Business in the Global Environment (MN425)
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Description
This course is available for MSc Management and Strategy, MSc International Management and related degrees. It looks at the process of globalisation at three levels: industries, firms and nations. The topics include: the changing structure of industries, using sectors such as automobiles and electronics to illustrate the new international division of labour; the response of companies, both those based in the advanced industrial countries and those based in emerging markets, to increasing international competition; differences between countries in their institutions and policies, focusing in particular on financial systems and corporate governance and on government industry and technology policies.

Assessment
The assessment is based on two essays of 2,000 words each. The first essay will be set in week 4, for delivery in week 8, and will be based on the topics covered in the first five lectures. The second essay will be set in week 7, for delivery at the start of the Lent term, and will be based on the topics covered in the second five lectures. In addition, each student will provide a short seminar presentation (not assessed) on one the topics discussed in the lectures.

Core reading
- Peter Dicken, Global Shift: Transforming the World Economy (Sage, 6th edn., 2011)
- Giorgio Barna Navaretti and Anthony J. Venables, Multinational firms in the world economy (Princeton, 2004)
- Martin Wolf, Why globalisation works (Yale, 2004)
- David Mowery and Richard Nelson (eds.), Sources of industrial leadership: studies of seven industries (Cambridge, 1999)

Programme

Topic 1: The impact of globalisation on the structure and location of industries
- What has driven the increase in foreign direct investment in services?
- What are the factors that underlie the growth of cross-border production networks in East Asia?
- How have advances in information technology contributed to the globalisation process?
- What are the factors that have driven consolidation in the world steel industry?

Topic 2: The impact of globalisation on the strategy and organisation of firms
- Why have investors in the US and the UK encouraged over-diversified companies to specialise in fewer businesses?
- Discuss the changes that have taken place in the structure of the world chemical industry since the 1980s.
• In what circumstances does it make sense for companies to “de-integrate”, that is, to outsource an activity that it previously carried out in-house?

• What are the principal factors driving cross-border mergers and acquisitions?

**Topic 3: The evolution of industries: computers and semiconductors**

• To what extent can the Silicon Valley environment be recreated in other parts of the world? Discuss with reference either to Asia or Europe.

• Does "Wintel" (Microsoft and Intel) have more to fear from Google or from new Asian challengers? Is Google Safe? What does this tell us about the continued competitiveness of US Companies?

• Why has Europe been relatively successful in the mobile/cellular phone business? Discuss with reference to Nokia, Vodafone and any other companies you think are relevant.

• Who controls the Internet?

**Topic 4: The evolution of industries: cars**

• What are the principal factors which explain why Toyota overtook General Motors as the world’s largest and most profitable automobile company?

• Why have most of the big cross-national mergers that have taken place in the motor industry in recent years been unsuccessful?

• Discuss the strategies adopted by Chinese and Indian car manufacturers as they seek to establish themselves in the world market

• In recent years vehicle assemblers have outsourced more of their component production to outside suppliers. How far is this process likely to go?

**Topic 5: The evolution of industries: pharmaceuticals and biotechnology**

• What have been the principal drivers of the mergers and acquisitions that have taken place in the pharmaceutical industry in the last thirty years?

• Why has the biotechnology industry developed faster in the US than in Europe?

• How can Indian pharmaceutical companies build a stronger position in the world pharmaceutical industry?

• Is the vertically integrated structure of “Big Phama” companies – from early-stage research through production to marketing and distribution – no longer appropriate in today’s conditions?

**Topic 6: How do late-comers catch up?**

• Discuss the strategies of four BRIC companies which have had some international success. What are the main problems they have had to overcome?

• How can established "western" companies best protect their position against new BRIC challengers? Discuss in relation to the electronics or automotive sectors.

• Why is the conglomerate form, out of fashion in the advanced industrial countries, still widely used in emerging markets? Discuss with reference to families and other regional networks.

• Do International Production Networks make it harder or easier for latecomer companies to become successful global players?

**Topic 7: Capital markets and corporate governance**

• What distinguishes Japanese and German corporate governance from that of the US?

• “The financial crisis can be to an important extent attributed to failures and weaknesses in corporate governance arrangements”. Discuss.
• Many publicly quoted companies, especially in Continental Europe and in most emerging markets, have a family as their principal shareholder. What are the advantages and disadvantages of family control?

• In recent years many publicly quoted companies have been taken off the stock market by private equity firms such as KKR and Blackstone. What explains this phenomenon, and how far does it reflect weaknesses in the way publicly quoted companies are governed?

Topic 8: The role of the state: industry and technology policy

• Some countries have designated certain industries as “strategic” and therefore deserving of government support. What is the case for such policies?

• Successive French governments have sought to preserve strong, nationally owned companies in important industries, whereas the UK has generally welcomed, or at least not sought to obstruct, foreign acquisitions of major British industrial companies. Which is the better policy?

• What has been the contribution of the US government to the success of US-based firms in high-technology industries?

• Does the success of Airbus support the case for an active industrial policy in Europe?

Topic 9: Industrial Policy in Emerging Markets

• Should China and India be aiming to foster “national champions” in strategic industries?

• Compare and contrast the industrial policies of at least two of the "BRICs" (Brazil, Russia, India, China) OR two of the Asian Dragons (South Korea, Hong Kong, Singapore, Taiwan).

• What role has Foreign Direct Investment played in China's recent growth?

• What policies are needed to turn “emerging” economies into genuine centres of innovation?

Topic 10: Can Europe compete?

• What were the reasons for Europe’s lag behind the US, in terms of productivity growth, after the mid-1990s?

• Why has the Lisbon agenda failed?

• How far should the UK, having been “Thatcherised” in the 1980s, be regarded as a model for other European countries?

• Is Western Europe too dependent on slow-growing, medium-technology industries?