

Graduate School of International Management  
International University of Japan

MGT 4030  
Global Strategy and Organization:  
Harnessing Complexity for Competitive Advantage

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### **Introduction**

In today's business environment, it is increasingly difficult to rely on monolithic sources of competitive advantage for a significant period of time. Firms are under pressure to seek more complex sources of advantage by simultaneously addressing multiple "strategic themes" such as cost efficiency, product differentiation, local adaptation, global standardization, and diversification. Note that many of these strategic themes are deeply interdependent and they often have conflicting demands. Reconciling these strategic themes under a coherent strategy imposes highly complex managerial challenges. Instead of just accommodating complexity as a liability, however, firms under the increased competition today must learn to harness complexity as a strategic asset for sustainable competitive advantage.

Given this view of complexity, we see globalization as an opportunity to drastically expand the range of possible strategic alternatives and hence substantially increase the likelihood for locating "more complex sources of advantage". This course addresses the challenge of strategy making in the global business setting, with a special emphasis on the role of complexity in developing global-scale competitive advantage.

### **Topics**

The course focuses on the following as some of the most critical strategic challenges facing businesses in global competition today:

- Transplanting the homegrown business model
- Turning global presence into global competitive advantage
- Cultivating a global mindset
- Designing the global organization
- Building global knowledge networks
- Redefining the basis of global competition
- Harnessing complexity through technology

### **Learning Objectives**

The learning objectives for students are two-fold:

- To understand strategic challenges of global business, more specifically those listed in "Topics" above, and acquire conceptual frameworks to properly address them;
- To develop capabilities for strategic thinking in the global context, particularly through

repeated exercises on systematic strategy analysis of case materials that illustrate the challenges listed above<sup>1</sup>.

## Required Materials

Textbook:

- *Global Strategy and Organization*, A. Gupta and V. Govindarajan, John Wiley & Sons, 2004

Cases:

- *Wal-Mart Stores: "Every Day Low Prices" in China*, HKU590, Asian Case Research Center, The University of Hong Kong, 2006
- *Zara: Fast Fashion*, 9-703-497, HBS, 2006 (revised)
- *Lincoln Electric*, 9-707-445, HBS, 2008 (revised)
- *Procter & Gamble: Organization 2005 (A)*, 9-707-519, HBS, October 2007 (revised).
- *Siemens AG: Global Development Strategy (A)*, 9-602-061, HBS, 2002
- *Siemens AG: Global Development Strategy (B)*, 9-602-062, HBS, 2002
- *Haier: Taking a Chinese Company Global*, 9-706-401, HBS, 2006
- *Teva Pharmaceutical Industries, Ltd.*, 9-707-441, HBS, 2007
- *Zara: IT for Fast Fashion*, 9-604-081, HBS, 2007 (revised)

Required materials are available at the counter of the Admission & Curriculum Service Center, MLIC Building.

## Reference Materials (not required, reserved at MLIC)

- *Designing the Global Corporation*, J. Galbraith, Jossey-Bass, 2000
- *Transnational Management: Text, Cases, and Readings in Cross-Border Management*, C. Bartlett, S. Ghoshal, P. Beamish, McGraw-Hill, 2008

## Grading (tentative)

- Final Exam: 40%
- Case Analysis(30%) and Presentation(10%): 40%
- Class Participation: 20%

## Prerequisites

- What is Strategy? M. Porter, *Harvard Business Review*, November-December 1996.
- Introductory course on Strategic Management: e.g., MGT 1050 Strategic Management at IUJ.

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<sup>1</sup> Strategic thinking is fundamentally integrative in nature. For most students, however, the career starts with some kind of functional specialization, revolves around such assignments for a considerable number of years, yet offers surprisingly little opportunity to exercise and develop integrative capabilities for strategic thinking. Thus, managers, though possessing formidable skills and experience in one area, often find themselves unprepared when assigned to positions of general management or other positions and assignments that require integrative strategic discipline. The real world, unfortunately, does not seem to provide learning opportunities for such positions as effectively as it does for functional specialization. Thus, it is generally understood that a critical role of a business school is to help students develop integrative capabilities for addressing firm-wide strategic issues, albeit through abstracted concepts and extracted cases of real-life business situations. This course addresses this challenge through the two "Learning Objectives" given above.

## Weekly Agenda

### Week 1: 1/11

- Topics
  - Overview
  - “Complexity” framework
  - CAGE distance framework: Cultural, Administrative, Geographic and Economic distance
- Readings: GSO<sup>2</sup>, Chapter 1 (The Challenge of Globalization) ← just skim

### Week 2: 1/18

- Topics: Transplanting the homegrown business model
- Readings
  - GSO, Chapter 2 (Developing a Global Expansion Strategy)
  - GSO, Chapter 3 (Analysis of Wal-Mart’s Global Expansion) ← just skim
- Case: *Wal-Mart Stores: “Every Day Low Price” in China*

### Week 3: 1/25

- Topics: Turning global presence into global competitive advantage
- Readings: GSO, Chapter 4 (Building Global Competitive Advantage)
- Case: *Zara: Fast Fashion*

### Week 4: 2/1

- Guest Speaker Session: 10:30am ~ 12:00 noon
  - Speaker: Professor Y. Sugiyama, Graduate School of Management, Kyoto University
  - Title: “From Global to Transnational: A Case of Japanese Auto Industry”
- Note: No afternoon session this week

### Week 5: 2/8

- Topics: Cultivating a global mindset
- Readings: GSO, Chapter 5 (Cultivating a Global Mindset)
- Case: *Lincoln Electric*

### Week 5: 2/15

- Topics: Organizing for complexity
- Readings: None
- Case: *Procter & Gamble: Organization 2005 (A)*

### Week 6: 2/22

- Topics: Leveraging knowledge across boundaries
- Readings: GSO, Chapter 6 (Leveraging Knowledge across the Global Network)
- Case
  - *Siemens AG: Global Development Strategy (A)*

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<sup>2</sup> GSO: “Global Strategy and Organization” (our textbook).

➤ *Siemens AG: Global Development Strategy (B)*

Week 7: 3/1

- Topics: Redefining the basis of global competition
- Readings: GSO, Chapter 8 (Transforming the Global Game)
- Case: *Haier: Taking a Chinese Company Global*
- Additional Case Session: To be scheduled during this week
  - Case: *Teva Pharmaceutical Industries, Ltd*

Week 9: 3/8

- Topics: Harnessing complexity through technology
- Readings: GSO, Chapter 9 (Globalization in the Digital Age)
- Case: *Zara: IT for Fast Fashion*

Week 10: 3/15

- Wrap-up
- Final