



Boston University British Programmes
The European Business Environment
'Institutions and Enterprise'
Hugh Macdonald
SMG MG 429
Core Class, Core Phase

1. COURSE OVERVIEW

Name of class: The European Business Environment: 'Institutions and Enterprise'

Course Code: SMG MG 429

Description: The European marketplace is continually evolving. This course addresses key factors and issues facing European businesses, and other firms doing business in the European 'single market'. It presents an understanding of current (and relevant past) political, economic, legal and social conditions shaping its development. These include:

- The European Union's institutional setting;
- Underlying 'drivers' of the integration process;
- The 'competences' of key institutions, particularly in trade, competition, agriculture and environmental policy;
- Overlapping and contending national preferences in key areas such as fiscal harmonisation, labour market regulation, mergers and acquisitions, and a 'Constitution' for Europe;
- Key performance features of the European economy;
- Establishment of the Euro, European Central Bank (ECB) and other aspects of Economic and Monetary Union (EMU);
- The UK's (and other countries) 'opt-in' to monetary integration;
- 'Enlargement' of the EU including the role of the bank for reconstruction and development (EBRD).

Such developments have major implications for the global economy as well as for businesses within the EU. These will be explored *via* case studies of business culture and performance, and a number of these will form the basis of in-class group presentations. Guided tours and site visits will further serve to highlight similar and different cultural norms and economic orientations between the EU area, different areas within western Europe, and the USA.

II. INSTRUCTOR INFORMATION

Name: Dr Hugh Macdonald

Office Hours: By Appointment

Instructional methods: The Instructor serves as a resource person in the class. Concepts will be introduced through lectures, supported by video cases and slides of key issues. It is also anticipated that site visits will be made to European Institutions and/or firms that are active in trading in the EU.

III. COURSE MATERIALS

Set Text:

Leonard, D (Ed.) (2005) *The Economist Guide to the European Union (9e)*, Economist Books

Reading pack: A collection of essential readings provides the principal resource for the course. This resource is re-edited as policies in the EU environment change. Copies can be obtained from the Library at 43 Harrington Gardens for a small charge. Note: the reading packs are in the process of being digitized, therefore they may be available online.

Textbooks: Selected Economics, Business and Management texts provide essential or supplementary and background reading, and a resource for research papers. The Instructor provides guidance to using indicative texts, which include:

Artis, M et al (2006) *The Central and East European Countries and the EU*, Cambridge UP

Artis, M &

Nixon, F (Eds) (2001) *The Economics of the European Union (3e)*, Oxford UP

European Union (2006) *European Business: Facts and Figures*

Johnson, D &

Turner, C (Eds) (2006) *European Business*, Routledge (2e] Taylor & Francis

Harris, P &

McDonald, F (Eds) (2004) *European Business and Marketing, (2e)*, Sage Publications

Roberts, R (2004) *The City: A Guide to London's Global Financial Centre*, Profile Books

Sawyer, M (Ed.) (2005) *The UK Economy: A Manual of Applied Economics, (16e)* Oxford UP

Links: Weblinks assist by providing updates for class work, group case-study presentations, and in-depth information for term paper research. The following links should be of particular interest, and their use will be explained in class:

EU gateway portal:

<http://www.europa.eu.int>

UK government portal:

www.direct.gov.uk

European bank for reconstruction & development:

www.ebrd.com

US department of commerce:

<http://www.commerce.gov/>

The Financial Times

www.ft.com

IV. COURSE LEARNING OBJECTIVES

Key course learning aims are to provide for students:

1. A framework understanding of the EU, its institutions, and their competences in key areas of economic, business and social activity.
2. A broader and more in-depth understanding of how corporate business management may be affected by the conduct of EU economic, political, legislative and other processes, and by the business culture, national political forces, and regional and language characteristics of different 'zones' within Europe.
3. An appropriate context and methodology for the transfer of understanding and skills relating to a (somewhat or largely) unfamiliar business and cultural environment.

V. COURSE LEARNING OUTCOMES

The course offers students opportunities for:

4. Knowledge-building;
5. Economic analysis;
6. Strategy formulation;
7. Exercising analytical, research and oral/presentational skills;
8. Simulating decision-making.

VI. COURSE ASSESSMENT METHODS, GRADING CRITERIA & NON-GRADED COMPONENTS

The delivery of Learning Objectives and Outcomes is a continuous process throughout the course that depends both on attendance at Lectures and Seminars, and on the willing participation of students *via* pre-class reading, class discussions, field trips *etc.* The achievement of Course Learning Aim 3, for example, is greatly enhanced by field trips, including briefing and de-briefing, though these are not formally graded. However, it is important to differentiate, test and measure the achievement of key aims and outcomes by individual students. This will be done *via* four distinct assignments, each case carrying weights given below:

1. A short individual report (maximum five minutes) presented in class on a pre-selected topic. This relates principally to Course Learning Objectives 1 & 2, and helps measure Course Learning Outcomes 4 & 7.
2. A group case study – presented during later sessions by groups selected at the beginning of the course. All members of the group will be given the same grade for the presentation because the emphasis is on working with others. Groups are expected to submit copies of their transparency masters to the professor at the time of the presentation. This relates principally to Course Learning Objectives 2 & 3, and helps measure Course Learning Outcomes 6, 7 & 8.
3. A 3000-word (maximum) term paper taking the form of a report or essay (selected from a prescribed list) based on independent research. This relates principally to Course Learning Objectives 1 & 2, and helps measure Course Learning Outcomes 4, 5 & 7.
4. A case study based and general questions examination (assessed individually) lasting two hours at the end of the course. This relates principally to Course Learning Objectives 1 & 2, and helps measure Course Learning Outcomes 4, 5, 6, 7 & 8.
5. Maximum marks available for the course overall will be distributed according to the following proportions:

Individual Report (in-class) on a topic	= 10%
Group case study presentation	= 20%
Term paper report/essay	= 20%
Final case study examination (2 hours)	= 50%

GRADING SYSTEM

The following Boston University table explains the grading system that is used by SMG faculty members on Boston University's British Programmes.

Grade	Honour Points	Usual%
A	4.0	88+
A-	3.7	84-87
B+	3.3	79-83
B	3.0	74-78
B-	2.7	69-73
C+	2.3	64-68
C	2.0	59-63
C-	1.7	54-58
D	1.0	49-53
F	0.0	Less than 49

“Incomplete” or **I** grades are not permitted to be issued by faculty, because of the obvious difficulty in making up missed work once the student has left the country. All work must be completed on time. The grades reflect the quality of the work.

It is also important to realise that grades below C may not be transferable to non BU students' home institutions. Lecturers and students should use the following criteria for an understanding of what each grade means.

“Withdrawn” The Boston University Provost has announced that faculty members may no longer assign grades of "W" (Withdrawn). In supporting this policy, the Registrar's Office will no longer assign W grades on individual students' official Boston University records, even if the grade sheet has a "W" recorded for a student. Alternative grades to "W" are "F" (Failing) or "MG" (Missing Grade).

GRADING CRITERIA

A This exceptional grade is assigned only to work that has persistently outstanding quality in both substance and presentation. The student must demonstrate a sustained capacity for independent thought and extensive study, producing rigorous and convincing analyses in well-ordered prose.

A- Awarded to work that is clearly focused and analytical, and based on wide reading. The student must cover all the principal points of a question and systematically develop a persuasive overall thesis, allowing for one or two venial omissions or inapt expressions.

B+, B, B- This range of grades indicates that the student has shown some evidence of original thought and intellectual initiative. The student has cited sources beyond the class materials, and shown a degree of originality in perception and/or approach to the subject. The work will show thoughtful management of material, and a good grasp of the issues. The differences between a B+, a straight B and a B- may reflect poor presentation of the material, or mistakes in punctuation, spelling and grammar.

C+, C, C- Work in this grade range is satisfactory, but uninspiring. If the work is simply a recitation of the class materials or discussions, and shows no sign of genuine intellectual engagement with the issues, it cannot deserve a higher grade. Should an essay fail to provide a clear answer to the question as set, or argue a position coherently, the grade will fall within this range. Quality of presentation can lift such work into the upper levels of this grade range. Work of this quality which is poorly presented, and riddled with errors in grammar, spelling and punctuation, will fall into the lower end of the range. To earn a C grade, the work must demonstrate that the student is familiar with the primary course material, be written well enough to be readily understood, be relevant to the assignment, and, of course, be the student's own work except where properly cited.

D A marginal pass can be given where some but not all the elements of the course have been completed satisfactorily.

F The failing grade indicates the work is seriously flawed in one or more ways:

- *Obvious lack of familiarity with the material
- *So poorly written as to defy understanding
- *So brief and insubstantial that it fails to properly address the subject
- *Material presented is not relevant to the assignment
- *Demonstrates evidence of plagiarism

VII: PLAGIARISM

Simply stated, *plagiarism* is taking another's work and presenting it as your own. Dictionary definitions of plagiarism frequently include terms such as "theft" or "steal." Plagiarism is, in fact, intellectual theft. It is one of the most serious forms of academic misconduct. Plagiarism committed by a student will certainly result in course failure and may result in suspension or dismissal. In the professional world it can ruin a career.

Boston University's *Code of Student Responsibilities* states that, 'The value of any grade, credit, honour or degree received by a student presupposes that all work submitted by a student is his or her own. A student who uses or relies upon the work of others or who, except under conditions expressly permitted by the instructor, furnishes assistance to another student, violates the standards of the University. Students must insist upon academic honesty and integrity from their fellow students and must report promptly any case of alleged violation of academic conduct. Failure to do so is a violation of this code. Plagiarism can take many forms, including the reproduction of published material without acknowledgement, or representing work done by others as your own. This includes the increasingly common practice of purchasing and downloading work from Internet "paper mills." Plagiarism applies to all media – printed matter of all kinds, video, audio, and oral presentation. It is plagiarism to incorporate someone else's videotape into your own production, without written permission and acknowledgement. It is plagiarism to take notes at a lecture and present the material as your own. Even unacknowledged paraphrasing or the use of another's methodology, structure or management of material is plagiarism.'

VIII: TERMS & CONDITIONS

Attendance at all classes and field trips is mandatory. Students missing lectures without a doctor's letter or authorization from the Director or from the Placements' Team will automatically be docked a – or a + from their final grade. Persistent lateness will also be penalized in the final grade. A register of attendance will be taken at the beginning of each session. Absence can be conveyed either by advising a senior member of staff in the Academic Affairs Office with a request that the information be passed on to me; or by emailing me prior to class. Leaving it to another class member to convey messages will not be acceptable. Appointments for interviews for internships should not conflict with attendance at classes.

Attendance at all classes is compulsory. Students are expected to participate in class discussions as this course will be run in an “interactive, participative” manner. Current affairs on the EU may be found in such publications as the Economist and the Financial Times newspaper (and their associated web sites) – students are recommended these as extra curricular reading.

IX: METHODOLOGY

Typically each Lecture session will commence with a short in-class review of current business and economic news in Europe, led by the Instructor using the *Financial Times* as a resource. Students are given directions on how to follow-up news events. The other major activities are two *field trips* to the City of London, both supported by selected readings from *The City: London's Global Financial Centre*, by Richard Roberts. One of these trips will usually be a *guided walking tour* of London's financial district, offering students opportunities to identify and discuss the network of institutions that has evolved in this area. The other trip will usually be a guided tour (with lecture) of *either* the Bank of England *or* the European Bank for Reconstruction and Development. Briefing and debriefing of students for these field trips is undertaken outside class times.

The course comprises ten sessions, made up of lectures, field trips, guest lectures and class presentations. Students will complete course assignments, participate in class discussions, have a 2-hour final exam and complete set background reading as part of the course:

Introductory Lectures	- 04
Nine x 4-hour lecture and seminar sessions	- 36
Two Field Trips x 2 hours	- 04
Final Exam x 2 hours	- 02
Total contact time:	- 46 hours

X: REPRESENTATIVE CHRONOLOGY OF CLASSES

ONE:

LECTURE:	Introduction to Course & Expectations
	i. Substantive content on EU institutions
	ii. Substantive content on the European economy
	iii. Substantive content on the EU business environment

- SEMINAR: Intro. To Case Studies – Assign groups and cases
- i. Discuss case studies and form groups for presentations
 - ii. In-class individual presentation
 - iii. Review topics for term paper
 - iv. In-class group discussion
 - iv. Reviewing current business news *via* the FT
 - v. Reading and preparing for class
- READING: Leonard, *The Economist Guide to the EU*, Part-1 [pp. 1-40]

TWO:

- LECTURE: Understanding the European Union
- i. Economic, historical, political and social forces forming the EU's institutions and integration dynamics
 - ii. Competition policy and Monetary Union
 - iii. The shifting politics of 'integration'
 - iv. A 'Constitution for Europe'?

SEMINAR: THE INTEGRATION DYNAMICS OF THE EUROPEAN UNION
Since the early 1990s, when 15 member states negotiated the terms of the Maastricht Treaty, European economic integration has become 'deeper' and 'wider', now including monetary union between 12 member states and overall membership of 27 member states. But political integration lags far behind. In 2005, progress towards a proposed new 'Constitution for Europe' was halted by referenda held in two key countries. What are the dichotomies between economics and politics, and in what direction is the EU heading overall?

READING: Leonard, *The Economist Guide to the EU*, Part-2 [pp 45-90]

BU Reading Pack: *Competition policy*, by Stephen Martin

One money, greater Europe, by Jonathan Story

Re-organizing & privatizing German state enterprises, by Mark

Lehrer

Deregulating electricity markets: the French case, by Vanessa

Stauss-Kahn *et al*

Competition policy in the EU & the power of Microsoft, by Michelle

Kalka

EU verdict against Microsoft, by David B Yoffie

Optional further reading: De Grauwe, *Economics of Monetary Union*, Chs 4,6,7

THREE:

- LECTURE: Global & regional features of the EU
- i. Key performance features of the European economy
 - ii. Establishment of the Euro, European Central Bank (ECB) and other aspects of Economic and Monetary Union (EMU)
 - iii. The UK, the EU & EMU
 - iv. The European Services Directive 2000-2006

SEMINAR: THE EU & EUROPE'S ECONOMIC ENVIRONMENT

The EU is the world's largest and most complex regional economic 'club'. But it operates in a global environment, and therefore faces difficult and often controversial choices in balancing intra-regional with extra-regional competition. These 'choices' are also often deeply political because different member states aim for different outcomes, according to their national interests, economic conditions and social/cultural preferences.

READING: Leonard, *The Economist Guide to the EU*, Part-2 [selected chapters to be advised]

BU Reading Pack: *The global manager*, by Paul W Beamish *et al*

Clusters & the new economics of competition, by Michael E Porter

Optional further reading: Sawyer (Ed.), *The UK economy*, Ch. 3 (pp. 42-67)

FOUR:

LECTURE: Central & Eastern Europe and economic relations between the EU & Russia

SEMINAR: Evgueni IVANTSOV (visiting lecture): *The economies of Russia and CEE*. (Section A)

READING: Leonard, *The Economist Guide to the EU*, Part-3 [selected chapters to be advised]

BU Reading Pack: *New member states: Macroeconomic outlook & forecasts*, by Emilio Rossi *et al*

Reorganising Friesland Hungaria, by Zoltan Buzady

Business success in Eastern Europe, by Dimitar Kariyazov *et al*

FIVE:

Presentation of individual in-class Reports

SIX:

LECTURE: Managing Cultural Diversity - The 'European Way' and the 'American Way'

- i. American business culture in a European perspective
- ii. European business culture in an American perspective
- iii. Global, regional, sub-regional, national and local levels of analysis

SEMINAR: Evgueni IVANTSOV (visiting lecture): *The economies of Russia and CEE*. (Section B)

SEMINAR: Case Study Presentation: IKEA: CULTURE AS COMPETITIVE ADVANTAGE

As companies in an increasing number of industries enter the global marketplace they must adapt not only to different market conditions but also to different cultural demands. IKEA, the only world scale furniture distributor, has succeeded in doing both without sacrificing its unique culture and way of doing business. Its thirty-year saga of international expansion has been driven by the inspirational, almost missionary, zeal of its founder Ingvar Kamprad. This case explores IKEA's successful international development through the lens of both corporate and national culture where, as a Swedish company, it may benefit from cultural 'competitive advantage'.

Case Study Presentation: EURODISNEY

Euro Disney SCA, the subsidiary of Walt Disney Co, the No 2 media conglomerate in the world, opened its first theme park under the name Euro Disney in 1992 in France. Assuming that the success of its universal appeal in Florida and California and Japan would work again, Disney replicated the same formula of fantasy and magic kingdoms in Europe. However, in France it faced huge resistance with the French likening it to an imperialism of American multinationals on the country.

Case Study Presentation: WAL-MART IN GERMANY

How could the world's most successful Supermarket retailer fail in expanding across the Atlantic? Why did Wal-Mart choose to go into Germany, and what problems did it encounter there? How, in the same period of time, did Wal-Mart much more successfully establish itself in the more market-competitive British retail environment?

READING: Leonard, *The Economist Guide to the EU*, Part-3 [pp 104 – 143]

BU Reading Pack: *Ikea: Culture as competitive advantage*, by Paul Grol *et al*

EuroDisney: Failed Americanism?, by D. Gayatri *et al*

Wal-Mart's German misadventure, by K. Subhadra *et al*

Optional reading: Harris & McDonald, *European Business & Marketing*, Chs 2, 8 (pp. 15-35, 113-126)

SEVEN:

LECTURE: Competition and social market issues in Europe

- i. The impact of the 'Single market' in competition between firms
- ii. Employment rights and the 'social market'
- iii. Competition in the European airline industry

SEMINAR: Case Study Presentation: THE EUROPEAN AIRLINE INDUSTRY:
RYANAIR IN 2003

Since 1985 Ryanair has become the most successful low-cost independent airline in the EU, but it faces constant competition from rivals that challenges its scale and profitability.

Case Study Presentation: THE EUROPEAN AIRLINE INDUSTRY:

LUFTHANSA IN 2003

Traditionally, Lufthansa was a full-service international airline, and the German national flag-carrier. However, its chronic loss of profitability led in 2002 to corporate decisions to move into the low-cost no-frills business. has become the most successful low-cost independent airline in the EU, but it faces constant competition from rivals that challenges its scale and profitability.

READING: Leonard, *The Economist Guide to the EU*, Part-3 [pp172 – 185 & 226 - 247]

BU Reading Pack: *The European airline industry: Ryanair in 2003*, by Javier Gimeno
The European airline industry: Lufthansa in 2003, by Javier Gimeno
The European airline industry on a collision course, by Javier Gimeno

EIGHT:

LECTURE: International business in the EU in a context of Enlargement & Globalisation

- i. Features of historical enlargements from the 1970's to the 1990's
- ii. 'Widening' v 'Deepening' after Maastricht
- iii. Enlargement to Central and Eastern Europe since 2004
- iv. Turkey and others in the future?

READING: Leonard, *The Economist Guide to the EU*, Part-4 [pp 269 - 290]
 BU Reading Pack: *Allianz AG*, by David Remmers & Ingo Walter
The Timken company: Timken & Poland, by Mark Hunter
The Timken company: Market entry into Romania, by Susan

Mackenzie

The Timken company: Towards a new strategy? By Mark Hunter

SITE VISIT: Walking tour of Docklands

FIELD TRIP: Meet Blue Badge Guide at **Tower Hill Tube Station** at
 Section A -- 12.30 Section B – 3.30

READING: Roberts, *The City: London's Global Financial Centre*, Chs 1-3, 6, 10, 11

NINE:

LECTURE: Current developments & possible futures for the EU

SEMINAR: Case-study presentation: ALLIANZ AG

Traditionally, Allianz AG was a German insurance company. But since the late 1990's it has used its strong domestic base to accumulate a wide range of international business.

Case-study presentation: THE TIMKEN COMPANY

Timken is a successful US bearings manufacturer which has strong rivals in Europe and Asia. Timken decided to lower its global costs of competition by mergers and acquisitions in CEE, notably in Poland and Romania.

TEN:

Check BU exam website for time and location.

XI: A NOTE ON CASE STUDIES & SCENARIOS

Purpose:

- To test students abilities to *apply knowledge* in a practical context.
- To test students abilities to *address problems* in a *logical, analytical, practical and systematic manner*.

Contents:

- Information given in case studies is *incomplete*.
- Case studies by nature are *open-ended* with *insufficient information* and incomplete facts while working to a strict time scale/deadline

Approach:

- You must be able to *integrate, adapt, apply* your knowledge to the particular problems that the questions describe.
- Look at the *problems* not for the perfect solution.

Need To:

- Adopt a *flexible* approach
- Consider the advantages and disadvantages of alternatives and state them where appropriate and possible
- Make *practical recommendations* based on your assessments
- Remember that there is *no one best answer* in these non-computational cases – you must argue the case for the chosen solution against alternatives
- Case studies are *open-ended and assumptions* have to be made about missing and incomplete information
- Look at the *requirements* of the questions *with care*.

XII: CLASS DISCUSSION OF CASE STUDIES

The following is a brief set of guidelines for you to consider in preparing for, and participating in, case study analyses/discussions in the tutorial sessions.

Preparing your case for class discussion:

1. Skim read the case to get an overview of the “story / situation” being told.
2. Re-read the case more thoroughly to digest the facts and circumstances – you leave a day or two between the first and second, more thorough case reading – as this often results in key areas precipitating to the surface.
3. Review any exhibits and information therein.
4. Decide for yourself what the strategic issues are from your readings. *N.B. You have not been advised to begin answering the case questions! This is deliberate. The questions are there for guidance towards strategic issues of importance to the case – you should try to develop skills that allow you to “pick-up” on key questions / issues before you are guided by the case tutor’s questions.*
5. Now read the questions and match them to the data in the case.
6. Apply any concepts / techniques - relating to the course in particular – and from other courses that you are enrolled on, which may assist as heuristics in problem solving.
7. Support analysis, judgments and opinions with reasons and evidence where possible.
8. Develop a set of recommendations. *N.B. As long as you are diligent in preparing you case analyses and recommendations, and attempt to support suppositions/propositions, you should not be concerned as to whether what you have prepared is ‘the right answer’: There is rarely, if ever, one right answer in case study work.*
9. *Participating in Class Discussion of a Case:* You should expect the following:
 - The tutor will assume the role of *leading the discussion*;
 - The tutor probes for solutions and recommendations;
 - Other students in the class will come forward with questions, comments *etc.*;
 - Learning from the approaches and views of others is part of the pedagogy of the case method;
 - Be willing to change your views through discussion, but also be aware of the consequential changes that this may have on your recommendations.



BRITISH PROGRAMMES

PRESENTATION GRADE SHEET FOR (SMG MG 429)

Case Study:

Subject: The European Business Environment 'Institutions and Enterprise'

Tutor's Name:

Level:

UG

Date & Time:

Seminar Session Number:

FORM:

Presentation Clarity (Communication verbal/written) _____/5

Presentation Logic _____/5

Presentation Visual Aids _____/5

Timing (25 Mins.) _____/5

CONTENT:

Evidence of reading and researching the topic / case (Depth/Breadth) _____/10

Evidence of Analysis of "issue/problem" (Depth /Breadth) _____/15

Evidence of Logic to arguments _____/15

Knowledge and application of concepts _____/15

Evidence of value - added by student around topic
(e.g. links with other conceptual areas of study) _____/15

Response to questions _____/10

TOTAL: _____%



BRITISH PROGRAMMES

Group Members for Presentations:

(The name of each student must be typed on this sheet and submitted to the tutor by tutorial session three! You should also include the title of the case study that your group is presenting and the session number in which it will take place.)

Case Study to be presented:

Names:

1.

2.

3.

4.

5.