

Course Outline

**Department of Marketing, International Business,
Entrepreneurship
School of Business and Economics**

**BUSN 6030/1-3
International Business (3,0,0)**

Calendar Description

Students are introduced to the basic concepts of international business and competition from a manager's perspective. Topics include country differences in political economy, the cultural environment, ethics in international business, international trade theories, the political economy of international trade, foreign direct investment, regional economic integration, the foreign exchange market, the global monetary system, global strategy, global marketing and research and development, and global human resource management.

Educational Objectives/Outcomes

After completing this course, students should be able to:

1. Explain how political, economic, and legal systems collectively influence a country's ability to achieve meaningful economic progress.
2. Discuss how culture is different because of differences in social structure, religion, language, education, economic philosophy, and political philosophy.
3. Describe the different approaches to business ethics that can be derived from moral philosophy, and show how these approaches can help managers to make international business decisions that do not violate ethical norms.
4. Explain the important implications that international trade theory holds for business practice.
5. Explain why some governments intervene in international trade to restrict imports and promote exports.
6. Assess the costs and benefits of foreign direct investment to receiving and source countries.
7. Describe the history, current scope, and future prospects of the world's most important regional economic agreements, including the European Union, the North American Free Trade Agreement, MERCOSUR, and the Asia-Pacific Economic Cooperation.
8. Demonstrate how currency exchange rates are determined.
9. Assess the role played by the International Monetary Fund and the World Bank in the global monetary system.
10. Interpret the three basic decisions that a firm contemplating foreign expansion must make: which markets to enter, when to enter, and on what scale.
11. Appreciate why and how a firm's distribution system might vary across countries.
12. Discuss the pros and cons of different approaches to staffing policy in international businesses.

Prerequisites

Meets the admission requirements to the MBA

Co-requisites

Texts/Materials

Textbook

Hill, C. W., & McKaig, T. (2012). *Global Business Today* (3rd Cdn. ed.). McGraw-Hill Ryerson.

Other Resources

Johanson, J., & Vahlne, J. E. (1977). Internationalization process of firm - model of knowledge development and increasing foreign market commitments. *Journal of International Business Studies*, 8(1), 23-32.

Shenkar, O. (2001). Cultural distance revisited: Towards a more rigorous conceptualization and measurement of cultural differences. *Journal of International Business Studies*, 32(3), 519-535.

Hofstede, G. (1983). The cultural relativity of organizational practices and theories. *Journal of International Business Studies*, 14(2), 75-89.

Dunning, J. H. (1988). The Eclectic Paradigm of International Production: A Restatement and Some Possible Extensions. *Journal of International Business Studies*, 19(1), 1-31.

Dunning, J. H. (1995). Reappraising the eclectic paradigm in an age of alliance capitalism. *Journal of International Business Studies*, 26(3), 461-491.

Parkhe, A. (1991). Interfirm diversity, organizational learning, and longevity in global strategic alliances. *Journal of International Business Studies*, 22(4), 579-601.

Agarwal, S., & Ramaswami, S. N. (1992). Choice of foreign-market entry mode – impact of ownership, location and internalization factors. *Journal of International Business Studies*, 23(1), 1-27.

Dunning, J. H. (1998). Location and the multinational enterprise: A neglected factor? *Journal of International Business Studies*, 29(1), 45-66.

Rosenzweig, P. M., & Nohria, N. (1994). Influences on human-resource management-practices in multinational-corporations. *Journal of International Business Studies*, 25(2), 229-251.

Student Evaluation

Campus

Individual

Class Participation 10%

Exams (2) 52%

Learning Team

Debate	10%
Case Analysis	10%
International Business Plan	
Oral Presentation	10%
Written Business Plan	8%

Online

Discussions (5)	15%
Case studies (3)	45%
Final exam	40%

Students must pass the final exam with 50% or higher to pass the course.

Course Topics

1. Country Differences In Political Economy

- Political systems
 - Collectivism and individualism
 - Democracy and totalitarianism
- Economic systems
 - Market economy
 - Command economy
 - Mixed economy
- Legal systems
 - Different legal systems
 - Differences in contract law
 - Property rights
 - Protection of intellectual property
 - Product safety and product liability
- Determinants of economic development
 - Differences in economic development
 - Broader conceptions of development: Amartya Sen
 - Political economy and economic progress
 - Geography, education, and economic development
- States in transition
 - Spread of democracy
 - New world order
 - Spread of market-based systems
 - Nature of economic transformation
 - Implications

2. Cultural environment

- What is culture?
 - Values and norms
 - Culture, society, and the nation-state
 - Determinants of culture
- Social structure
 - Individuals and groups

- Social stratification
- Religious and ethical systems
 - Christianity
 - Islam
 - Hinduism
 - Buddhism
 - Confucianism
- Language
 - Spoken language
 - Unspoken language
- Education
- Culture and the workplace

3. Ethics In International Business

- Ethical issues in international business
 - Ethics as effected by the “technological environments”
 - Employment practices
 - Human resources
 - Environmental pollution
 - Corruption
 - Moral obligations
- Ethical dilemmas
- Roots of unethical behaviour
- Philosophical approaches to ethics
 - Straw men
 - Utilitarian and Kantian ethics
 - Rights theories
 - Justice theories
- Ethical decision making
 - Hiring and promotion
 - Organization culture and leadership
 - Decision making processes
 - Ethics officers
 - Moral courage

4. International Trade Theories

- Overview of trade theory
 - Benefits of trade
 - Pattern of international trade
 - Trade theory and government policy
- Mercantilism
- Absolute advantage
- Comparative advantage
 - Gains from trade
 - Qualifications and assumptions
 - Trade and simple extensions of the Ricardian model
- Heckscher-Ohlin theory

- Leontief Paradox
- Product life cycle theory
 - Evaluating the product life cycle theory
- New trade theory
 - Aerospace example
 - Implications
- National competitive advantage: Porter's diamond
 - Factor endowments
 - Demand conditions
 - Related and supporting industries
 - Firm strategy, structure, rivalry
 - Evaluating Porter's theory

5. Political Economy Of International Trade

- Instruments of trade policy
 - Tariffs
 - Subsidies
 - Import quotas and voluntary export restraints
 - Local content requirements
 - Administrative policies
 - Antidumping policies
- Case for government intervention
 - Political arguments for intervention
 - Economic arguments for intervention
- Revised case for free trade
 - Retaliation and trade war
 - Domestic politics
- Development of the world trading system
 - From Smith to the Great Depression
 - 1947-1979: GATT, trade liberalization, and economic growth
 - 1980-1993: disturbing trends
 - Uruguay Round and the World Trade Organization
 - Future of the WTO: unresolved issues and the Doha round

6. Foreign Direct Investment

- Foreign direct investment in the world economy
 - Growth of FDI
 - Form of FDI: acquisitions versus green-field investments
 - Canada's case
- Theory of foreign direct investment
 - Why foreign direct investment?
 - Pattern of foreign direct investment
 - Eclectic paradigm
- Political ideology and foreign direct investment
 - Radical view
 - Free market view
 - Pragmatic nationalism

- Shifting ideology
- Costs and benefits of FDI to the nation-state
 - Host country effects: benefits
 - Host country effects: costs
 - Home country effects: benefits
 - Home country effects: costs
 - International trade theory and foreign direct investment
- Government policy instruments and FDI
 - Home country policies
 - Host country policies
 - International institutions and the liberalization of FDI

7. Regional Economic Integration

- Levels of economic integration
- Case for regional integration
 - Economic case for integration
 - Political case for integration
 - Impediments to integration
- Case against regional integration
- Regional economic integration in Europe
 - Evolution of the European Union
 - Political structure of the European Union
 - Single European Act
 - Establishment of the euro
 - Fortress Europe?
- Regional economic integration in the Americas
 - North American Free Trade Agreement
 - Andean Pact
 - Mercosur
 - Central American Common Market and Caricom
 - Free Trade Area of the Americas
- Regional economic integration elsewhere
 - Association of Southeast Asian Nations
 - Asia-Pacific Economic Cooperation

8. Foreign Exchange Market

- Functions of the foreign exchange market
 - Currency conversion
 - World and the Canadian dollar
 - Insuring against foreign exchange risk
- Nature of the foreign exchange market
- Economic theories of exchange rate determination
 - Prices and exchange rates
 - Interest rates and exchange rates
 - Investor psychology and bandwagon effects
- Exchange rate forecasting
 - Efficient market school

- Inefficient market school
- Approaches to forecasting
- Currency convertibility
 - Convertibility and government policy
 - Countertrade

9. Global Monetary System

- Gold standard
 - Mechanics of the gold standard
 - Strength of the gold standard
 - Period between the wars, 1918-39
- Bretton Woods System
 - Role of the IMF
 - Role of the World Bank
- Collapse of the fixed exchange rate system
- Floating exchange rate regime
 - Jamaica Agreement
 - Exchange rates since 1973
- Fixed versus floating exchange rates
 - Case for floating exchange rates
 - Case for fixed exchange rates
 - Who is right?
- Exchange rate regimes in practice
 - Pegged exchange rates
 - Currency boards
- Crisis management by the IMF
 - Financial crisis in the Post Bretton Woods era
 - Third world debt crisis
 - Mexican currency crisis of 1995
 - Russian ruble crisis
 - Asian crisis
 - Evaluating the IMF's policy prescriptions

10. Global Strategy

- Strategy and the firm
 - Value creation
 - Firm as a value chain
 - Role of strategy
- Profiting from global expansion
 - Location economies
 - Experience effects
 - Leveraging core competencies
- Pressures for cost reductions and local responsiveness
 - Pressures for cost reductions
 - Pressures for local responsiveness
- Strategic choice
 - International strategy

- Multi-domestic strategy
- Global strategy
- Transnational strategy
- Strategic alliances
 - Advantages of strategic alliances
 - Disadvantages of strategic alliances
- Making alliances work
 - Partner selection
 - Alliance structure
 - Managing the alliance
- Basic entry decisions
 - Which foreign markets?
 - Timing of entry
 - Scale of entry and strategic commitments
 - Evaluating the level of risk
- Entry modes
 - Exporting
 - Turnkey projects
 - Licensing
 - Franchising
 - Joint ventures
 - Wholly-owned subsidiaries
- Selecting an entry mode
 - Core competencies and entry mode
 - Pressures for cost reduction and entry mode
- Establishing a wholly owned subsidiary: green-field venture or acquisition?
 - Pros and cons of acquisitions
 - Pros and cons of green-field ventures

11. Global Marketing and R&D

- Globalization of markets and brands
- Market segmentation
- Product attributes
 - Cultural differences
 - Economic differences
 - Product and technical standards
- Distribution strategy
 - Typical distribution system
 - Differences between countries
 - Choosing a distribution strategy
- Communication strategy
 - Barriers to international communication
 - Push versus pull strategies
 - Global advertising
- Pricing strategy
 - Price discrimination
 - Strategic pricing

- Configuring the marketing mix
- New product development
 - Location of R&D
 - Integrating R&D, marketing, and production
 - Cross-functional teams

12. Global Human Resource Management

- Strategic role of international HRM
- Staffing policy
 - Types of staffing policy
 - Expatriate managers
- Training and management development
 - Training for expatriate managers
 - Repatriation of expatriates
 - Management development and strategy
- Performance appraisal
 - Performance appraisal problems
 - Guidelines for performance appraisal
- Compensation
 - National differences in compensation
 - Expatriate pay

Methods for Prior Learning Assessment and Recognition

Students can apply for PLAR in any course but it cannot be used to meet the program residency requirement.

Attendance Requirements – Include if different from TRU Policy

As per TRU policy.

Special Course Activities – Optional

Use of Technology – Optional