2015

ECON 300-02 International Trade & 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>
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</thead>
<tbody>
<tr>
<td>Problem Sets</td>
<td>20%</td>
</tr>
<tr>
<td>Exam 1</td>
<td>14%</td>
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<tr>
<td>Exam 2</td>
<td>14%</td>
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<tr>
<td>Exam 3</td>
<td>14%</td>
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<tr>
<td>Exam 4</td>
<td>14%</td>
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<tr>
<td>Final Exam</td>
<td>14%</td>
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<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:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>A</td>
<td>≥ 93%</td>
</tr>
<tr>
<td>A-</td>
<td>&gt; 93% ≥ 90%</td>
</tr>
<tr>
<td>B+</td>
<td>&gt; 90% ≥ 87%</td>
</tr>
<tr>
<td>B</td>
<td>&gt; 87% ≥ 83%</td>
</tr>
<tr>
<td>B-</td>
<td>&gt; 83% ≥ 80%</td>
</tr>
<tr>
<td>C+</td>
<td>&gt; 80% ≥ 77%</td>
</tr>
<tr>
<td>C</td>
<td>&gt; 77% ≥ 73%</td>
</tr>
<tr>
<td>C-</td>
<td>&gt; 73% ≥ 70%</td>
</tr>
<tr>
<td>D+</td>
<td>&gt; 70% ≥ 67%</td>
</tr>
<tr>
<td>D</td>
<td>&gt; 67% ≥ 63%</td>
</tr>
<tr>
<td>D-</td>
<td>&gt; 63% ≥ 60%</td>
</tr>
<tr>
<td>F</td>
<td>&gt; 60%</td>
</tr>
</tbody>
</table>
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 December 11, 2015. 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](http://www.xavier.edu/williams/about/Learning-Goals-for-UG-and-MBA-Students.cfm).
Reading Schedule

**Week 1**: August 24, 26, 28
Discuss Syllabus
Chapter 1: Globalization

**Week 2**: August 31, September 2, 4
Chapter 12: The Strategy of International Business
Chapter 2: National Differences in Political Economy

**Week 3**: September 7, 9, 11
- **September 7 - No Class**, Labour Day
Chapter 2: National Differences in Political Economy (continued)
Chapter 3: Differences in Culture

**Week 4**: September 14, 16, 18
Chapter 5: International Trade Theory
**September 18 - Exam 1**

**Week 5**: September 21, 23, 25
Chapter 5: International Trade Theory (continued)
Chapter 15: Exporting, Importing, and Countertrade

**Week 6**: September 28, 30, October 2
Chapter 6: The Political Economy of International Trade

**Week 7**: October 5, 7, 9
Chapter 6: The Political Economy of International Trade (continued)
**October 7 - Exam 2**
**October 9 - No Class**, Fall Break

**Week 8**: October 12, 14, 16
Chapter 6: The Political Economy of International Trade (continued)
**Week 9**: October 19, 21, 23
   Chapter 7: Foreign Direct Investment (continued)

**Week 10**: October 26, 28, 30
   Chapter 7: Foreign Direct Investment (continued)
   **October 30 - Exam 3**

**Week 11**: November 2, 4, 6
   Chapter 14: Entry Strategy and Strategic Alliances
   Chapter 16: Global Production, Outsourcing, and Logistics

**Week 12**: November 9, 11, 13
   Chapter 9: The Foreign Exchange Market

**Week 13**: November 16, 18, 20
   Chapter 9: The Foreign Exchange Market (continued)
   **November 20 - Exam 4**

**Week 14**: November 23, 25, 27
   Chapter 10: The International Monetary System
   **November 25, 27 - No Classes**, Thanksgiving Break

**Week 15**: November 30, December 2, 4
   Chapter 10: The International Monetary System (continued)
   Chapter 11: The Global Capital Market

**Week 16**: December 7, 9, 11
   Chapter 8: Regional Economic Integration
   **December 11 - Term Paper due**
   Concluding Comments, and Review for Final Exam

**Week 17**: December 18
   **Final Exam**, 10:00am-11:50am