

15-962 Institutions, Society and International Business

Spring 2009, Mondays 4-7 pm, E51-061

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E52-563

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Course description:

This graduate seminar will introduce students to the study of economic globalization. We will examine how changes in the global economy impact national business systems, organization of production, and firm strategies. We will begin by exploring what constitutes economic globalization and how these changes influence the evolution of national institutions. We then will consider emergent cross-border processes through analysis of production geographies, networks and firm.

The seminar has two inter-locking aims. Students who take the seminar will a) gain a deeper appreciation of the empirical phenomena that constitute globalization and b) develop a critical understanding of how one empirically investigates these phenomena.

This seminar is open only to PhD students. If you would like to audit this course, you will need to do all the readings, participate in the discussion and submit ten memos.

Course requirements:

This is a seminar course, so you will be expected to:

- 1) Take an active part in class discussion
 - 2) Prepare at least 10 memos of the week's required readings (c. 600 words each)
 - 3) Write a critical review (c. 1200 words) of a book listed in further readings section
 - 4) Write critical responses to essay questions posed by the instructor (c. 2000 words total)
- FYI: c. 300 words = 1 double-spaced page

Weekly memos are intended to prepare the ground for good discussion by requiring seminar participants to set out their initial responses to the readings in written form. Memos should not summarize the readings, but should engage with them analytically, e.g. by taking up specific arguments, comparing the positions of different authors, identifying particular strengths and weaknesses in the texts, raising empirical questions, and drawing out theoretical implications. To do this successfully, the memos should engage deeply with at least two separate readings assigned for the week. Memos will be shared among class participants. In order for everyone to have time to read over other's comments, these are due 5pm on Saturday before the day of class discussion.

The critical book review is an opportunity for engage with a particular topic in more detail. It should review one of the books listed in the further readings sections in the syllabus after each one of three sections or a book of a student's choosing that has been approved by the instructor. It should be written as if it was intended for publication in a leading journal in the discipline of your choice. It should address the following issues a) What does the author (implicitly or explicitly) regard as incomplete in existing research such that his or her research constitutes a significant contribution?; b) What is the author(s) theoretical arguments and the empirical evidence presented to support them; c) To what extent to do you regards the book as making the significant contribution to the literature? How could it have made a bigger contribution? At least half of your review should focus on answering questions under (c). The review is due on the last day of class discussion of the section.

The final exam will involve a short essay answers to questions posed by the instructor. Students will have a choice of which questions to answer and a week to prepare their responses. The main goal is to synthesize ideas/approaches from different scholars.

Course calendar:

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|-----|-------------|-----------------------------|---------------------------------|
| 1 | February 9 | GLOBAL AND NATIONAL CONTEXT | The End of Diversity? |
| 2 | February 16 | | Varieties of Capitalism |
| 3 | February 23 | | Dynamics of the Global Economy |
| 4 | March 2 | | Dynamics of the Global Society |
| 5 | March 9 | | Theorizing Institutional Change |
| 6 | March 16 | REGIONS, NETWORKS AND FIRMS | Regionalization |
| N/A | March 23 | | Global Production Networks |
| 7 | March 30 | | High-Skilled Migration |
| 8 | April 6 | | SPRING BREAK |
| 9 | April 13 | | Expanding to New Regions |
| N/A | April 20 | | Upgrading Regional Capabilities |
| 10 | April 27 | | Entrepreneurship and FDI |
| 11 | May 4 | | PATRIOT'S DAY |
| 12 | May 11 | | Coordinating Multinationals |
| | May 21 | | Final Exam Due |

Note on readings:

Most of the readings for the course are available on Stellar or through JSTOR. Most books sections assigned will be available from Yanbo. You will need to purchase Levinson (2006), Babb (2001), and Biao (2007).

GLOBAL AND NATIONAL CONTEXT

1. The end of diversity?

Thomas Friedman, "It's a Flat World, After All," *The New York Times Magazine*, April 3, 2005. (STELLAR)

Dore, Ronald. 2000. *Stock Market Capitalism: Welfare Capitalism: Japan And Germany Versus The Anglo-Saxons*. Oxford: Oxford University Press. Ch 1, 11. (STELLAR)

Berger, Suzanne. 2005. *How We Compete: What Companies Around The World Are Doing To Make It In Today's Global Economy*. New York: Doubleday. Ch. 2. (STELLAR)

Guillen, Mauro F. 2001. "Is Globalization Civilizing, Destructive Or Feeble? A Critique of Five Key Debates in the Social Sciences Literature." *Annual Review of Sociology* 27:253-260. (STELLAR, JSTOR)

2. Varieties of Capitalism

Fligstein, N. (1996). "Markets as Politics: A Political-Cultural Approach to Market Institutions." *American Sociological Review* 61: 656-73. (STELLAR, JSTOR)

Kenworthy, Lane. 2006. "Institutional Coherence and Macroeconomic Performance." *Socio-Economic Review* 4:69-91. (STELLAR)

Hall, Peter and David Soskice. 2001. "An Introduction to Varieties of Capitalism." Pp. 1-68 in *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*, edited by P. Hall and D. Soskice. Oxford: Oxford University Press. (STELLAR)

Crouch, Colin. 2005. *Capitalist Diversity and Change: Recombinant Governance and Institutional Entrepreneurs*. Ch 2. (YANBO)

3. Dynamics of the Global Economy

Levinson, Marc. 2006. *The Box: How Shipping Container Made the World Smaller and the World Economy Bigger*. Princeton: Princeton University Press. Ch. 1, 2, 7, 9, 14 (PURCHASE).

Chase-Dunn, Christopher, Yukio Kawano, and Benjamin D. Brewer. 2000. "Trade Globalization Since 1795: Waves of Integration in the World System." *American Sociological Review* 65:77-95. (STELLAR, JSTOR)

4. Dynamics of Global Society

Babb, Sarah. 2001. *Managing Mexico: Economists from Nationalism to Neoliberalism*. Princeton, NJ: Princeton University Press. Ch. 1, 6, 7, 8 (PURCHASE)..

Meyer, John W., John Boli, George M. Thomas, and Francisco O. Ramirez. 1997. "World Society and the Nation-State." *American Journal of Sociology* 103:144-81. (STELLAR, JSTOR)

5. Theorizing Institutional Change

Crouch, Colin. 2005. *Capitalist Diversity and Change: Recombinant Governance and Institutional Entrepreneurs*. Ch 4. (YANBO)

Biggart, Nicole Woolsey and Mauro F. Guillen. 1999. "Developing Difference: Social Organization and the Rise of the Auto Industries of South Korea, Taiwan, Spain, and Argentina." *American Sociological Review* 64:722-47. (STELLAR, JSTOR)

Canales, Rodrigo. TBA.

Herrigel, Gary. 2007. "Rules and Roles: Ambiguity, Experimentation, and New Form of Stakeholderism in Germany." (STELLAR)
http://home.uchicago.edu/~gherrige/publications/rules_and_roles.pdf

FURTHER READINGS:

Dobbin (1994). *Forging Industrial Policy: the United States, Britain, and France in the Railway Age*.

Feenstra and Hamilton (2006). *Emergent Economies, Divergent Paths: Economic Organization and International Trade in South Korea and Taiwan*.

McDermott (2002). *Embedded Politics: Industrial Networks and Institutional Change in Postcommunism*.

Guillen (2003). *The Limits of Convergence: Globalization and Organizational Change in Argentina, South Korea, and Spain*.

REGIONS, NETWORKS AND FIRMS

6. Regionalization

Krugman, Paul. 1993. "On the Relationship between Trade Theory and Location Theory." *Review of International Economics, Band I*:110-122. (STELLAR)

Brakman, Steven and Harry Garretson. 2003. "Rethinking the 'New' Geographic Economists." *Regional Studies* 37:637-648. (STELLAR)

Ron, Martin. 1999. "The New 'Geographic Turn' in Economics: Some Critical Reflections." *Cambridge Journal of Economics* 23:65-91. (STELLAR)

Whitford, Josh and Cuz Potter. 2007. "Regional Economies, Open Networks, and the Spatial Fragmentation of Production." *Socio-Economic Review* 5:497-526. (STELLAR)

7. GPC/GPN

Gereffi, Gary. 1999. "International Trade and Industrial Upgrading in the Apparel Commodity Chain." *Journal of International Economics* 48:37-70. (STELLAR)

Humphrey, John and Hubert Schmitz. 2002. "How Does Insertion in Global Value Chains Affect Upgrading in Industrial Clusters?" *Regional Studies* 36:1017-1027. (STELLAR)

Sturgeon, Timothy J. 2002. "Modular Production Networks: A New American Model of Industrial Organization." *Industrial and Corporate Change* 11:451-496. (STELLAR)

Gereffi, Gary, John Humphrey, and Timothy Sturgeon. 2005. "The Governance of Global Value Chains." *Review of International Political Economy* 12:78-104. (STELLAR)

8. High-Skilled Migration

Biao, Xiang. 2007. *Global "Body Shopping": An Indian Labor System in the Information Technology Industry*. Princeton: Princeton University Press. Introduction, Ch. 2, 5, 7. Skim: p.117-148 (PURCHASE).

Saxenian, AnnaLee and Jinn-Yuh Hsu. 2001. "The Silicon Valley-Hsinchu Connection: Technical Communities and Industrial Upgrading." *Industrial and Corporate Change* 10:893-920. (STELLAR)

Obukhova, Elena. TBA.

9. Expanding to New Regions

Kogut, Bruce. 1991. "Country Capabilities and the Permeability of Borders." *Strategic Management Journal* 12:33-47. (STELLAR, JSTOR)

McKendrick, David G., Richard F. Doner, and Stephan Haggard. 2000. *From Silicon Valley to Singapore: Location and Competitive Advantage in the Hard Disk Drive Industry*. Stanford, CA: Stanford University Press. Ch. 3, 5, 6 (YANBO)

10. Upgrading Regional Capabilities

Amsden, Alice H. and Wan-wen Chu. 2003. *Beyond Late Development: Taiwan's Upgrading Policies*. Cambridge, MA: MIT Press. Ch. 1, 2 (YANBO).

Ernst, Dieter. 2005. "Complexity and Internationalization of Innovation - Why is Chip Design Moving to Asia?" *International Journal of Innovation Management* 9:47-73. (STELLAR)

Steinfeld, Edward S. 2004. "China's Shallow Integration: Networked Production and the New Challenges for Late Industrialization." *World Development* 32. (STELLAR)

11. Entrepreneurship and FDI

McMillan, John and Christopher Woodruff. 2002. "The Central Role of Entrepreneurs in Transition Economies." *Journal of Economic Perspectives* 16:153-170. (STELLAR, JSTOR)

Huang, Yasheng. 2008. *Capitalism with Chinese Characteristics: Entrepreneurship and the State*. New York: Cambridge University Press. Ch 1 (YANBO).

Huang, Yasheng and Yi Qian (2008) Is Entrepreneurship Missing in Shanghai? (STELLAR)
<http://www.nber.org/chapters/c8223.pdf> .

12. Coordinating Multinationals

Kristensen, Peer Hull and Jonathan Zeitlin. 2005. *Local Players in Global Games: The Strategic Constitution of a Multinational Corporation*. Oxford: Oxford University Press. Preface, Ch.1, 6, 7, 12 (YANBO).

Herrmann, Andrea M. 2008. "Rethinking the Link between Labour Market Flexibility and Corporate Competitiveness: A Critique of the Institutional Literature." *Socio-Economic Review* 6:637-770. (STELLAR)

FURTHER READINGS:

Almond and Ferner (eds). 2006. *American Multinationals in Europe: Managing Employment Relations across National Borders*.

Guillen (2005). *The Rise of Spanish Multinationals: European Business in the Global Economy*.

Dummett (1999) *El Dorado in West Africa: African Entrepreneurship & Mining Frontier*.

Pietrobelli and Rabellotti, eds. (2005) *Upgrading to Compete: Global Value Chains, Clusters and SMEs in Latin America*.

Saxenian (2006). *The New Argonauts: Regional Advantage in a Global Economy*.