Department of International Business

COURSE NUMBER  IBUS 6404                      Spring 2011

COURSE TITLE  THE NEW GLOBAL COMPETITIVE FRAMEWORK

CLASS MEETING TIME  Wednesdays: 7.10-9.40pm  Location: Funger Hall 223

PREREQUISITES  MBA STUDENTS must have taken either MBAD 240 OR MBAD 243 BEFORE taking this course. Students who have not taken either of these must seek the professor’s permission. No prerequisites are specified for ESIA or other-degree students.

INSTRUCTOR  Chandru Rajam, Ph.D.
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Director, Assessment of Learning, School of Business

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E-mail:  crajam@gwu.edu
Office Hours:  M: 10-11am • W: 5-6pm • F: 12.30-1.30pm

LEARNING OBJECTIVES  (1) To develop an understanding of the evolving competitive structure of the global economy, and of how competitiveness is determined by country-, industry- and firm-level factors.

(2) To understand and analyze the various economic and business structures, competitive practices of industries and strategies of firms in the US, Japan and East Asia, Europe, Latin America, Africa and in what Goldman Sachs called BRIC countries: Brazil, Russia, India and China.

(3) To develop the written-communication skills needed to analyze and write about the above developments and be able to draw implications for U.S. public policy and the corporate strategies of American firms as they seek to stay competitive in the rapidly-evolving global economy.

TEXTBOOK  Blackboard + www.Study.net & as indicated later in the syllabus
Also, register at McKinsey Quarterly for FREE.
A COURSE ON COMPETITIVENESS

The central theme of this graduate-level course is "competitiveness" in all its multi-level and multi-faceted complexity. We will explore the macroeconomic and microeconomic foundations of competitiveness. The competitiveness of the US economy, given the latter's pre-eminent status in the world, will be our explicit and implicit focus. However, by comparing the US to other noteworthy countries and major economic regions, we will develop a fuller understanding of the notion of competitiveness, and of what the US needs to do to be competitive in still-critical sectors or in new sectors of the economy.

GLOBALIZATION: Since the end of WW-II and especially since the 1980s, countries have liberalized their economies dramatically. As trade, investment and institutional barriers fell, an increasing proportion of companies have sought to expand beyond their home markets. Typically, companies expand abroad in search of new markets for their goods and services or to seek lower-cost resources (labor, raw materials etc). Technology has also been instrumental in helping companies internationalize their operations. The term “technology” here refers to advances in both communications technologies and transportation modalities. Whereas, in the past, international expansion was the sole province of large corporations, today, even small companies can internationalize their operations, thanks to the ease and the lower costs of access to overseas markets.

COMPETITION: As more and more companies expand abroad, the level of competition rises, as companies pursue the same customers worldwide. Competition forces companies to try harder to please customers, thereby enhancing the welfare of consumers. However, not all industries are alike: some industries have special characteristics—such as significant economies of scale or first-mover advantages—that confer significant gains to firms that either build scale quickly or are first on the scene. Under these circumstances, it is tempting for governments, acting strategically, to help their companies build scale quickly or be the first to introduce an innovation. Even in the absence of concerted government support, investments in infrastructure, or so-called commons, can confer firms with competitive advantage. So, in the final analysis, competitiveness is determined both by country-level factors and by company-level characteristics and actions. In this way, competitiveness is a multi-faceted and multi-level notion.

EMERGING MARKETS: Another facet of this course is its considerable emphasis on so-called Emerging Markets, a term that variously refers to developing economies that have begun to realize their promise in recent decades. Of these, Brazil, Russia, India and China, or (what the investment-bank Goldman Sachs first referred to as) the BRIC countries, have attracted the most attention. The list of readings has sought to cover these countries, but also other emerging markets in Latin America and Africa.

INDUSTRIES: While country-level factors play an important role in determining firm-level competitiveness, the industry the firm belongs to also explains differences in competitiveness across firms. Not all industries in a country are equally competitive by global standards. While industry (defined as an aggregation of firms that do roughly similar things) is merely an abstraction, created for the sake of analytical convenience, industry-level differences explain a great deal of the differences in competitiveness of firms. In this important sense, much of the analysis of competition, firm strategy and behavior and of economic performance takes place by industry. We will examine the notion of competitiveness in select industries via the Team-Projects.
Pedagogy

This course will be run as a graduate seminar and demands prior preparation for each class.

Some Useful Resources

- Yale Center for the Study of Globalization: valeglobal.yale.edu
- McKinsey Quarterly (Register for Free): www.mckinseyquarterly.com
- The Economist: www.economist.com
- Financial Times: www.ft.com
- Wall Street Journal: www.wsj.com
- BusinessWeek: www.businessweek.com
- Strategy+Business (Booz & Co.): www.strategy-business.com

Assessment of Learning Activities

Students will be assessed on the following activities. The assessment of student learning will be based on the weights and grading scheme mentioned below:

1. **Preparation for Class and Class Participation (300 points)**

   - We will read articles and discuss them throughout the semester. Students should come fully prepared to lead the discussion of ALL assigned material.
   - Students’ contribution to class discussion will be assessed based on the following:
     - Attendance (based on sign-up sheet)
     - Level of prior preparation and ability to answer questions
     - Involvement in the participation of others in class to foster a dialogue
     - I will make the best effort possible to keep a record of your comments and participation in the general class discussion on all aspects of the course
     - Class participation should be insightful and contribute to improving our collective understanding of the concepts and the cases being discussed

2. **Two Synthesis-Paper Write-ups (2x100=200 points)**

   Working individually, students will submit TWO reports on two separate occasions based on the readings assigned for those classes and some additional research on that topic. Each write-up should be no more than three (3) single-spaced pages in length and should be uploaded into the corresponding folder in Blackboard prior to the start of class AND in hard-copy format at the beginning of class. Do not submit a write-up in the case of a planned absence, as I intend to call on those submitting reports to briefly talk about what their research discovered. The two sessions you choose to submit write-ups should be from each half of the semester. The write-up should reflect additional research, synthesis of all articles, application of theoretical frameworks (such as those covered early in the semester and any others you deem appropriate) and some broad conclusion, insights or other discovery.

   There is no need to communicate ahead of time to the instructor which session you choose to write on. The rubric used to assess your case write-up will be explained in class.
3. **Team Project (200 points)**

Working in teams of three members, students will select an industry or sector (or as assigned by the Instructor), carry out research on the factors (macro and micro) that drive productivity and competitiveness in that industry or sector, apply the theoretical frameworks studied earlier (and any others deemed appropriate) to tell a coherent story that can predict the pattern of “winners” and “losers” in that industry or sector. Put differently, your research, analysis and theoretical synthesis should offer a comprehensive framework that explains why some companies more or less consistently outperform others (wherever these groups of firms happen to be based in the world).

4. **Final Exam (300 points)**

The final exam will be an open-book, take-home exam and will consist of two sections: one requires short-essay-type answers, while the other asks for longer essays that require reflection, critical thinking and synthesis of several readings. The exam will be held over the weekend of April 30th-May 1st (Sat-Sun).

**Grading**

The letter grades reflecting your effort and success in class will be translated into a simple linear percentile scale where the grade cutoffs are as follows:

- A 94% or above
- A- 90% or above
- B+ 86% or above
- B 84% or above
- B- 80% or above
- C+ 78% or above
- C 74% or above
- C- 70% or above
- F 69% or less;

**Grade Distribution**

The School’s Office of Graduate Programs recommends that the grade distribution of the class have an average between 3.2 and 3.4 and that no more than 20% of a class receives an A or A-. Expect deviation from these guidelines, if the class performed too well or poorly.

**Academic Integrity**

Academic dishonesty is defined as cheating of any kind, including misrepresenting one's work, taking credit for the work of others (without citation) and fabrication of information. For more information, visit: [http://www.gwu.edu/~ntegrity/code.html](http://www.gwu.edu/~ntegrity/code.html). The School takes a zero-tolerance view of plagiarism and relies on Blackboard’s SafeAssign facility to check for the originality of student work. Do check with the Instructor, if you’re unsure about this (or any other) aspect of your work.
# Course Schedule

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<tr>
<th>Date</th>
<th>Class Topic</th>
<th>Mandatory Reading (prior to the class session)</th>
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| 1/12 | Overview of the Course  
The State of US Competitiveness | • Competitiveness Index 2007: Where America Stands (BB) |
| 1/19 | Macroeconomic and Institutional Foundations of Competitiveness | • The Global Competitiveness Report (BB) (pages 1-42)  
• Five Forces Reshaping the Global Economy: McKinsey Global Survey Results (BB)  
• Restoring American Competitiveness (HBP)  
Optional  
• The Power of Productivity: Poor Countries Should Put Their Consumers First (BB) |
• Half the World is Unbanked (BB)  
• Averting the Next Energy Crisis: The Demand Challenge (BB) |
| 2/9 | Human Capital | • Exploding the Myths of Offshoring (BB)  
• The War for Talent I (BB)  
• The War for Talent II (BB)  
• The Emerging Global Labor Market (BB)  
• Changing the Fortunes of America’s Workforce: A Human Capital Challenge (BB) |
### MICRO FOUNDATIONS OF COMPETITIVENESS

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<th>Date</th>
<th>Topic</th>
<th>Lectures</th>
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| 2/16 | Microeconomic Foundations of Competitiveness | - Microeconomic Fundamentals of Competitiveness (BB)  
- Private Ownership: The Real Source of China’s Economic Miracle (BB)  
- Nurturing Entrepreneurship in India’s Villages (BB) |
| 2/23 | The Role of Firm Strategy, Structure & Rivalry | - What is Strategy? (HBP)  
- Strategic Intent (HBP)  
- Extreme Competition (BB)  
- Innovation Blowback: Disruptive Management Practices from Asia (BB) |

### REGIONAL DIFFERENCES—AND SIMILARITIES

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<th>Date</th>
<th>Region</th>
<th>Lectures</th>
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| 3/2  | Europe | - Why Europe Lags Behind the United States in Productivity (BB)  
- Beyond Austerity: A Path to Economic Growth and Renewal in Europe (BB) |
| 3/9  | East and South-East Asia (except China) | - Into the Unknown: A Survey of Japan (Purchase here)  
- The Odd Couple: A Special Report on the Koreas (Purchase here)  
- Integrating Southeast Asia’s Economies (BB) |
| 3/16 |        |          |
| 3/23 | Latin America (except Brazil) | - Checking Latin America’s Vital Signs (BB)  
- The Latin American Opportunity (BB)  
- Harvesting Latin America’s Agribusiness Opportunity (BB)  
- Colombia’s Lesson in Economic Development (BB) [Watch the video here] |
| 3/30 | Africa and the Middle-East | - Lions on the Move: The Progress and Potential of African Economies (BB)  
- Fulfilling the Promise of Sub-Saharan Africa (BB)  
- Helping Africans Jump-Start Their Industries (BB) |
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<tr>
<th>Date</th>
<th>Topic</th>
<th>Readings</th>
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<tr>
<td>4/6</td>
<td>Brazil, Russia</td>
<td>- Waking from Its Sleep: A Special Report on the Arab World (<a href="#">Purchase here</a>)</td>
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<td>- Getting It Together At Last: A Special Report on Business and Finance in Brazil (<a href="#">Purchase here</a>)</td>
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<td>- Enigma Variations: A Survey of Russia (<a href="#">Purchase here</a>)</td>
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<td>4/13</td>
<td>India and China</td>
<td>- China and India: The Race to Growth (BB)</td>
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<td>- Comparing Urbanization in China and India (BB)</td>
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<td>- China and India’s Financial Systems: A Barrier to Growth (BB)</td>
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<td>- A Truer Picture of China’s Export Machine (BB)</td>
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<td>- Brushwood and Galt: A Special Report on China’s Place in the World (<a href="#">Purchase here</a>)</td>
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<td>- The Global War for Talent (BB)</td>
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<td>- China + India: The Power of Two (<a href="#">HBP</a>)</td>
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<td>4/20</td>
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<td><strong>NO CLASS (MADE UP ON WED, 4/27)</strong></td>
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<td>4/27</td>
<td>Review and Wrap-Up</td>
<td>- The N-11: More Than an Acronym (BB)</td>
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<td>- Why Trends Matter: Here are Five Trends (BB)</td>
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<td>o The Market State (BB)</td>
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<td>4/30-</td>
<td>FINAL EXAM</td>
<td>Take-Home Exam</td>
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