Course Title- Strategic Decision Making in International Business: National Culture Perspectives
Course Coordinator - Prof. Ramya T. Venkateswaran

Course Background and Objectives:

While making strategic decisions in a cross-border context, firms need to make sense of the institutional environment of another nation. This institutional environment consists of 'formal', i.e. visible and tangible elements such as country regulations; as well as ‘informal’, i.e. subtler and intangible but nevertheless significantly impactful elements. This informal’ institutional environment, consists of the norms, mores, religion and culture of the nation, and these elements are often known to introduce a great deal of uncertainty into the international business environment. Firms also need to be aware about the influences of their own home country informal institutional environment on its own strategic decisions and actions.

One critical aspect of the informal institutional environment that influences cross border strategic business decisions is national culture. Differences and similarities in the culture patterns of countries have deep historical roots and societal mechanisms along with shared national institutions such as common language, political, legal, education and administrative systems permit the maintenance of stability in these culture patterns across several generations. The ramifications of national culture in cross cultural strategic decision making (SDM) extends from key internationalization decisions such as the globalization decision, the choice of location, to the choice of entry and establishment mode, with significant implications for firm competitiveness and performance. Anecdotal evidence suggests that firms are overwhelmed by the complexity of national culture and often rely only on experience and intuition to deal with their cross-cultural challenges in SDM. This course helps top management sense-making through articulation and understanding of national culture through the lens of cultural frameworks and perspectives as derived from the literature. Through this course, students can also appreciate the differences and synergies between firms due to national culture through the experience of a real international business project, while also understanding the limitations in applicability of such knowledge.

All students shall be enrolled into the X-culture project (http://www.x-culture.org) that enables a strong experiential angle to the learning of international business topics. X-culture employs global virtual student collaboration over live international business projects that solve the real problems of companies across the globe (Check http://www.x-culture.org/challenges.html for a sample of the projects). Approximately over 6,000 students from nearly 100 universities in 40 countries work in the global virtual teams of X-culture every season, a not-for-profit initiative on international management education that has received the Best Academy of Management, Management Education Symposium Award. X-Culture project is an international interaction/collaboration exercise and not a test of knowledge. So the task is designed so that the project involves maximum cross-cultural interactions and international business problem solving so that the students could gain first-hand experience in these areas.

Course pre-requisites, if any:

All students must take a standard pre-project training on X-culture. All training materials are located at www.x-culture.org/training.html. Students will be required to review the materials and complete the X-Culture Readiness test. Approximately one week before the project start day, each registered participant receives an email with a personalized link to the Readiness Test, to be completed before the start of the project. The test ensures that all participants are sufficiently familiar with how X-Culture works, the task the teams will be working on, deadlines, available communication tools, and other project-related issues. Only students who successfully pass the Readiness Test will be allowed to participate in the project. Most students pass the test, but a few fail and are asked to review the training materials more carefully and retake the test.
Students work in global virtual teams\(^1\) over a 2-month period (Track 2: Oct 1 - Nov 25). During this time, they have to meet weekly deadlines. Since this a globally distributed project involving complex coordination, participation in the project is demanding. Students need to invest at least 4-5 hours per week, and closer to 10 hours per week in the first and last weeks of the project. Before enrolling, you will need to provide a written declaration that you can commit this quantum of time and effort during this period.

This course is intended for an audience that seeks an appreciation of the cultural aspects over and above the business aspects of strategic decision making. Courses such as International Business Management and Global Strategic Management are therefore strongly recommended complementary courses. The business aspects are only touched upon lightly for the purpose of context setting and the course is not intended to provide a core grounding in international business aspects.

**Restrictions on course registration and criteria for restriction, if any:**

The total number of registrations shall be capped at 45 for administrative reasons. CEMS registrations shall be given preference up to a maximum of 15 students, PGP registrations up to a maximum of 25 and STEP students up to a maximum of 5. The idea behind these preferences is to ensure a sufficiently international environment in the class. However, even if we do not end up with such a class composition, every student is assured of a cross-cultural exposure through the X-culture project. Hence any registrations outside of the preferences may be considered for inclusion at the discretion of the instructor.

**Pedagogy:**

**Lectures; Illustrative Cases; X-culture project**

The class lectures and cases are decoupled from the X-culture project however the instructor shall regularly communicate with students to provide necessary coaching and guidance, and normally devote at least a few minutes each lecture to discuss student progress, address concerns and answer questions.

Students who successfully pass the readiness test are randomly assigned to global virtual teams (typically 7 students, 7 different countries) and receive personal emails on the first day of the project with the names and contacts of their team members. The teams will be presented with an international business challenge and have about two months to develop a solution. There will be weekly deadlines that the teams have to meet. Each team member will receive a personal email with a link to the weekly progress update survey and will have to report if the team has completed that week’s task. At the end of the project, the teams will present their challenge solutions in a form of team reports. The team reports will be evaluated by at 6-7 independent experts who are part of the global X-culture team of instructors along with this course’s instructor.

**Session Plan:**

<table>
<thead>
<tr>
<th>Session</th>
<th>Learning Objectives</th>
<th>Module 1: Introduction to the course and X-culture</th>
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</thead>
</table>

\(^1\) On exception, a student may opt to complete the project individually rather than as a part of the global virtual team.
### Topic: The Institutional Context of International Business

**Description:** This session provides an introduction to the perspective of a strategic decision maker in a firm that is in an internationalization context. The formal and informal institutions in different nations are highlighted through a case, and readings provide the background for the country institutional context.

**Case:**


**Readings:**

2. Chapter 1: The Concept of Culture, Hofstede, Hofstede & Minkov (2010)

**Discussion Questions:**

1. Identify aspects of formal and informal institutional environment in the case. Which do you think is more important?
2. Is nation a valid and meaningful unit of analysis in international business?

**Additional references:**

1. Incidents in Foreign Direct Investment, HBS (1997)

### Topic: Introduction to the X-culture project and getting started

**Description:** This session is devoted to briefing the students on the X-culture project and to get them onto an early start on the training materials. Students can familiarize themselves with the resources and do’s and don’ts. Best practices at X-culture indicate that this is beneficial, along with early emphasis on the compulsory use of TurnItIn software before making the submissions.

**Readings:**

- [http://www.vtaras.com/AIB-Insights-Q4-12-X-Culture.pdf](http://www.vtaras.com/AIB-Insights-Q4-12-X-Culture.pdf)
- [http://www.x-culture.org/training.html](http://www.x-culture.org/training.html)
- [http://www.x-culture.org/](http://www.x-culture.org/)

**Discussion Questions:**

The session may be spent on clarifications pertaining to the X-culture project and its linkage with this course.
**Topic: An Overview of Strategic Decision Making**

**Description:** This session shall be a lecture on different perspectives to strategic decision making. Who are the decision makers and how do they decide? What are the contextual factors that matter? Some theoretical perspectives from upper echelons and other SDM theories are offered.


**Readings:**


**Discussion Questions:**

1. What aspects of the strategic decision making are similar and different in the 3 MNCs?

**Additional references:**


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**Topic: Strategic Decision Making in the International Business Context**

**Description:** This session shall build on the previous session and illustrate how international SDM can bring in complexities into the strategic decision. Sample projects from the X-culture project are discussed along with a brief on popular decision frameworks.

**Case:** R.R. Donnelley: Country and Opportunity Analysis in Eastern Europe, HBS (2003) (contd.).

**Readings:**

2. Chapter 6: Multinational and Participation Strategies: Content and Formulation, Cullen and Parboteeah.
Module 2: National Culture in International Business

Description: This session shall build on the previous session and introduce the informal institution of national culture into strategic decision making into the international business context.

Case: Lincoln Electric, HBR (2008)

Readings:


Discussion Questions:

How are China and India similar or different in their informal institutional environments?

Additional references:

**Description:** In this session students shall have assessed their own individual Cultural Intelligence using the tool in Earley and Mozakowski (2004), before they begin the X-culture project. They will also repeat this at the end. This helps them to be aware of their cultural moorings and value preferences. We then examine the mechanisms of home country national culture influences on strategic decision making.

**Case:** Lost in Translation, HBR (2011)

**Readings:**

2. Gibson, Maznevski and Kirkman book chapter on when does culture matter, with implications for the success or failure of management initiatives in foreign cultures, and other times when the norms of culture will not be so salient.

**Discussion Questions:**

1. What influences does home country national culture have on organizational culture?
2. How does home country influence risk propensity, trust propensity and need for control in the context of the Lincoln Electric case?

**Additional references:**


**Topic: Cross-Cultural Influences in Strategic Decision Making**

**Description:** In this session look at the compounded problem of both home and host country influences on strategic decision making.

**Case:** Mini cases from thesis appendix of the PhD thesis:


**Reading:**

Chapter 11, Intercultural Encounters, Hofstede, Hofstede & Minkov (2010)

**Discussion Questions:**
Module 3: National Culture frameworks and metaphors in International Business

**Topic:** Introduction to Hofstede's cultural dimensions framework

**Description:** We understand the assumptions behind the study, the framework, interpretation of each of the five dimensions, and the latest sixth one as well. This is around the time when the X-culture project is about to begin.

**Reading:**
Chapters 2,3,4,5,6,7,8 from Hofstede, Hofstede & Minkov (2010)

**Discussion Questions:**

**Additional references:**
Hofstede’s website: http://geert-hofstede.com/

**Topic:** Applying Hofstede in an International Business context

**Description:** We apply the cultural dimensions in the context of a real-world case in order to understand the implications of these dimensions and international differences in a business context.

**Case:** Wipro Technologies Europe (A)

**Reading:** Chapters 9,10: Cultures in Organizations, in Hofstede, Hofstede & Minkov (2010)

**Discussion Questions:**

**Additional references:**
### Additional references:


### Topic: Limitations of empirical research using Hofstede's framework, Alternative frameworks: Schwartz, GLOBE, World Value Survey

**Description:** Level of analysis issues to be discussed - fallacy of applying societal/country level values to individuals and arriving at conclusions. Presentation of alternative frameworks, comparison with Hofstede.

**Reading:** Handouts on GLOBE, Schwartz, WVS.

**Discussion Questions:**

**Additional references:**


### Topic: Cross-Cultural Mergers and Acquisitions

**Description:**
Broaches different theoretical and methodical approaches to the study of the cultural complexities involved in international mergers and acquisitions.

**Case:** Speed Race: Benelli and QJ Compete in the International Motorbike Arena, HBS (2010)

**Reading:**

**Discussion Questions:**
### Additional references:


### Topic: Metaphors for culture in International Business

**Description:** In this session we examine the use of various metaphors such as cultural distance, cultural friction, cultural difference, cultural profiling, cultural positioning and the more recent notion of value centrality.

**Reading:**

**Discussion Questions:**

### Additional references:


### Module 4: Applying national culture frameworks to Strategic Decision Making in International Business

**Topic:** Comparing country contexts through Hofstede and GLOBE

**Description:** This session is an application of what we have learnt in Module 3 to the comparison of country institutional contexts.

**Reading:** A Detailed Comparison of Finland and India through Hofstede & GLOBE Study (Boopathi, 2014)
Discussion Questions:

Additional references:


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**Topic:** National culture and the competitive advantage of nations

**Description:** How can national culture contribute towards building the competitive advantage of a nation?

**Case:** Finland and Nokia: Creating the World’s Most Competitive Economy (Solvell & Porter, 2011)

**Reading:**


**Discussion Questions:**

**Additional references:**


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**Topic:** International Entry Mode as a strategic decision influenced by national culture

**Description:** We focus specifically on the entry mode decision as a decision of high impact, high visibility and longer term implications for the firm. The case tries to highlight how the decision is often perceived as a rational one with consideration towards facts and figures. This should also help students think through their X-culture project. We understand what the literature has discovered about how national culture influences this decision.

**Case:** Licensing Arrangement Or Joint Venture (4): An Ex Post Case Study Of Tokyo Disneyland, HBS (2012)
Reading:


Discussion Questions:

Additional references:


Topic: National culture and its effect on joint ventures and alliances.

Description: Through a case, we understand the effects of national culture on the dynamics of JVs.

Case: Komatsu and Dresser: Putting Two Plus Two Together, HBS (1998)

Reading:

How to Make a Global Joint Venture Work, HBS (1982).

Discussion Questions:

Additional references:


Module 5: Integration of learnings with X-culture
<table>
<thead>
<tr>
<th>Topic: Guest lecture</th>
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<tbody>
<tr>
<td><strong>Description:</strong> Practitioner perspectives from a due diligence team leader of a cross-border acquisition.</td>
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<tr>
<td><strong>Case:</strong></td>
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<tr>
<td><strong>Reading:</strong> Cultural dimensions from Hofstede and GLOBE for Finland and India.</td>
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<tr>
<td><strong>Discussion Questions:</strong></td>
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<td><strong>Additional references:</strong></td>
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<table>
<thead>
<tr>
<th>Topic: Review and Integration of learnings</th>
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<tbody>
<tr>
<td><strong>Description:</strong> Summary of all modules so far and integration of learnings in the course.</td>
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<tr>
<td><strong>Case:</strong></td>
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<td><strong>Reading:</strong></td>
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<td><strong>Discussion Questions:</strong></td>
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<td><strong>Additional references:</strong></td>
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<tr>
<th>Topic: X-culture experience sharing</th>
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<tr>
<td><strong>Description:</strong> Participants to present their project reports and learning diaries.</td>
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<tr>
<td><strong>Case:</strong></td>
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<td><strong>Reading:</strong></td>
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</table>
### Discussion Questions:

### Additional references:

#### Topic: Integration of learnings with X-culture projects

**Description:** The experience sharing sessions may spill over to this session. The students conclude the course by once again assessing their cultural intelligence after the X-culture project and check if they are better off!

### Case:

### Reading:


### Discussion Questions:

### Additional references:

### End Term Exam

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Note: * The numbers in the Learning Objectives column represent;

1. Internationalism
2. Business Embeddedness
3. Responsible Citizenship
4. Reflective Critical Thinking
5. Comprehensive Leadership

### Reading Material:

Textbook:

Evaluation method (weightages to various components):

<table>
<thead>
<tr>
<th>Component</th>
<th>Weightage</th>
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</thead>
<tbody>
<tr>
<td>X-culture Team Project Report</td>
<td>30%</td>
</tr>
<tr>
<td>Individual weekly progress reports</td>
<td>10%</td>
</tr>
<tr>
<td>Peer Evaluation of X-culture project</td>
<td>20%</td>
</tr>
<tr>
<td>End-term Examination</td>
<td>40%</td>
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</tbody>
</table>

The post-project survey (completed before the deadline, % questions answered, with a check for response non-randomness) must be completed to receive project grade/mark.

Weekly progress reports are to be submitted individually by each student (completed fully and before the deadline). Team members need to submit their international business proposals via TurnItIn, an online platform that checks submissions for plagiarism. The students also complete an online post-project survey that include-peer evaluations. Peer evaluations are as evaluated by the other team members in terms of effort, intellectual contribution, help with writing the report, coordinating team efforts, other comments). Each instructor grades/marks reports submitted by teams with his/her students. This way, each report is evaluated separately by 5-7 instructors (depending on the team size).

Additional benefits:

Based on the expert evaluations, best teams will be awarded the X-Culture Best Team Awards. Additionally, individual performance records and peer evaluations will be used to select each season’s Best Student Award recipients.

X-Culture Symposium: At the end of each X-Culture season, instructors and students are invited to the X-Culture Symposium (e.g., the most recent X-Culture Symposium hosted by Mercedes-Benz). It provides students a great opportunity to meet in person other X-Culture participants, exchange ideas, expand professional and personal network. Subject to funding availability, members of the best student teams may receive travel stipends to attend the meeting. Best Student Award recipients are eligible for the X-Culture Travel Stipends.

Global Collaboration Certificate: All X-Culture participants who successfully complete the project receive Global Collaboration Experience Certificates. X-Culture certificates have helped students get jobs, promotions and get into International Business graduate programs. When the workplace goes global, a certificate of experience in global collaboration can make a difference. With thousands of X-Culture alumni worldwide, being a part of the “club” is a huge asset. And the X-Culture certificate provides documented international collaboration skills and experience that do matter when you’re on a job hunt.

Source: [http://www.x-culture.org/for_students.html](http://www.x-culture.org/for_students.html)