Globalization and Risk Management

B65.2140
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**COURSE OVERVIEW**

In an increasingly interconnected world, managers often turn to global markets as a means of achieving growth and profitability targets. Unfortunately, accumulating evidence suggests that globalizing is fraught with risk. In the last 20 years alone, high-profile companies like Uber, IKEA, AES, Tesco, and Walmart (among others) have been hobbled by globalization. This course offers a lens through which to view globalization in a new and compelling way, helping students understand the risks associated with globalization while equipping them with the necessary tools to overcome those risks.

**COURSE OBJECTIVES**

The central objective of this course is to understand the risks that multinational corporations (MNCs) face in the global marketplace and to develop strategies to overcome those risks. We will develop insight into the critical institutions that underpin the risks of globalization and demonstrate how differences in institutions between countries are so often at the root of disastrous global outcomes. We will examine country institutions across political, economic, and cultural dimensions and build a framework for how institutional differences impact a variety of global strategies. We will learn to measure political, economic, and cultural institutions and use those measures to estimate the risks that institutional differences pose to global companies. Ultimately, we develop a tool that helps price those risks in a way that can be incorporated into existing strategic and financial analyses.

This course is mainly targeted to help students understand the strategic risks and tradeoffs that companies must make in global context. Consequently, this course is pertinent for students who intend to pursue careers in management consulting, general management, investment banking, private equity, venture capital, and other careers in a global context where accurate and concise strategic risk assessments are crucial.

Notice that this is the “course objectives” section and not the “course guarantees” section. This is more than mere semantics. I cannot guarantee that you “learn” anything. It is up to you to take it upon yourself to accomplish that. What I can do is facilitate your learning through lectures, discussions, and exercises.
I’m sure I could lecture endlessly, but that would bore the heck out of both of us – so for most of the course I will act in the role of moderator and facilitator – setting up a framework for discussion, guiding the group discussion, and providing opportunities to apply what we have read/discussed to help sharpen your analysis skills.

I cannot stress this next point enough, …you and your classmates must actively participate for this course to be a true learning experience!!! Learning goes well beyond memorization and preparation for exams. It is a process – one that is created and enhanced through class discussion and experience.

**COURSE PREREQUISITES**

Students are expected to have taken basic courses in all of the major functional areas of business. It is assumed that you understand how each of these functional areas relates to each other. If you are not sure whether you have taken the proper prerequisite courses for this class, please contact the administrator of your program.

**REQUIRED MATERIALS**

There is **one course pack** [denoted CP in the schedule] and **one book** [Global Vision, denoted GV in the schedule] that will be used for this course. In addition to the course pack and book, I may distribute some material in class. Some of the material I distribute in class will be supplementary, or optional, but unless I specifically state so, assume that readings distributed in class are required readings.

In order to help you organize, I have attached a one-page course schedule to the end of this document. This will inform you of the required reading for each class, which case we are covering, and what assignments are due. Please read the course schedule carefully. The sequence of the material covered in class can be slightly different from the sequence in which they appear in the schedule or the course packet. Make sure you prepare the right readings for every class. As always, I reserve the right to change, switch, or otherwise supplant any reading, case, or written assignment.

**COURSE COMMUNICATION**

A NYU Classes website has been created for this course. You should check NYU Classes on a regular basis. The course syllabus, slides, discussion questions, assignment information, and announcements will all be posted on the site.

**COURSE EVALUATION**

Course grades will be determined by students’ relative performance on the following course components:

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Participation</td>
<td>25%</td>
</tr>
<tr>
<td>Individual Assignments</td>
<td>20%</td>
</tr>
<tr>
<td>Group Assignments (in class)</td>
<td>10%</td>
</tr>
<tr>
<td>Final Group Project</td>
<td>45%</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
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</table>
Participation & Professionalism. Woody Allen once said: “90% of success is just showing up.” He’s right!! Show up regularly, treat the class as you would any other professional endeavor, and you have a decent chance of passing this course. Furthermore, in an experiential course such as this one, attendance is absolutely essential. And while I understand that you have to balance classes with other competing interests, I do expect you to show up. There are no excused absences from this class, though consideration will be given to religious holidays, official university engagements, documented serious illnesses, and emergency situations.

Because you must be present in order to participate, I will incorporate attendance into your Participation grade. As the course progresses, it will become clear who participates and who does not. Those who stand out will be rewarded with the maximum in points. Those who show up in person, but not in mind, will receive very low points. Those who do not show up at all will not receive any points.

Finally, because this is a compressed and experiential course, attendance is critical. **Should you miss more than 25% of the class sessions, you will not only be unable to receive an A in the class, but you will be required to complete make-up work in order to pass the course. If you miss more than 25% of the class sessions, you will be required to: (1) watch the videos for the sessions you missed; and (2) submit a write-up based on the video. If you do not complete the make-up work, you will receive a failing grade.**

In grading class participation, I will look not just at the quantity, but also the quality of your class contributions, and the way you conduct yourself in class. The dimensions that I look for include:

- **Relevance** -- Does the comment bear on the subject at hand?
- **Causal Linkage** -- Is the logic of a particular argument traced out?
- **Responsiveness** -- Does the comment react in an important way to what someone else has said?
- **Analysis** -- Is the reasoning employed consistent and logical?
- **Evidence** -- Have data from the case been employed to support the assertions made?
- **Importance** -- Does the contribution further our understanding of the issues at hand?
- **Clarity** -- Is the comment succinct and understandable? Is it on point or does it wander?
- **Comportment** -- Is the student behaving in a way that is befitting a professional?

**Individual Assignments [IA].** You are required to complete one (1) individual assignment [IA]. The individual assignment will typically consist of your key recommendations to managers in a case, along with the supporting logic for those recommendations. You should identify the strategic problems facing the managers, state your position as what the managers in the case should do, and support that position using strategic logic. You should not use precious space rehashing facts from the case. Instead, key facts should be used (sparingly) to help justify particular recommendations. That is, do not simply restate what the case writer has said in other words. Moreover, do not dwell on things that the company is already doing. Try to go beyond the facts provided by the case writer by doing some new analysis of the situation facing the managers. Details about the specific assignments will be posted to NYU Classes (see below for details).

**Policies for IA assignments:**
1. Late IA assignments will not be accepted. No excuses, no exceptions.
2. IA assignments must be no longer than three double-spaced pages, not including exhibits.
3. IA assignments must be typed in 12-point font with one-inch margins.
Group Assignments [GA]. We will have group work in this class. Each group will consist of 5 members (no exceptions). These groups will remain intact for the duration of the course. There are two types of Group Assignments in this class: In-class Group Assignments and a Final Group Project.

In-class Group Assignments. In-class Group Assignments will consist of activities that you will perform in class with a deliverable to be handed in at the end of the class. Details and instructions will be provided in class.

Final Group Project. You are required to complete one (1) final group project. The Final Group Project is an original project that will draw upon the material that we cover in class. You will be required to produce an intermediate deliverable (progress report) and perform numerical analyses for your Final Group Project. Details and instructions will be shared in class and posted to NYU Classes.

Policies for your Final Group Project:
1. A late Final Project will not be accepted. No excuses, no exceptions.
2. The Final Project must be no longer than ten double-spaced pages, not including exhibits.
3. The Final Project must be typed in 12-point font with one-inch margins.

Final Exam. There is NO final exam in the course.

ACADEMIC INTEGRITY

I consider you all adults, and I will treat you accordingly. I trust you will follow University policy and not engage in academic fraud. As a matter of personal and professional respect for ourselves and each other, we should expect the highest standards of conduct from ourselves and our peers. Violating these standards takes away the value and meaning of the educational environment for all of us, and in the event that such a violation occurs, the individual(s) responsible will be subject to University sanctions that may include suspension or expulsion. Furthermore, I reserve the right to disqualify your work as unacceptable and assign a failing mark. So please, don’t cheat!! I’m serious, …don’t do it!!

LEARNING DIFFICULTIES

If you are having trouble in class (e.g. with participation or a particular assignment), I want to know about it as soon as possible. I will do my best to help students who, despite a sincere and solid effort, are experiencing difficulty. It is in your best interest to inform me well before an assignment is due, and certainly well before the end of the semester, if you are having problems in class. It is usually too late for the instructor to do anything if you report learning difficulties after the fact!

FAIRNESS IN GRADING

I hereby declare that I will make a determined effort to ensure that all assignments are graded fairly based on the quality of each student’s work. If after careful consideration you are thoroughly convinced that a particular grade of yours should be reviewed and potentially revised, provide the instructor with written justification of your assessment, including a copy of your assignment.

I will first determine whether your request is plausibly justified. If your request is plausibly justified, and if and only if I determine that the number of points involved is large enough that it could change your letter grade, then I will review your complete assignment again at the end of the semester. Except
in the case of obvious administrative errors (i.e., \(2 + 2 = 3\)), no re-grading will take place before the end of the semester.

**LAPTOPS, CELL PHONES, SMARTPHONES, RECORDERS, AND OTHER DEVICES…**

…may not be used in class.

Now that I’m done with my rant about policy, grading, and other stuff – I really hope you enjoy taking this class as much as I enjoy teaching it. I subscribe to the school of thought that learning can and should be fun, …so let’s work, laugh, and learn together.
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<tr>
<th>Class</th>
<th>Reading</th>
<th>Due</th>
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<tr>
<td>1</td>
<td>Course Introduction – Global Footprint; Go Global, or No?</td>
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<tr>
<td>2</td>
<td>Rip from the Headlines (In-class activity)</td>
<td>GA</td>
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<td>3</td>
<td><strong>Discussion:</strong> Liability of Foreignness (CP: Distance still matters; GV: Chapter 1)</td>
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<tr>
<td>4</td>
<td><strong>Discussion:</strong> Foreign Entry Decisions (GV: Chapters 2 and 3)</td>
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<td>5</td>
<td><strong>Discussion:</strong> Why/When Go Abroad? (CP: Foreign acquisitions; When not to go)</td>
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<td>6</td>
<td>Logoplaste: Global Growing Challenges</td>
<td>SA</td>
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<tr>
<td>7</td>
<td><strong>Discussion:</strong> Political and Economic Environment (GV: Chapters 4 and 5)</td>
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<td>8</td>
<td><strong>Discussion:</strong> Cultural Environment (GV: Chapter 6)</td>
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<td>9</td>
<td><strong>Discussion:</strong> Pricing Institutional Risk (GV: Chapters 7 and 8)</td>
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<td>10</td>
<td>Institutional Risk Working Session</td>
<td>GA</td>
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<tr>
<td>11</td>
<td>Rip from the Headlines (In-class activity)</td>
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<td>12</td>
<td><strong>Discussion:</strong> Entry Mode (GV: Chapter 9)</td>
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<td>13</td>
<td>Final Project Presentation (In-class activity)</td>
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