

International Business Strategy

Module Introduction and Overview

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1 Introduction to the Module

Welcome to the module *International Business Strategy*. In a rapidly changing world, companies that operate across national boundaries are increasingly the norm – domestic businesses serving local markets tend to be smaller, less innovative, less profitable, than those that roam the world searching for favourable opportunities. On the other hand, there are bigger hazards in unfamiliar territories, and intelligence is required to assess markets, capital requirements, financing methods, risk, marketing techniques, and organisational forms, to enable the opportunities to be seized.

This module aims to provide frameworks, techniques and examples to help you participate successfully in the exciting and risky world of international business.

Your study of international business strategy in this module is based mainly on case studies of a wide variety of businesses – from Starbucks, an American coffee house, to Alibaba.com, a China-based web-centred intermediary for manufacturers; from Siemens, an online multi-national conglomerate, to Shanghai Tang, a cross-border fashion retailer; and from Walmart, an American food seller, to gas operators in China.

Some of the businesses you will study are successful, some have made big mistakes; others are unsure about their future success. The exposure to a variety of degrees of success will help you to assess strategic options in your own career.

The approach is not technical – you will be introduced, for example, to the reasons for and the basis of currency hedging in cash management but will not go into the mathematical calculations required to implement successful hedging.

After completing this module, you should be able to test the utility of the various frameworks and strategies in the light of several experiences of business internationalisation, in terms of the lessons they offer, both positive and negative.

To facilitate your learning, there are many Review Questions and Exercises in the units. You will get feedback and advice on your progress with the module in the comments on your assignments, and to help you prepare for the final examination there is a Specimen Examination Paper provided.

2 The Module Authors

Norman Flynn is Programme Director of Public Policy and Management programmes at Centre for Financial and Management Studies. He is the author of *Miracle to Meltdown in Asia* (Oxford University Press) and, in addition to his role at SOAS, he has held academic positions at the London Business School and the London School of Economics, and was Chair Professor at City University of Hong Kong.

Damian Tobin is Lecturer in Chinese Business and Management at the Centre for Financial and Management Studies, SOAS University of London and is academic director of the International Business Administration programme. He has published topics related to China's enterprise reform, corporate governance and public finance. His articles have appeared in such academic journals as *World Development*, *Corporate Governance: An International Review* and *Asian Case Research Journal*.

Alison Watson is an associate Lecturer in Business and Management specialising in e-learning and distance learning. Her most recent research is based on education reform within the higher education sector and blended learning.

3 Study Resources

In addition to the eight units of the study guide, this module has a range of case material, as well as a collection of articles and extracts from other sources.

You will read parts of a key text written by Charles Hill and Tomas Hult. Charles Hill is Professor of International Business at the University of Washington and has worked extensively as a consultant to international firms. Tomas Hult is director of the International Business Center at Michigan State University.

Charles WL Hill and G Tomas M Hult (2019) *International Business: Competing in the Global Marketplace*. 12th Edition. New York: McGraw-Hill.

Where there are gaps in the key text coverage, these will be supplemented by articles and assigned module readings.

4 Learning Outcomes

When you have completed your study of this module, you will be able to:

- analyse the principles underlying decisions to invest in countries other than the home base
- discuss the basics of business strategies of cost advantage and differentiation
- explain the analysis behind decisions about where to locate production operations
- explain some of the reasons why marketing and pricing strategies can succeed or fail according to the conditions in different countries
- identify the variety of structural arrangements available to the international business
- analyse the options for dealing with currency risk in an international project or business

- analyse the elements that make a location suitable for investment projects
 - list and define the types of political risk involved in establishing a business in another country.
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5 Module Overview

Unit 1 International Management and Investment

- 1.1 International Management and Cross-Cultural Management
- 1.2 Cross-Cultural Management
- 1.3 The Economics of International Investment
- 1.4 Conclusion

Unit 2 Choice of Entry Strategy

- 2.1 Strategy Basics – Cost and Value
- 2.2 International Strategy
- 2.3 Entry Strategy
- 2.4 Mergers and Acquisitions
- 2.5 Case Studies
- 2.6 Feedback on Case Studies
- 2.7 Conclusion

Unit 3 International Trade, Production and Sourcing

- 3.1 Imports and Exports
- 3.2 Countertrade
- 3.3 Economic Criteria
- 3.4 Beyond Offshoring
- 3.5 Case Studies
- 3.6 Feedback on Case Studies
- 3.7 Conclusion

Unit 4 International Marketing and Human Resource Management

- 4.1 Marketing Mix
- 4.2 Global Marketing
- 4.3 Digital Marketing
- 4.4 Case Studies
- 4.5 Feedback on Case Studies
- 4.6 Global Human Resource Management
- 4.7 Conclusion

Unit 5 International Organisation

- 5.1 Introduction
- 5.2 Organisational Architecture
- 5.3 Strategy and Architecture
- 5.4 Case Studies
- 5.5 Feedback on Case Studies
- 5.6 Restructuring Slovenian Companies Case Studies

5.7 Conclusion

Unit 6 Financial Management in the International Business

- 6.1 Investment Decisions
- 6.2 Financing Decisions
- 6.3 Money Management
- 6.4 Managing Foreign Exchange Risk
- 6.5 Foreign Direct Investment
- 6.6 Case Studies
- 6.7 Feedback on the Case Studies
- 6.8 Conclusion

Unit 7 Assessing Country Competitiveness

- 7.1 Determinants of National Competitive Advantage
- 7.2 Company Strategy
- 7.3 Case Studies
- 7.4 Feedback on the Case Studies
- 7.5 Conclusion
- 7.6 Summary

Unit 8 Assessing Country Risk and Corporate Social Responsibility

- 8.1 Introduction
- 8.2 What is Political and Country Risk?
- 8.3 Case Studies: Political and Country Risks
- 8.4 Sustainability and Corporate Social Responsibility
- 8.5 Conclusion
- 8.6 The Examination