markets
3. Analyze several important governance modes utilized by firms in emerging markets and associated tradeoffs

Course structure. The class has 2 distinct components. For each phenomenon, we will first introduce the theoretical explanation, which is then followed by a case presentation with simulated real-world experience and practice in integrating the theory and practice.

TECHNIQUES FOR LEARNING

To accomplish the objectives, we will use a variety of learning techniques: lectures, outside of class assignments, readings, presentations, and most importantly, class discussion of case studies.

Group Work

Early in the course I will form **student groups** that will remain unchanged during the term. Group work is essential for in-class exercises and for the final project. Preferably, groups will have students with **different areas of expertise** to facilitate the exchange of different managerial viewpoints and to help guard against “groupthink.”

EXPECTATIONS AND POLICIES

I will assume that you have read everything assigned. Please be sure to read course materials carefully, because they are the basis of class discussion. Poor preparation is a disservice to your colleagues and will negatively impact your participation grade.

Class participation

- *Case method.* Most of the learning in our class will occur through solicited discussion (i.e., Socratic method). Hence, we need everyone's active participation. Meaningful participation obviously requires having carefully read the day's material. I expect you to read all of the assigned materials for each session in advance of the class.
- *Participation.* Brilliant insights are always appreciated, but you can also contribute by asking questions, politely disagreeing with me or another student, or following up on a fellow student's comments with further insights or evidence. Quality, not quantity, will determine the effectiveness of your comments.
- Please avoid pure repetition of case facts. You ought to be able to demonstrate how a particular concept is illustrated in the case and suggest how the substantive problem presented in the case can be solved.

Homework

The key purpose of homework assignments is to enhance class discussion. There is no credit provided for late assignments.

Attendance and punctuality

You cannot learn effectively if you are not in class. We only have **4 in-class sessions** and it is absolutely critical that you do not miss any. In case of a medical emergency (or any other

emergency) please contact me in advance (to the extent this is possible) and make sure that all assignments are submitted in time. Please be on time.

Technology

IMPORTANT: **All mobile phones, PDAs, and pagers should be turned off during class.** Also, use of laptops is **forbidden** unless you have a verifiable medical requirement to use it.

Suggestions

If you have special inquiries or suggestions concerning the progress of the class, please feel free to talk to me. You can make an appointment by e-mail.

COURSE REQUIREMENTS AND GRADING

You may keep track of your grades during the semester via Canvas.

		%	points
Case analysis	3 HW assignments (each @ 22 pts)	33%	66
In-class team exercises	4 in-class exercises (each @ 8 pts)	16%	32
Individual participation	Participation	18%	36
Research Project	Group-based project	28%	56
Peer evaluation (optional)		5%	10
Total		100%	200

FINAL GRADING SCALE

Course points (between)	Grade
186.00 - 200.00	A
180.00 - 186.00	A-
174.00 - 180.00	B+
166.00 - 174.00	B
160.00 - 166.00	B-
154.00 - 160.00	C+
146.00 - 154.00	C
140.00 - 146.00	C-
130.00 - 140.00	D

COURSE ARTICLES AND CASES

Materials and cases: HBS Cases at Harvard Business Publishing <http://hbsp.harvard.edu/>

EXPLANATION OF ASSIGNMENTS

A. IN-CLASS TEAM EXERCISES (4 total; 32 points)

During the class time, I will be handing out worksheets for in-class exercises. There will be a total of 4 in-class exercises. Teams will address problems and at my request each group will submit 1-page handwritten summary of their analysis. I will evaluate answers based on the quality of write-ups. I highly recommend that groups reach a consensus before submitting their work sheets.

B. INDIVIDUAL CASE ANALYSIS (4 total; 72 points)

Strategic thinking is best learned through practice. The cases we will study are about real-world situations. How much you get out of cases depends on your preparation and participation.

Prior to each case, I will email several **questions in a form of a HW assignment**. All case assignments are individual projects and must be submitted as individual work.

- Due to the nature of evening MBA courses, we will examine the theory and the practice parts (i.e., cases) in the same session. This is not ideal, but the upside is that the theory will be fresh as you think about the case. I typically request between 1 to 1 and ½ page (*single space*) submissions. (A write-up may include a separate MS excel calculation.)
- Different elements of your analysis should be pieced together in a **coherent way**. That is, individual answers/sections that are disjoint or even contradictory will negatively affect your assignment grade. Hence, I urge you to reach coherent answers.

C. INDIVIDUAL PARTICIPATION (36 points)

Active participation in the class is an essential part of the learning experience. We will be using cases, articles and audio (i.e., podcasts) materials for in-class discussion. Meaningful participation means making a contribution, not merely talking. Also, this does not mean repeating case facts or simply agreeing with what others have already said.

To determine your participation grade, I will consider 2 factors:

- Quality of comments (higher weighting)
- Frequency of in-class participation (lower weighting)

Please do not confuse attendance with participation. While on-time attendance is important, active participation in the class discussion is evaluated separately.

D. RESEARCH PAPER (50 points)

The written paper assignment provides you with the opportunity to apply your analytical skills to real business situations. Right after our 1st session I will assign each student to a team. The goal of each team is to develop a **comprehensive analysis**.

Formatting points:

- **After the 2nd session:** Schedule a briefing with me. We will discuss the proposals for your final project (i.e., firm, industry, country). Since meetings can be difficult to organize /schedule, I can make myself available on a different evening or we do this via Skype (or some other method).
- **Email me your final draft no later than July 18th at 11.59 PM.** The paper should be no longer than 12 pages double-spaced with normal margins and 12-point font. (Executive Summary, Exhibits, and References are **not** included in the page limit.)
- The report should include a Cover Page with team member names, Executive Summary, Table of Contents, page numbers, and a list of references. Use the exhibits creatively to hold exhaustive information that will not fit in the text of the paper.
- **IMPORTANT NOTE:** You should, at the project's onset, divide it into individual segments, which will then be written by individual members. Of course, please make sure to assign properly the names of students to individual sections.
- **GRADING:** Your final grade for the research project is comprised of 2 components: A) approximately 60% of the grade is based on student's individual section (i.e., logic, project execution), and B) approximately 40% of the grade is based on the project's overall strength and on how well student's individual segment is consistent with other parts.

Tips:

- I cannot overstate enough the importance of students helping each other in matters of logic, grammar, and syntax. An important part of this process may involve giving one or two group members the authority to edit and pull the final document together, in the interests of generating a cohesive and persuasive report.
- Grading will focus primarily on the strength of the analysis and strategic recommendations
- *Judgments versus Analysis.* You are encouraged to use the various frameworks, concepts, and techniques used in the course. Remember, however, that these are analytical tools that help you form judgments about central problems and associated recommendations; they are not ends in themselves. Emphasize your judgments (usually using sub/headings) and present data/information, along with supporting analysis, in support of these judgments. **Since page limitation is strictly enforced, please avoid rehashing facts.**

The final project is the opportunity to study business strategies in emerging markets *in depth*. You will identify an important issue, choose how to tackle it, identify the information you need, and argue for your preferred solution. The research project is performed in groups.

Typical projects examine a strategy issue faced by a firm or a public-sector body. An organization may be one in which you are working or have worked, one in which you would like to work, or one in an industry you know something about or would like to know more about. Your project should address a specific question. For example, "Should this firm enter a specific emerging market, and if so how?" or "How can this business franchise its business model to other nations?" or "How can this regional government redesign its health care delivery system?"

There are 3 guidelines for choosing the strategy question your project addresses.

- First, it should be a question that you are excited about
- Second, it should be a question whose answer is useful to the firm you study
- Third, your question should be specific enough that you can treat it thoroughly; if your question is too broad, the project will not get below the superficial level

About the first third of the text should pose the problem and give the necessary background. The rest of the project should present your answer and the analysis necessary to convince your reader it is the right one. An important goal of your paper is to narrow the problem so that you can do substantive analysis. I do not want a little bit on many questions; I want a convincing answer to one question.

I will give you feedback throughout the term on your project. In order to do so, there are several deadlines your group needs to meet.

Meeting

- During our office meeting you should be prepared to discuss which question you've chosen and sketch out your approach/answer.
- I'll provide feedback about questions are most likely to generate a successful outcome
- As a preparation for a meeting with me: please listen to the following podcast:
 - http://www.econtalk.org/archives/2014/01/nina_munk_on_po.html
 - After listening, you should understand what kind of thought process one needs to apply to solve a problem in developing/emerging markets

E. PEER EVALUATION (optional) (10 points)

Peer Evaluation: Each team member will answer questions about timeliness, attendance, collaboration, effort, and contribution of each team member.

I urge you to discuss the evaluation process at your first meeting to establish your expectations. Distribution of grades suggests that you cannot do well in this class without the help of your teammates. If you work hard, both you and your team will do well. If, however, you attempt to free ride on efforts of others, your teammates will penalize you in evaluations.

Please contact me if your team is not functioning well. It is easier to fix things early in the process than the week before your final presentation. The course is designed to imitate the real work environment, where rarely anything is accomplished without the efforts of all members.