

MANAGEMENT 524 – REVISED SYLLABUS
MEXICAN ECONOMY AND MARKETS: BUSINESS IN MEXICO
FALL 2008
TUESDAYS/THURSDAYS 11:00a.m.-12:15 p.m.
ASM 1068

Professor: Dante Di Gregorio
email: digregorio@mgt.unm.edu (this is the easiest way to reach me)
Office Hours (ASM 2116): Tuesdays/Thursdays 12:30-2:30, or by appointment
Tel.: 277-3751 (office), 220-7843 (mobile)

Course Description:

This course is designed to help students acquire knowledge of the business environment in Mexico, with an emphasis on issues relevant to managers. As such, this will not be a course on US-Mexican relations, social and cultural issues in Mexico, evaluation of Mexican economic policy, or Mexican politics. Nonetheless, these (and other) issues will be addressed to the extent that they are relevant to people doing business in Mexico. In particular, we will focus on the current activities within specific industries and specific firms in Mexico. Designed for a relatively small number of graduate students, this course will rely heavily upon student participation, and will be designed around students' areas of interest. Guest speakers will be brought in to relate first-hand experiences and to provide different perspectives.

Materials:

We will read a series of books, articles and cases during the course of the semester to provide different perspectives on business, economic, social, and cultural issues. The only assigned book is Antonio's Gun and Delfino's Dream, by Sam Quiñones (UNM Press), which we will read prior to a visit from the author on September 9. The course readings packet will be adapted to meet the interests of the students and will be distributed electronically during the second week of class.

Grading Procedure:

Final grades for the course will be determined as follows:

35%	Class Project with World Resources Institute New Ventures Program
20%	Final Exam
25%	Company Report & Presentation
10%	Regional Presentation
10%	Class Discussion: Leadership and Participation

Company Reports & Presentations

Each student will individually provide a brief presentation of about 10-15 minutes to the class. Students may opt to use Power Point or other media, but it is not necessary. The presentations will serve as an overview of a particular company's history, operations, performance, and strategy. Students will also submit a 10-15 page paper on the same subject. Some of the issues students may explore include:

- History – When was the company founded? By whom? Who owns the company? Who controls or manages the company?
- Operations – In what industries does the firm compete? What are their primary products/services? In which countries does the firm operate? Where are they based in Mexico?
- Performance – Provide an overview and brief analysis of the company's financial and operating performance. If possible, compare the company to Mexican and/or international competitors.
- Current Issues – Discuss any recent developments or ongoing issues (opportunities and threats) the company is facing.
- Strategy – Identify and analyze the company's overall strategy. Is the company well-positioned to compete?

Suggested companies: Grupo Alfa, FEMSA, Grupo Salinas, Televisa, Grupo Maseca, Grupo BAL, Soriana

Regional Presentations

Students will present overviews of individual states or multi-state regions in Mexico. Students are expected to give a 10-15 minute presentation. Topics to be addressed include the following (you don't have to cover each of the items listed under each bullet if they aren't appropriate for your region—these are just suggestions):

- **Demographics and Socio-economic indicators** (emphasize comparisons to provide context for the data; for instance, rather than just stating 'Chihuahua has 3 million inhabitants and covers an area of X square miles,' you could add that it is the 5th most populous state and the largest in terms of territory. For economic indicators, you could draw comparisons to other states and/or to other parts of the world.)
 - Population and demographics (numbers, population by city, gender, age, ethnicity, etc.)
 - Economic and social development (state GDP by sector, change over time, trends, export goods, quality of life, literacy, access to basic services, etc.)
- Economic and political history
 - Why did people migrate to the area?
 - At what point in time has the area thrived economically, at what points has it faced crises, and why?
 - Local politics (who is currently in office? Which parties are prominent?)
 - Government programs and economic policy
- Economic Infrastructure (statistical overview, comparison to other regions, recent developments, major on-going or pending projects)
 - Physical Infrastructure: transportation, telecommunications, industrial parks, energy, housing, water and sewage
 - Human Capital: education, health care, other social issues
- Major Industries and Corporations (which industries play a prominent role in the local economy? Which companies play a prominent role?)
 - Provide a brief profile of one or two major industries that are important to the local economy. In what areas does the state possess a competitive advantage? In what areas is it gaining or losing in competitiveness?
 - Either separately or integrated into the previous section, provide a profile of a few leading companies in the region. Who are the leading employers? Which companies are headquartered or have substantial operations in the region?
 - Which foreign firms are active in the region?

Suggested states/regions: Monterrey/Nuevo Leon, Guadalajara/Jalisco, Bajío (Guanajuato, San Luis Potosí, Zacatecas, Aguascalientes), Chiapas & Oaxaca, Michoacán, Puebla, Sinaloa, Veracruz

Attendance/Lectures: As graduate students, you are responsible for your own attendance and knowledge of the material. Be aware, however, that the readings and lectures will be complements (i.e., non-redundant), not substitutes. You are strongly advised to avoid missing more than one class session.

Exam:

There will be a single exam covering the entire semester. The exam will consist of a set of essays as well as some short answer questions. Although this exam will be comprehensive in nature, it will be designed primarily to test your ability to analyze and use the information we will cover, rather than only your ability to retain facts in memory. If you are unable to take an exam on the scheduled date, it is your responsibility to let me know at least one week in advance; otherwise, you will receive an F.

Class Schedule:

DATE	READING*	LECTURE MATERIAL	SPECIAL
Aug 26		Introduction: Overview	
Aug 28		Economic History of Mexico	Class meets in UNM SUB Lobo A&B
Sept 2	Readings #1	Econ History of Mexico (cont)	
Sept 4		Culture	Read the Quiñones book by 9/9
Sept 9	Quiñones	Guest speaker	Sam Quiñones visit
Sept 11		Econ History of Mexico (cont)	
Sept 16	Readings #2	Econ History of Mexico (cont)	
Sept 18		Econ History: The Technocrats	
Sept 23	Readings #3	Econ History: The Crisis	
Sept 25		The Present: Government, Politics, Demographics, and the Economy	
Sept 30	Readings #4	Projects	
Oct 2		NAFTA	
Oct 7	Readings #5	NAFTA	
Oct 9		Business Culture & Social Issues: Drugs, Immigration, Environment, Chiapas	
Oct 14	Readings #6	Projects	
Oct 16		Fall Break	No Class
Oct 21	Readings #7	Guest Speaker	
Oct 23		The Border & Maquiladoras	
Oct 28	Readings #8	Old Economy Mexico: Oil, Agriculture, Mining	
Oct 30		New Economy Mexico: Telecoms, E-Commerce	
Nov 4	Readings #9	Entrepreneurship in Mexico	
Nov 6		Guest Speaker	
Nov 11	Readings #10	Corporate Mexico: The <i>Grupos</i>	
Nov 13		Can Mexico Compete?	
Nov 18	Readings #11	Sustainable Development Issues	
Nov 20			
Nov 25	Readings #12		
Nov 27		Thanksgiving	No Class
Dec 2			
Dec 4			
Dec 9		Presentations	Presentations
Dec 11		Presentations	Presentations
Dec 16		12:30-2:30 (note the time!)	Final Exam

* You should complete a selected reading by the date on which the reading is listed.

Please Note:

If you are a qualified person with disabilities who might need appropriate academic adjustments, please communicate with me as soon as possible so that we may make appropriate arrangements to meet your needs in a timely manner. Frequently, we will need to coordinate accommodating activities with other offices on campus. Course materials can be made available in alternative formats.

MGT 524 Reading List:

Readings #1: Introduction

- Lustig, Nora. 2001. Life is not easy: Mexico's quest for stability and growth. *Journal of Economic Perspectives*, 85-106.
- The Economist, 2006. Survey: Mexico, November.

Readings #2: Culture

- Quiñones, Sam. 2007. Antonio's Gun and Delfino's Dream. UNM Press.

Readings #3: Economic History & Reforms

- Stiglitz, Joseph & Charlton, Andrew. Fair trade for all. Excerpts.
- Moreno-Brid, Juan Carlos, Rivas Valdivia, Juan Carlos & Santamaría, Jesús, 2005. Mexico: Economic growth, exports and industrial performance after NAFTA, CEPAL
- Moreno-Brid, Juan Carlos & Ros, Jaime. Historical perspective on Mexico's economic reforms.
- Chong, Alberto & López-de-Silanes, Florencio 2004. Privatization in Mexico. Inter-American Development Bank {optional}

Readings #4: Economic Competitiveness of Mexico

- Merrill Lynch competitiveness report
- Economist Intelligence Unit, 2008. Country Commerce: Mexico. Available online through Parish Library.

Readings #5: NAFTA

- Hufbauer & Schott chapter 1
- Ruiz Duran, Clemente, NAFTA: Lessons from unequal integration. *International Journal of Political Economy*.

Readings #6: The *Grupos*

- Expansión, 2008. Expansión 500 list of top Mexican companies. Available through Parish Library and handed out in class.
- Cemex case & article
- Carlos Slim reading
- Grupo Salinas case
- Pozas, María de los Angeles, 2006. Estructura y dinámica de la gran empresa en México: cinco estudios sobre su realidad reciente, México, El Colegio de México {optional}
- Schneider, Ben Ross. From state to societal corporatism in Mexico, in *Business Politics and the State in Twentieth-Century Latin America*. Cambridge University Press. {optional}

Readings #7: The Border Region & *Maquiladoras*

- Carrillo, Jorge, 2007. La industria maquiladora en México: evolución o agotamiento? *Comercio Exterior*.
- US GAO, 2003. Mexico's maquiladora decline affects U.S.-Mexico border communities and trade {for non-Spanish speakers, instead of Carrillo 2007}
- Sargent, John & Matthews, Linda, 2004. What happens when relative costs increase in export processing zones? Technology, regional production networks and Mexico's maquiladoras. *World Development*, 32(12): 2015-2030.

Readings #7: Labor issues & working conditions

- Bair & Gereffi, 2001. Local clusters in global chains: The causes and consequences of export dynamism in Torreon's blue jeans industry. *World Development*, 29 (11): 1885-1903.
- Locke & Romis, 2007. Improving working conditions in a global supply chain, *Sloan Management Review*

- Fairris, David, 2003. Unions and wage inequality in Mexico. *Industrial & Labor Relations Review*, 56 (3): 481-497. {optional}

Readings #8: The Base of the Pyramid: Poverty Alleviation & Microfinance

- Prahalad & Hart, *Fortune at the Bottom of the Pyramid*
- Compartamos case

Readings #9: The Base of the Pyramid: Entrepreneurship

- Farmacias Similares case
- OECD 2007. *SMEs in Mexico: Issues and Policies*. excerpts
- Woodruff, Christopher & Zenteno, Rene, 2001. *Remittances and microenterprises in Mexico*. {optional}
- Fairlie, Robert & Woodruff, Christopher, 2006. *Mexican Entrepreneurship: A Comparison of Self-Employment in Mexico and the United States* {optional}

Readings #10: R&D and Innovation

- Ruiz Duran, Clemente, 2008. Mexico: The management revolution and the emergence of the software industry. In Masatsugu Tsuji, Emanuele Giovannetti, Mitsuhiro Kagami (Ed), *Industrial agglomeration and new technologies*. Edward Elgar.
- Charvel, Roberto, Gonzalez, Luis Fernando, & Olivas, Dario, 2006. The unfulfilled need of venture capital in Mexico, *Int. J. Entrepreneurship and Innovation Management*, 6 (4/5): 303
- Lederman, Daniel & Maloney, William F. 2002. *Innovation in Mexico: NAFTA Is Not Enough*. World Bank {excerpts}

Readings #11: Internationalization of Mexican Firms

- Bimbo case
- Cuervo Cazorra, 2008. *Multilatinas*, *Journal of International Management*
- BCG report

Readings #12: Sustainable Development & Sustainable Enterprise

- Campeche case study