ECON 300-01 International Trade and Business Environment

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Course Description

This course is an introduction to ‘International Business,’ that is, a firm which engages in international trade or investment. To effectively manage an international business, it is imperative to have an appreciation of the cultural, political, economic, and legal differences between countries. This course will introduce you to various theories of international trade and investment. We will examine how and why governments use policy instruments to enhance or restrict trade, and the emergence of modern international trading systems. We will also discuss the motivation for Foreign Direct Investment, and the movement towards regional economic integration. We will explore foreign exchange rate markets, institutional arrangements that countries adopt to govern exchange rates, and the role of global capital markets. Finally, we will discuss the organizational structure and strategies of international business, and the management of various functional operations within an international business, specifically, production, marketing, human relations, finance, and accounting.

Required Text

**Reading Supplement**

One objective of this course is that you should be able to evaluate current economic events using the concepts discussed in class. There are several publications that provide an excellent source of current economic events. During the course of the semester, I will discuss relevant articles from *The Economist* to complement the material covered in the text.

**Grading Policy**

The final grade will be determined on the basis of several assignments (in-class or homework), two mid-term exams, a final exam, and a term paper. Unexcused absences from exams or assigned in-class problems will result in a grade of zero. Assigned homework problems will not be accepted past the due date. Make-up exams will be offered only if pre-arranged with me or under extraordinary (verifiable) circumstances whereby alternative arrangements cannot be made in advance. The dates for the mid-term exams and the final exam as well as a list of the reading assignments appears in the ‘Reading Schedule’ section below. The following weights will be applied to each category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Problem Sets</td>
<td>20%</td>
</tr>
<tr>
<td>Exam 1</td>
<td>12.5%</td>
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<tr>
<td>Exam 2</td>
<td>12.5%</td>
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<tr>
<td>Exam 3</td>
<td>12.5%</td>
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<tr>
<td>Exam 4</td>
<td>12.5%</td>
</tr>
<tr>
<td>Final Exam</td>
<td>20%</td>
</tr>
<tr>
<td>Term Paper</td>
<td>10%</td>
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</tbody>
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The cumulative final letter grade will be based on the following scale:

- A ≥ 93%
- 93% > A- ≥ 90%
- 90% > B+ ≥ 87%
- 87% > B ≥ 83%
- 83% > B- ≥ 80%
- 80% > C+ ≥ 77%
- 77% > C ≥ 73%
- 73% > C- ≥ 70%
- 70% > D+ ≥ 67%
- 67% > D ≥ 63%
- 63% > D- ≥ 60%
- 60% > F
We will cover most of the material in the assigned textbook. I have included the complete reading list at the end of the syllabus. The weekly assignments will be provided in class.

The term paper is a requirement for successful completion of the course. The term paper should be modeled as a case study for an international business, see the assigned text for some examples. The case study should weave a narrative around: the company’s (historical) background and context within which it does business; the company’s products and services; the company’s core competency relative to its products/services; how the company internationalized its operations; the company’s strategies for specific products/services; the company’s choice of entry modes for specific countries/regions; the company’s organization of their operations, etc. The case study should be four to five pages (double spaced). You need to provide details on references used to write your case study. The final version of your term paper is due on April 26, 2013. Your term paper submission will not be accepted if it is turned in after the due date, and failure to submit the paper by the due date will result in a grade of zero for the term paper. Any evidence of plagiarism will lead to a grade of zero for the entire course.

You are welcome to send me emails, my email address is sen@xavier.edu. Kindly include your full name and course number in all correspondence. I would be happy to see you in person during the assigned office hours or by appointment. If you have difficulty or concerns with this course, you may contact Professor David Yi (Phone: 745-2933, Email: yid@xavier.edu, Office: 329 Smith Hall), Chair, Department of Economics, Williams College of Business.

WCB Mission Statement

“We educate students of business, enabling them to improve organizations and society, consistent with the Jesuit tradition.”

WCB Learning Goals

The learning goals and objectives for the Williams College of Business courses can be obtained from the following website: http://www.xavier.edu/williams/about/Learning-Goals-for-UG-and-MBA-Students.cfm.
Reading Schedule

**Week 1**: January 12, 14, 16
   Discuss Syllabus
   Chapter 1: Globalization

**Week 2**: January 19, 21, 23
   **January 19 - No Class**, Martin Luther King Day
   Chapter 12: The Strategy of International Business

**Week 3**: January 26, 28, 30
   Chapter 2: National Differences in Political Economy
   Chapter 3: Differences in Culture

**Week 4**: February 2, 4, 6
   Chapter 5: International Trade Theory
   **February 6 - Exam 1**

**Week 5**: February 9, 11, 13
   Chapter 5: International Trade Theory (continued)
   Chapter 15: Exporting, Importing, and Countertrade

**Week 6**: February 16, 18, 20
   Chapter 6: The Political Economy of International Trade
   **February 20 - Exam 2**

**Week 7**: February 23, 25, 27
   Chapter 6: The Political Economy of International Trade (continued)

**Week 8**: March 2, 4, 6
   **No Classes**, Spring Break

**Week 9**: March 9, 11, 13
   Chapter 6: The Political Economy of International Trade (continued)
Week 10: March 16, 18, 20
Chapter 7: Foreign Direct Investment
March 20 - Exam 3

Week 11: March 23, 25, 27
Chapter 7: Foreign Direct Investment (continued)

Week 12: March 30, April 1, 3
Chapter 14: Entry Strategy and Strategic Alliances
April 3 - No Class, Easter Break

Week 13: April 6, 8, 10
April 6 - No Class, Easter Break
Chapter 16: Global Production, Outsourcing, and Logistics (continued)
April 10 - Exam 4

Week 14: April 13, 15, 17
Chapter 9: The Foreign Exchange Market

Week 15: April 20, 22, 24
Chapter 9: The Foreign Exchange Market (continued)
Chapter 10: The International Monetary System
Chapter 11: The Global Capital Market

Week 16: April 27, 29, May 1
Chapter 8: Regional Economic Integration
May 1 - Term Paper due
Concluding Comments, and Review for Final Exam

Week 17: May 8
Final Exam, 12:00pm-1:50pm