



Chalmers University of Technology

Department of Technology Management and Economics  
Division of Supply and Operations Management

# **International Business Relationships**

## **TEK360**

Academic year 2019/2020  
Study period 4  
7.5 credits

**TEK 360**  
**International Business Relationships, 7.5 credits**

**Course examiner**

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**Course objectives**

The course takes an international perspective on business relationships. The nature and content of international relationships, including their embeddedness in business networks, are thus in focus. By addressing relationships on a firm's supply side and demand side aspects of international business are considered. Hence, the course aims at providing students with skills and tools necessary to facilitate analysis of international business relationships and their nature, as well as what they permit and preclude. The students shall, after completing the course, be able to:

- Describe and analyze central features of business relationships with a focus on international aspects
- Understand business relationships as parts of global networks
- Discuss the opportunities and challenges faced by firms when involved in international business relationships
- Formulate and evaluate global marketing and supply strategies

**Course content**

The course covers business exchange and business processes in international contexts. By definition any business interaction between parties from more than one country is part of international business. International business often differs from domestic business with regard to, for instance, currencies, legal systems, cultures and availability of resources. Thus, involvement in international business may add to the complexity of the business landscape while at the same time providing significant advantages for the firm. The aim of the course is hence to provide students with models and analytical tools that cover business-to-business

(B2B) exchange taking place through interaction in international business relationships. To grasp these relationships three complementary views of business reality are addressed: *the activity layer* (WHAT is carried out and how individual activities are coordinated), *the resource layer* (HOW are resources utilized and combined), and *the actor layer* (WHO is involved in the undertaking of activities and controls the resources, and what characterizes interaction between firms). An individual organization is related directly to various counterparts through its position in these three layers, but it is also indirectly related to numerous other parties through the counterparts' connections to other actors. Therefore, the development, characteristics and implications of business relationships and their embeddedness in business networks are central in the course.

The course also deals with the driving forces of internationalization, and how an internationalization process may proceed. The course helps students to recognize that planning, whether on the marketing or on the purchasing side, is not a straightforward process that can be undertaken without consideration of the important counterparts and the cultural context. Various 'themes' are used in the course to highlight important aspects of international business and the implications of internationalization. Themes such as: 'Business models in international markets' and 'Collaboration in green innovation' provide in-depth insights of possibilities but also challenges with regard to international business.

### **Lectures/seminars and project assignment**

The course builds on two major blocks: (i) lectures/seminars, and (ii) a project assignment. Lectures have a strong discursive element and students are expected to prepare for class and participate actively in class. Therefore, it must be emphasized that assigned reading should be read before each lecture. Lectures do not only intend to summarize the course literature, but also to discuss issues in relation to the theme. Some lectures also involve case analysis. To the seminars the students are expected to prepare and, in a smaller group, take an active part in the discussion. All in all, the lectures and seminars cover various aspects of conducting business in international contexts. Thus, the course rests on an active learning teaching philosophy, with the aim of developing students' abilities to synthesize, evaluate, and apply information and concepts learned in lectures and texts in order to improve problem-solving skills.

The aim of the project assignment is to get deeper understanding of the features of business relationships in an international context by conducting a case study. The assignment intends to explore the international position of a firm in a business network, including some important relationships. Students work in groups of 5-6 students. Each group chooses a focal company, and some international business relationships will be covered in the study by visiting the company and some counterparts (i.e. production units, suppliers, customers, sales offices) and conducting interviews. Each group provides a written report and the project will also be presented in a seminar. Course readings are applied for analysis in the project assignment.

***Detailed instructions for the project assignment including deadlines are found in the separate document 'Project assignment instructions'.***

## Examination

Examination involves two parts:

- |                       |                         |
|-----------------------|-------------------------|
| - Project assignment  | Pass/Fail               |
| - Written examination | Maximum score 50 points |

Grades: 20+ = 3                      30+ = 4                      40+ = 5

To pass the course student need a minimum of 40 % of the maximum score of the written examination and to pass the project assignment (written report and presentation). The course has a number of seminars where participation is mandatory.

Digital written examination: the exam will be written on a computer (the student's own computer or a computer provided by Chalmers).

Exam:

Wed June 3 2020, at 14.00-18.00

## Course schedule

Course lectures and seminars are scheduled in module D. Tuesdays 8-12 and Fridays 8-12 are mostly used. Note! Lectures and seminars start at 8, 9 or 10 (see detailed schedule below and TimeEdit). The lectures are interactive in nature and participants are supposed to have read assigned literature beforehand to facilitate discussions. Scheduled time will partly be used for coordination in relation to the project assignment.

**Mandatory seminars** are the (i) SweTech case study, (ii) seminar on sustainability reports, (iii) seminar on cross cultural issues, (iv) case discussion and (v) project presentation. If you are not able to attend the seminars, you will be given extra assignment to hand in.

Week	Date & Time	Room	Subject	Teacher	Reading
1	Tue March 24, at 10-12	Vasa C	Course introduction	FL, LM	-
	Fri March 27, at 10-12	Vasa 6	Internationalization: Key models	LM	A4, A5, A6, B2
2	Tue March 31, at 9-10	Vasa 6	Leadership in an international context	GE	
	Tue March 31, at 10-12	Vasa 6	Business relationships and networks: features and implications	FL	B1, A1, A2, A3, A22
	Fri April 3, at 9-12	Vasa 6	Helpdesk project assignment	FL	
<i>Easter break and re-exam period</i>					
3	Fri April 17, at 8-10	Vasa 6, Vasa C Vasa B	Seminar: SweTech case study	VE	A4, A5, A6, B2
	Fri April 17, at 10-11	Vasa 6	Sustainability and green innovation	LM	A7, A8, A9
	Fri April 17, at 11-12	Vasa 6	Coordination on international markets	AM	
4	Tue April 21, at 8-11	Avenyn	Seminar: Sustainability reports 8-9: 1/3 of the class 9-10: 1/3 of the class 10-11: 1/3 of the class	LM	A12, A14
	Tue April 21, at 11-12	Vasa group rooms 2141, 2144 and 2147 (Långgatorna)	Group supervision I: preparing the project (scheduled with your supervisor)	FL, LM, VE	
	Fri April 24		No scheduled SCM case competition		

5	Tue April 28 at 9-10	Vasa 6	Business models for international markets	FL	A20, A21
	at 10-12	Vasa 6	International production	MK	A18, A19
	<i>Self-studies and holiday</i>				
6	<i>Travel period</i>				
	Fri May 8, at 8-10.45	Vasa 4	Seminar: Cross cultural issues 8-9: 1/3 of the class 9-10: 1/3 of the class 10-11: 1/3 of the class	FL	B3, B4, A15, A16, A17
	Fri May 8, at 11-11.45	Vasa B	Insights from IKEA	CGM	
7	Tue May 12 at 9-12	Vasa 6	International customer relationships	FL, LM	A10, A11
	Fri May 15, at 9-12	Avenyn, Slottsskogen, Öckerö	<i>Group supervision II: Status (Scheduled with your supervisor)</i>	FL, LM, VE	
8	Tue May 19, at 9-10 10-12	Vasa 6 Vasa 4, 5, 6	Seminar: Case discussion (Harvard)	VE, ML, FL	
	<i>Self-studies and holiday</i>				
9	Tue May 26, at 9-11	KB	International purchasing and supplier relationships	FW	A13, A23
	Tue May 26, at 11-12	KB	Course summary	FL	
	Fri May 29, at 9-12	Vasa 6	Project presentations	FL, ML	
Exam week	Wed June 3, at 14.00-18.00	Johanneberg	Digital written exam		

### Teachers:

FL Frida Lind, Chalmers  
LM Lisa Melander, Chalmers  
VE Victor Eriksson, Chalmers  
MK Martin Kurdve, Chalmers  
ML Maria Landqvist, Chalmers  
FW Finn Wynstra, Erasmus University and Chalmers  
CGM Carla Goncalves Machado, Chalmers (IKEA)  
GE Gösta Eriksson, Volvo Group  
AM Anna Melander, SKF

## **Hand-ins and deadlines for the project**

To be handed in via email to [lisa.melander@chalmers.se](mailto:lisa.melander@chalmers.se)

- Group members, selected company, study topic: first week
- Budget proposal for travelling: use the template available on Canvas (send as soon as possible)

### **To be handed in via Canvas**

- Project group supervision - preparing your project (theoretical framework and interview questions): *Tuesday April 14 at 17.00*
- Work in progress report for supervision: *Tuesday May 12 at 17.00*
- Project presentation (PPT): *Thursday May 28 at 12.00*
- Final report: *Friday June 5 at 12.00 (latest)*

### **Seminar and case instructions— see Canvas**

- See Canvas for instructions, groups and time

## Literature

A Articles, Electronic access from Chalmers library (A1 and A20 from Canvas)

B Book chapters: available in Canvas

A4	Johanson, J. and Vahlne, J-E. (2009) The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership, <i>Journal of International Business Studies</i> , 40, 1411-1431.
A5	Camuffo, A., Furlan, A., Romano, P. and Vinelli, A. (2006) The process of supply network internationalization, <i>Journal of Purchasing and Supply Management</i> , 12, pp. 135-147.
A6	Mattsson, L-G (2003) Reorganization of distribution in globalization of markets: the dynamic context of supply chain management, <i>Supply Chain Management: An International Journal</i> , 8, (5), pp. 416-426.
B2	Hutt, M.D. and Speh, T.W. (2013, 2010) <i>Business Marketing Management b2b</i> . South-Western, Cengage Learning.
B1	Ford, D., Berthon, P., Brown, S., Gadde, L-E., Håkansson, H., Naudé, P., Ritter, T. And Snehota, I. (2002). <i>The Business Marketing Course</i> , John Wiley & Sons, p. 30- 37, p.40-44, p. 48.
A1	Abrahamsen, M.H. and Håkansson, H. (2012) Networks in Transition, <i>The IMP Journal</i> , Vol.6, no. 3, pp. 194-209.
A2	Andersen P.H. and Christensen, P.R. (2005) Bridges over troubled water: suppliers as connective nodes in global supply networks, <i>Journal of Business Research</i> , Vol.58, pp. 1261-1273.
A3	Håkansson, H. and Ford, D. (2002) How should companies interact in business networks, <i>Journal of Business Research</i> , Vol. 55, pp. 133 – 139.
A22	Kujala and Törnroos (2018) Internationalizing through networks from emerging to developed markets with a case study from Ghana to the U.S.A., <i>Industrial Marketing Management</i> , Vol.69, pp.98-109.
A7	Porter, M. E. and Van der Linde, C. 1995 Green and competitive: ending the stalemate. <i>Harvard Business Review</i> , <b>73</b> : 120-134.
A8	Lacoste, S. (2016) 'Sustainable value co-creation in business networks', <i>Industrial Marketing Management</i> , Vol. 52, pp. 151-162.
A9	Chiarvesio, M., De Marchi, V. and Di Maria, E. 2015 Environmental Innovations and Internationalization: Theory and Practices. <i>Business strategy and the environment</i> , 24: 790-801.
A12	Arvidsson, S. (2010) 'Communication of corporate social responsibility: A study of the views of management teams in large companies', <i>Journal of Business Ethics</i> , Vol. 96, pp. 339-354
A14	Tate, W. L., Ellram, L. M. and Kirchoff, J. F. (2010) 'Corporate social responsibility reports: a thematic analysis related to supply chain management', <i>Journal of Supply Chain Management</i> , Vol. 46, pp. 19-44.
A20	Bankvall., L., Dubois, A., Lind, F. (2014) Towards a Network-based Business Model Concept and The Case of a truck OEM considering its Business Model in India, <i>The IMP Journal</i> , 8(2), 44-50.
A21	Bankvall., L., Dubois, A., Lind, F. (2017) Conceptualizing business models in industrial networks, <i>Industrial Marketing Management</i> , 60, 186-203.
B3	Griffin, R.W. and Pustay, M.W. (1999) <i>International Business: A Managerial Perspective</i> , 2 <sup>nd</sup> ed., Addison-Wesley Publishing Company, Inc.



B4	Hofstede, G. (2011) Dimensionalizing Cultures: the Hofstede model in context, online readings in Psychology and culture, 2 (1)
A15	Hurn, J.B. (2007) The influence of culture on international business negotiations, <i>Industrial and Commercial Trading</i> , Vol.39, No. 7, pp. 354-360.
A16	Leung, K., Bhagat, R.S., Buchan, N.R., Erez, M. and Gibson, C.B. (2005) Culture and international business: recent advances and their implications for future research, <i>Journal of International Business Studies</i> , Vol. 36, 357-378.
A17	Bhaskaran, S. and Gligorovska, E. (2009) Influence of national culture on trans-national alliance relationships, <i>Cross Cultural Management: An International Journal</i> , Vol.16, No.1, pp.44-61.
A10	Melander, L (2019) Customer involvement. in product development: Using Voice of the Customer for innovation and marketing, <i>Benchmarking: An International Journal</i> , Vol 27, Issue 1, pp. 215-231
A11	Laage-Hellman, J., Landqvist, M. and Lind, F. (2018) Business creation in networks: How a technology-based start-up collaborates with customers in product development, <i>Industrial Marketing Management</i> , 70, 13-24.
A18	Smith, L., Ball, P. (2012) Steps towards sustainable manufacturing through modelling material, energy and waste flows. <i>International Journal of Production Economics</i> 140, 227-238.
A19	Chulvi, V., & Vidal, R. (2011) Usefulness of evolution lines in eco-design. <i>Procedia engineering</i> , 9, 135-144.
A13	Kraljic, P. (1983) Purchasing Must Become Supply Management, <i>Harvard Business Review</i> , September-October, 109-117.
A23	Akin Ates, M., van Raaij, E. M. and Wynstra, F. (2019) The impact of purchasing strategy.structure (mis)fit on purchasing cost and innovation performance, <i>Industrial Marketing Management</i> , 24, 68-82.

## Reading instructions for the lectures and seminars

Scheduled literature for each lecture is to be read beforehand. N.B. Some of the seminars will include literature-based assignments that are to be prepared to the seminar occasion and discussed in the seminar. The cases/instructions are available on Canvas.

Reading instructions for each theme is presented below as a guidance for the most important issues raised in each theme and, in addition, how the various literature sources relate to each other.

### *Business relationships and networks*

By studying the book chapter B1 and the articles A1, A2, A3 and A22 you should be able to conceptualize business relationships and networks, and understand managerial implications for firms as parts of networks. B1 provides an introduction to business networks including significant features identified from examples of a supply network and a distribution network. Note that a network as such can consist of both suppliers and distributors. The chapter discusses interdependence as central for the understanding of companies, relationships and networks. In addition, activity links, resource ties and actor bonds are introduced for analyzing the content/substance of relationships. Also, the differences between relationships are illustrated, and the concept of network position is identified.

A1 specifically addresses the ARA-model and the crucial interplay between actor bonds, resource ties and activity links. The case represents a network that is in transition; that is how the network changes in terms of activity links, resource ties and actor bonds. When comparing the two networks by using the ARA-model the analysis addresses various aspects in relation to links, ties and bonds, thus analysis of them reveals some key characteristics. The article also addresses network paradoxes to some extent, and what they imply in this case. A2 analyses supply network dynamics by using the concepts of role and position in networks. The paper identifies five generic subcontractor positions with respect to internationalization of relationships to customers and subcontractors.

A3 covers how companies should interact in business networks. The article pinpoints that both the nodes (business units) and threads (relationships) have their own particular content. The paper rises three important questions about relationships and networks for managers. The managerial questions are examined in the discussion of three network paradoxes, including managerial implications. A22 is a recent paper using the network approach, central in the course, and effectuation theory (see also A11) to analyze the internationalization process in an emerging market.

### *Internationalization*

If you study the articles A4, A5, A6 and B2 you should be able to define and distinguish between internationalization and globalization. You should also be able to discuss internationalization processes, including models and tools for understanding and analyzing such processes. The notion of evolution and dynamics is central in the focus on processes, and from a firm perspective the connections (relationships) to others are essential.

A4 is very central for the course in terms of the Uppsala internationalization process model. Look into the 2009 version of the model (A business network model of the internationalization process); you do not need to cover the 1977 model or the development from 1977 version to 2009 version. But it is important to understand how network position – knowledge, opportunities – commitment – learning, and trust building relate and form the internationalization process (to a great extent discussed before the 2009 model is presented). Also, the discussion about the effectuation process is important in relation to the model.

A5 also acknowledges internationalization as a process, in this case in relation to suppliers and production. The discussion of why's, how's and what's are central, and the conceptual framework is important in terms of how these questions relate to important aspects of internationalization. The case study protocol on p.140 is helpful in the sorting of these questions in terms of aspects of foreign country knowledge, internationalization drivers, commitment decisions and international business network context. A6 discusses globalization of markets and the reorganization of distribution and the fact that they go hand in hand as mutually dependent processes. The network view of markets relates closely to the main feature discussed in the business relationship theme. The discussion of globalization is central, as is the discussion about culture and globalization. The latter relates to the theme cross-cultural issues in terms of globalization as a process to be interrelated with the dynamics of national and organizational cultures.

B2 describes a spectrum of global market entry options including discussions of level of complexity and commitment. Note that these options are discussed mainly from the choice of one firm “What should we choose”, for instance, in relation to initial move into a global market or high-risk markets. The paper also addresses possible variations in international strategy by defining four types of international strategy.

### *Sustainability and collaboration in green innovation*

This theme covers green innovation and partners in joined green product innovation. By studying the articles A7, A8, and A9 you should be able to discuss factors influencing green innovation, why firms invest in green innovation and which collaborators in their network that firms include in green innovation. A7 discuss the impact of environmental regulations on firms’ innovativeness and how regulations can push firms to be more innovative while at the same time becoming more competitive. The paper presents a number of examples of how regional regulations has given firms in that region first-mover-advantages and thus making them more competitive. A8 discusses B2B vertical relationships, focusing on sustainable value co-creation by using the firm’s supplier network and customer network. Five companies are studied and how they collaborate within these networks. The paper shows how firms can collaborate and point to two major categories of value co-creation: sustainability as the core of value co-creation and sustainability as one incremental element of value co-creation. Firms are increasingly under pressure from stakeholders to incorporate the triple-bottom line of social, environmental and economic responsibility considerations into operations and supply chain management strategies. A9 investigates environmental innovations and internationalization. The results point out that manufacturing firms invest in green innovations if their suppliers are local. Firms relying on international suppliers and an international network do not tend to invest in green innovation. However, firms that belong to an international group uses that group for knowledge in green development and implements green strategies. Hence, in this paper, internationalization points to both non-investments and investments in green innovation. However, it is important to remember that this is a very limited sample of firms in Italy.

Sustainability is not only a theoretical concept but in order to be able to apply sustainable thinking in business (for example in the project assignment), we need practical tools. A18 and A19 introduce an overview of tools from manufacturing and eco-design. These articles will be introduced in the lecture April 9. A18 and A19 together with the 17 Sustainable Development Goals<sup>1</sup> (SDGs) form the base for the lecture “international production” in study week 5.

### *Sustainability responsibility and reporting*

A12 investigates firms’ corporate social responsibility (CSR) and discusses the difficulties in communicating CSR to stakeholder and to the public. After reading this article you should be able to point towards a number of interesting challenges for firms to manage CSR communication. The article shows that firms are not sure how to manage CSR communication. A14 presents a content analysis that examines corporate communication to stakeholders through corporate social responsibility (CSR) reports. The analysis revealed ten themes that provide a snapshot of how top global companies integrate and improve the

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<sup>1</sup> <https://sustainabledevelopment.un.org/>

triple-bottom line in internal operations and external supply chains. This will be discussed in a group discussion May 10.

### *Internationalization by developing customer relationships*

As you have noted also this theme makes use of the A4 article about the Uppsala internationalization process model. In accordance, this model is central. The slides used in the lecture are extensive, and are helpful when studying the issues listed below. Note how the lecturer discusses entry modes and their advantages and disadvantages, and how this division of the modes correlate or differs from the market entry modes talked about in B2 (see the internationalization theme). A10 presents a case of a firm using the tool 'Voice of the customer' to collect and analyze data from its customers. The paper shows how this method can be used both for product innovation and for marketing actions for specific regions. A11 shows different methods that a firm uses to collect, use and apply customer knowledge for their product development efforts.

### *Business models in international markets*

If you study the articles A20 and A21 you should be able to describe and discuss business models and their inherent features and implications in an industrial network setting. A21 makes the distinction between on the one hand firm centric business models and on the other network embedded business models. The two types of business models call for different analytical starting point and also relate to the industrial network model (firm, dyad and network). In this theme, we will also discuss 'a model of business models' focusing on technology, market offering, network architecture, and how they relate are central. A20 includes an empirical case of how a truck OEM adjusts its business model applied in other countries for India and thus adds to the understanding of business models in relation to international markets.

### *Cross cultural issues*

By studying the book chapter B3 and B4, and the articles A15, A16 and A17 you should be able to describe and discuss elements of culture, and why cross cultural issues are important, including features and implications ranging from individual to global culture. This will be discussed in a seminar.

B3 covers elements of culture: what they prelude and permit. Hofstede's work, which identifies five-six (depending on which work of Hofstede that is discussed) important dimensions along with how people seems to differ across cultures, is also central as this work has had great impact on studies and applications of cross-cultural issues. You should be able to describe and discuss the features of each orientation and the 'extremes' in the sense that one orientation ranges from 'this to that'; for instance, social orientation ranges from individualism to collectivism. But you do not have to know the details of all the extremes in the family, at school and at the workplace. Note that B3 discusses culture on national levels.

B4 presents Hofstede's model of six dimensions of national cultures: Power Distance, Uncertainty Avoidance, Individualism/Collectivism, Masculinity/Femininity, Long/Short Term Orientation, and Indulgence/Restraint. These dimensions are discussed and characteristics of each dimension are presented. A15 illustrates cultural implications when negotiating in international business contexts, thus the article discusses main factors for international

negotiators to cope with: language, the use of interpreters, shared experiences, humor and so on. As B3, A15 takes national aspects as the starting point for distinguishing between cultural differences.

Article A16 is central to the theme. It covers the interesting question about cultural convergence and/or divergence in relation to globalization. This is important and relates to the discussions on p. 357- 362, including a definition of globalization (how does it relate to definitions in the internationalization theme?). The discussion (and model) of culture as a multi-layer construct that exists at all levels is vital for the understanding of cultural implications. This section also addresses the dynamic nature of culture, also look in the section of 'a dynamic view of culture' for a more thorough discussion. The concluding discussion about static influence of a few cultural elements versus a multi-layer, multi-facet, contextual system view of culture is central.

A17 relates to the discussions of B3 to A16 by mapping the terrain of culture with regard to national/organizational and statics/dynamics (see figure 1 p. 32). The article claims that any culture has the potential to incorporate its opposite culture through cultural interactions and cultural learning over time, and therefore introduces the yin yang perspective on culture. This relates to the discussion of cultural convergence and/or divergence in A16. As such, culture is not a situation-free, context-free, or time-free construct but culture is embedded in situation, context and time.

A17 is also an important article as it shows how not only national culture influences beliefs and behaviors: beliefs and behaviors are also influenced by complex inter-relationship factors such as trust, commitment, co-operation, dependence, communication and compatibility. This relates to the features of business relationships (see B1, A1, A2, and A3) as well as the theme of internationalization (see particularly A4). The discussion of national culture and organizational culture is interesting. You do not need to study the Malaysian culture per se, but the discussion about inter-organizational relationships is central. The results of the study are also important, however, do not spend too much time on understanding the logic behind the study if you are not used to surveys.

### *International purchasing*

If you study the article A13 and A23 you will learn some of the key issues of purchasing that will have consequences for international purchasing. A13 is one of the basic references in purchasing from 1983, for instance including the Kraljic purchasing portfolio model. A23 is a more recent contribution discussing the matching of purchasing strategy and purchasing structure, which has implications for international purchasing.