

PEPPERDINE UNIVERSITY
ECNM 478
International Business
SUMMER 2018
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CRITICAL ANALYSIS ONE

Introduction and Guidelines

As stated in our syllabus, “the critical analysis provides you with the opportunity to demonstrate ownership of the material by synthesizing our readings with the *initial* research of your Global Enterprise Project (GEP).” Below are two thematic questions followed by your task of submitting your formal GEP proposal. Please answer and develop each question as thoroughly as possible, providing rich detail from our readings and discussions. The organization of your response, the depth of your analysis, and the sophistication of your critical thinking are the key elements of your evaluation.

The total value of this exercise is 20% of your course grade.

- Ten pages, single-spaced, 12 point, Times New Roman font, business block format, justified margins (our syllabus follows this format) – *this is a target*
- Effective use of subheadings, page numbers and professional presentation is expected
- You may use footnotes to cite references

Segment One – On Globalization: Economics and Culture

In Theodore Levitt’s classic article *The Globalization of Markets*, he sets the foundation over 30 years ago for the modern understanding of ‘globalization’. Using Levitt’s central thesis as a starting point, provide a discussion on the following:

- a. Identify and defend/reject/modify Levitt’s bold assertions on the nature of the global firm:
 - i. The world’s needs and desires have been irrevocably homogenized. This makes the multinational corporation obsolete and the global corporation absolute.
 - ii. Technology drives consumers relentlessly toward the same common goals – alleviation of life’s burdens and expansion of discretionary time and spending power.
 - iii. Cultural preferences follow one of two paths: they eventually lose relevance to economic decision making, or they diffuse to other groups and become the substance of global trends.
- b. The problem with a *flat world* metaphor –
 - i. Using Ghemawat’s CAGE model, provide a concise and sophisticated overview of the four dimensions that will influence the business activities associated with your company’s pursuit or long-term relationship with your host country.
 - Provide a concise, sourced CAGE analysis
 - You might produce a chart as the main document with comments to support the chart
- c. Provide a thorough analysis to the board of directors that demonstrates your expertise of the *culture* and *political risk* of your host country. All available country reports are good sources for this section. Political Risk Yearbook and others highlighted in the library database workshop will provide insightful value. Your ‘thorough analysis’ can in fact be a concise, sourced list. Include the following in your discussion:
 - i. General receptiveness toward foreign corporations doing business in host country
 - ii. Key barriers to entry

- iii. Political and economic culture – toward foreign firms
- iv. Host (region, nation) expectations regarding local use of factor markets
- v. Overview of ‘doing business’ *over there* (consider best practices, etiquette, etc.)
- vi. What are the burning political and economic *risk* issues that will impact your strategic decision making?

Segment Two – On the Global Business Model

In *Fundamentals of Global Strategy*, de Kluyver provides the groundwork for ‘competing in a global world’. In reference to your GEP – company and country (home and host) – identify and discuss the following:

- a. Why should your company continue to or begin to globalize?
- b. Provide a concise Porter’s *national diamond* analysis.
 - i. Recall from our lecture that the National Diamond will include a Five Forces Analysis – see Porter’s article
- c. Referring to Ghemawat’s “AAA” Global Strategy Framework, develop the following:
 - i. Define each of the “A” components of the framework providing a brief example of competitive firms *within* your industry that ascribe to one or all of the “A” strategies
 - ii. What “A” strategy best describes your company’s approach to global value creation?
 - i. What would be required for your company to pursue all three strategies? If not conceivable or within the scope of the firm’s corporate strategy, why not?
 - iii. Referring to the *business model* diagram and discussion in chapter four, provide a concise, illustrative representation of each of the components of the traditional model – mainly the following:
 - i. The Value Proposition – Offer and Message
 - ii. Market Participation – target markets and mode of entry; distribution; global branding
 - iii. Management Model – mind set; organization
 - iv. Value Chain Infrastructure – core capabilities; partner network; supply chain architecture

Segment Three – Formal Proposal – Toward a Synthesis of Theory and Application

From the perspective of senior management provide a formal briefing to the board that identifies and supports the following:

- a. The overarching goal for the enterprise and its central stakeholders (a corporate goal not necessarily a “global” initiative)
- b. The value creation opportunity for operating internationally
- c. The initial challenges – major priorities
- d. The host country – a *primer* (essentially, a snapshot of your entire country as it *pertains to your project*) – consider the following in a concise and precise list – “This country in a nutshell”
 - Political snapshot
 - Economic snapshot
 - Cultural snapshot
- e. The time horizon – pre launch, entrance, general operations (major initiatives)
 - When and What needs to be done