

Find Your Country: A Scavenger Hunt for Understanding International Business Environments

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Abstract. Instructors teaching management and international business classes often face a challenge conveying frameworks and analytic techniques for understanding complex business environments. In this article, the focus is on facilitating students' learning of the institutional aspect of business environments. Through the use of a scavenger hunt, students navigate the four major facets of the institutional environment: political freedom, economic freedom, corruption, and national culture. The purpose of the scavenger hunt is to help students analyze institutional environments and cross-country challenges, explore respective measurement and databases, and consider practical implications in forecasted institutional changes. This exercise is intended to be used in a Strategy, International Business, or other International Management or Marketing course. Included are ideas for variations.

Keywords: institutional environment, PEST/CAGE analysis, international business, international management, strategy, learning activity, business intelligence.

Unlike in China, which strives for harmonious workplace relations by incorporating and controlling the trade union, the American norm is an adversarial anti-union approach, and Cao was quick to understand and adopt this feature of American management. Anita Chan on Fuyao Glass, 22 December, 2019

1. Introduction

The modern business environment is marked by high levels of complexity and dynamism (Dess & Beard 1984; Karna *et al.* 2016), which creates a significant challenge when teaching students how to understand, analyze, and assess these external environments. The tools and techniques can be challenging for business professionals who manage these complexities daily, making them overwhelming to undergraduates who often lack the same levels of professional experience. In

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international contexts, these issues are exacerbated by several factors, including a large number of additional parameters to consider and the diversity of frameworks available in making decisions to conduct business abroad. The vast amount of information students must sift through to conduct an analysis of the environments can be daunting and confusing. Additionally, the quality of the information sources must also be assessed in gathering business intelligence.

Various theories and frameworks are used to make sense of the business environment complexity. A few of the most common are: institutional theory, PEST (PESTEL) analysis (Aguilar 1967; Sammut-Bonnici & Galea 2015), or CAGE distance framework (Ghemawat 2001a). Despite the importance of business environments, there is very limited pedagogical research on how to facilitate students' learning and application of these frameworks, especially in the domain of international business (IB). While there are some exceptions such as using games to comprehend risks associated with globalization (see Arora *et al.* 2018) or designing courses around analyzing national business environments (Conklin 2005, 2007), those practices do not necessarily focus on country specific measures or cross-country differences, and tend to require substantial amount of time and/or specific resources. There is an overall lack of simple exercises in the literature that instructors can easily incorporate into their existing courses to help students learn and apply relevant concepts and frameworks. With an increasing emphasis on globalization, this lack of handy mechanisms to teach these techniques limits the effectiveness of training future business leaders.

Firms' behavior is substantially influenced by the institutional environments in which they are embedded (DiMaggio & Powell 1983; Jackson & Deeg 2019; Kostova *et al.* 2020; North 1990; Scott 1995, 2014). The IB and strategy literatures have long recognized the significant impact of institutional differences or "distances" on multinational corporations' (MNCs) decisions and performance. Successful MNCs must negotiate these dissimilarities in the environment, as "international management is management of distance" (Zaheer *et al.* 2012, p. 19). Thus, educators must effectively prepare students by equipping them with proper knowledge of institutional environments, cross-country differences, and resources for environmental analysis. In this article, we introduce an easy and fun exercise that started as an undergraduate IB course icebreaker and morphed into a deeper exploration of the institutional aspect of business environments.

As the opening quote demonstrates, the ability or failure to recognize the impact of institutional differences in the international contexts strongly influences the success or failure of MNCs abilities to operate globally. For example, Fuyao Glass, an automotive glass manufacturer, initially failed to consider the distance between the institutional environments in China and the United States. The resulting cultural clash in a US-hosted subsidiary between management and labor spurred federal investigations, cost Fuyao millions of dollars in fines, and yielded bad publicity including an unflattering Netflix documentary. This event, and