

## PART II

# Sample Course Syllabi

## Introduction to International Business

### **Version A (14-week session)**

#### **Introduction**

International business is a multidisciplinary and dynamic field of study that exposes students to the intricacies of managing businesses across national borders in a fast-paced dynamic environment.

#### **Course Objectives**

The basic objectives of this introductory course are to familiarize students with inner workings of a business that has multiple operations in several countries. Specifically, the course offers to provide the students with an understanding of the following:

- The growth in international business operations and the reasons for such growth.
- The complexities and challenges facing international businesses as they wade through the myriad environmental variables.
- How to measure market potential and determine business risks in entering foreign markets.
- To learn the terminology and theories of international business.
- The choices available for companies to enter a foreign market.
- The issues in developing a comprehensive strategy for international operations.
- The importance of coordinating the various functional strategies to be successful in overseas markets.

- Issues and problems that are faced in implementing the selected strategic alternatives.
- The role of ethics in international business environment.
- The role of international agencies such as the United Nations, the World Bank, International Monetary Fund and the World Trade Organization.
- To understand how aspects of social responsibility, ethical behavior, and diversity impact on international business operations.

## **Description of Course**

Course applies a cross-functional integrative approach to analyzing, formulating and implementing organizational strategy for different sizes and types of organizations in an international/global setting. Through a thorough understanding of the environmental variables such as a country's economy, political system, regulatory environment, cultural context, and technological factors, the course offers insights into developing alternative strategies for entry into foreign markets and provides inputs for developing comprehensive functional strategies for successful entry into foreign markets.

## **Prerequisites of Course**

A combination of functional core courses is useful in maximizing the learning of an introductory course in international business.

## **Required Text**

1. James P. Neelankavil, and Anoop Rai, *Basics of International Business (BOIB)* (Armonk, NY: M.E. Sharpe, 2009).
2. Articles from the business press such as the *New York Times*, *Wall Street Journal*, *Financial Times*, *Economist*, *Forbes*, *Fortune*, and *Business Week* has excellent coverage of world business affairs and, hence, reading these papers and magazines is very useful, and therefore encouraged and expected.

## Grading

For an introductory course such as this it is useful to have multiple tests during the course of the semester or term to ensure that the students understand the basic concepts and know the terminology.

A suggested breakdown of assignments and tests would be as follows (of course, each instructor should have their own breakdown based on their judgment, experience, and student level and develop a grading scheme.

Exam/test 1 (one fourth of the course work)	20%
Exam/test 2 (second fourth of the course work)	20%
Final exam (Last half of the course work)	40%
A practical project*	10%
Home work assignments**	10%
Total	100%

\*For example, students could be asked to compare cultures of two countries or have them conduct a risk analysis (risks from an economic, political, cultural and such) of two potential countries for entry into one of them.

\*\*Homework assignments may include answering questions at the end of chapter, obtaining all pertinent information on a country, or writing on a current topic of interest to international business community (like the “credit crisis of 2008”).

## SCHEDULE AND ASSIGNED CLASS READINGS

### Week 1—Introduction and Overview of International Business

What are the reasons for the rapid growth in international business? Development of international markets has forced companies to rethink their strategic approach. Globalization has meant a stronger interdependence of the functional areas of business.

## **Discussion of Class Assignments**

### **Required and Suggested Readings**

1. Neelankavil and Rai, *BOIB*, Chapter 1.
2. Levitt, Theodore E., “The Globalization of Markets,” *Harvard Business Review*, (May/June 1983), 92–102.
3. Marber, Paul, “Globalization and Its Contents,” *World Policy Journal* (Winter 2004/05), 29–30, 33–37.
4. Norback, Pehr-Johan and Lars Persson, “Globalization and Profitability of Cross-border Mergers and Acquisitions,” *Economic Theory*, 35 (2) (2008), 241–266.
5. Epstein, Keith and Judith Crown, “Globalization Bites Boeing,” *Business Week* (March 24, 2008), 32.
6. Cherkasky, Michael, “New Realities of Globalization,” *Chief Executive* (January 2002), C10–C12.
7. Bush, Jason, “The Kremlin’s Big Squeeze,” *Business Week* (April 30, 2007), 42–43.
8. “Teaching International Business: What Constitutes the Field of Study?” *Academy of Management Proceedings*, 2003, C1–C7.
9. Pyung E. Hun, “The International Dimensions of Functional Business Courses,” *American Business Review*, 22, (1) (2004), 56.

### **Useful Websites**

<http://www.wto.org/>

<http://www.worldbank.org>

<http://www.imf.org>

## **Week 2—Ethical Considerations in International Business; International Business Corruption**

It is becoming more and more clear that international executives have to behave ethically and be role models to the rest of the world as well as set standards in behavior. At the same time, these executives have to solve the growing problem of international business corruption that is endemic since they are a part of this problem.

### **Required and Suggested Readings**

1. Neelankavil and Rai, *BOIB*, Chapter 1
2. Thomas Donaldson, *The Ethics of International Business* (Oxford: Oxford University Press, 1989).

### **Week 3—Understanding the International Environment—Culture**

The international environment is dynamic and complex and each element or factor within the environment exerts influence on the operations of international businesses.

### **Required and Suggested Readings**

1. Neelankavil and Rai, *BOIB*, Chapter 2.
2. Smith, Geri, “A Love-hate relationship with Chavez,” *Business Week* (June 25, 2007), 42–46.
3. Mathur, Anil, Yong Zhang, and James Neelankavil, “Critical Managerial Motivational Factors: A Cross-Cultural Analysis of Four Culturally Divergent Countries,” *International Journal of Cross-Cultural Management*, 1 (2) (2001), 187–203.
4. Hong, Jacky F.L., and Robins S. Snell, “Power Inequality in Cross-cultural Learning: The Case of Japanese Transplants in China,” *Asia Pacific Business Review*, 14 (2) (2008), 253–273.
5. Hofstede, Geert, “National Cultures in Four Dimensions,” *International Studies of Management Organization* (Spring-Summer1983), 46–74.
6. Stanganelli, Marialuce, “A New Pattern of Risk Management: The Hyogo Framework for Action and Italian Practice,” *Socio-Economic Planning Sciences*, 42 (2) (2008), 92–111.

7. Sanico, Grace F., and Makoto Kakinaka, "Terrorism and Deterrence Policy with Transnational Support," *Defense and Peace Economics*, 19 (20) (2008), 153–167.

### Useful Websites

<http://www.geert-hofstede.com/>

<http://www.socialpsychology.org/cultural.htm>

<http://www.ac.wvu.edu/~culture/readings.htm>

## Week 4—Understanding the Economic, Political, Legal and Competitive Environment

The economic factors and the political stability are two critical environmental variables that are used by companies to ascertain risks in entering a foreign country. The competitive and legal environment interferes with a company's overall business strategy.

### Required and Suggested Readings

1. Neelankavil and Rai, *BOIB*, Chapter 3 and 4.
2. Ozawa, Terutomo, and Sergio Castello, "Toward an 'International Business' Paradigm of Endogenous Growth: Multinationals and Governments as Co-Endogenisers," *International Journal of the Economics of Business*, 8 (2) (2001), 211–29.
3. Stoltenberg, Clude D., "Law, Regulation and International Business," *American Business Law Journal*, 40 (3) (2003), 445–458.
4. Country Watch, <http://www.countrywatch.com.ezproxy.hofstra.edu/>.
5. Aaronson, Susan Ariel, "Courting International Business," *International Economy*, 17 (2) (2003), 63–65.
6. Camp, Robert C., "International Business and Global Terrorism," *International Journal of Commerce and Management*, 11 (3/4) (2001), 1–6.

### Useful Websites

<http://www.weforum.org/site/knowledgenavigator.nsf/Content/KB+Country+Profiles>  
<http://econ.worldbank.org/>  
<http://www.transparency.org/>  
<http://www.imf.org/>  
<http://www.msuglobalaccess.net/>  
<http://www.internationalaffairs.com/>  
<http://www.gdnet.org/>  
<http://www.devdir.org/>  
<http://www.countrywatch.com/>  
<http://lcweb2.loc.gov/frd/cs/>  
<http://www.carleton.ca/cifp/index.htm>  
<http://www.odci.gov/cia/publications/factbook/index.html>

## **Week 5—International Trade and Foreign Direct Investments**

Free trade and flow of foreign direct investments is essential to the economic growth of countries that is struggling and has fallen behind the industrialized countries

### **Required and Suggested Readings**

1. Neelankavil and Rai, *BOIB*, Chapter 5.
2. Faulkner, David and Susan Segal-Horn, “The Economics of International Comparative Advantage in the Modern World,” *European Business Journal*, 16 (1) (2004), 20–32.
3. Jones, R.W., “Trade Theory and Factor Intensities: An Interpretive Essay,” *Review of International Economics*, 10 (4) (2002), 581–604.
4. Choi, J and E.S.H. Yu, “External Economies in International Trade Theory: A Survey,” *Review of International Economics*, 10 (4) (2002), 708–729.
5. “Foreign Direct Investment Reached New Record in 2007.” United Nations Conference on Trade and Development Press Release, January 8, 2008, [www.unctad.org](http://www.unctad.org).

## Useful Websites

<http://econ.worldbank.org/>

<http://www.imf.org/>

<http://www.msuglobalaccess.net/>

<http://www.internationalaffairs.com/>

<http://www.gdnet.org/>

<http://www.devdir.org/>

<http://lcweb2.loc.gov/frd/cs/>

<http://www.carleton.ca/cifp/index.htm?>

<http://www.unctad.org/Templates/Page.asp?intItemID=1923&lang=1>

## Week 6—Entry Strategy

A key decision for international executives is the choice of entry into a foreign country. Among the various entry strategies available, these executives have to make choice based on maximizing returns and balancing the risk and control aspects of their operations.

### Required and Suggested Readings

1. Neelankavil and Rai, *BOIB*, Chapter 6.
2. Lei, D., and J.W. Slocum Jr., “Global Strategic Alliances: Payoffs and Pitfalls,” *Organizational Dynamics*, 19 (3) (Winter 1991), 44–62.
3. Engardio, Peter, “A New World Economy: The Balance of Power will Shift to the East as China and India Evolve,” *Business Week* (August 22, 2005), 52–58.
4. Otto, Peter, “A System Dynamics Model as a Decision Aid in Evaluating and Communicating Complex Market Entry Strategies,” *Journal of Business Research*, 61 (11) (2008), 1173–1181.
5. Estrin, Saul, Klaus E. Meyer, Mike Wright, and Francesca Foliano, “Export Propensity and Intensity of Subsidiaries in Emerging Economies,” *International Business Review*, 17 (5) (2008), 574–586.



6. Mário Henrique Ogasavara and Hoshino Yasuo, “The Effects of Entry Strategy and Inter-Firm Trust on the Survival of Japanese Manufacturing Subsidiaries in Brazil,” *Journal of Asian Business and Management*, 7 (3) (2008), 353–380.

### Useful Websites

<http://www.exim.gov/>

<http://www.fita.org/>

<http://trade.swissinfo.net/>

<http://www.importexporthelp.com/>

<http://www.imex.com/>

## Week 7—Strategic Functional Coordination

Corporate strategies can be considered as a confluence of functional strategies in managing global companies. The goal is to attain synergy through integration of various strategies. Implementing coordinated functional strategies provides synergy and operational efficiency.

### Required and Suggested Readings

1. Neelankavil and Rai, *BOIB*, Chapter 7.
2. Mirchandani, Dinesh A., and Albert L. Leberer, “The Impact of Autonomy on Information Systems Planning Effectiveness,” *Omega*, 36 (5) (2008), 789–807.
3. Im, Subin, and Cheryl Nakata, “Crafting an Environment to Faster Integration in New Product Teams,” *International Journal of Marketing*, 25 (3) (2008), 164–172.
4. Ge, Gloria L., and Daniel Z Ding, “A Strategic Analysis of Surging Chinese Manufacturers: The Case of Galanz,” *Asia Pacific Journal of Management*, 25 (4) (2008), 667–683.

## Week 8—Global Production and Operations Management

Production and operations management deal with issues of input and output. At the same time due to differences in technological capabilities among countries, processing and assembly operations vary from country to country.

### **Required and Suggested Readings**

1. Neelankavil and Rai, *BOIB*, Chapter 8.
2. Walther, Grit, Thomas Spengler, and Dolores Querugia, (2008), “Facility Location Planning for Treatment of Large Household Appliances in Spain,” *International Journal of International of Environmental Technology & Management*, 8 (4), pp. 405–425.
3. Villegas, F., and J. Ouenniche, “A General Unconstrained Model for Transfer Pricing in Multinational Supply Chains,” *European Journal of Operations Research*, 187 (30) (2008), 829–856.
4. Roy, R, P. Souchoroukov, and T. Griggs, “Function-based Cost Estimating,” *International Production Research*, 46 (10) (2008), 2621–2650.
5. Armburst, Roger, “Unions Forming Global Contracts,” *Back Stage* (February 22–28, 2002), 1, 28.
6. Einhorn, Bruce, “A Juggernaut in Electronics,” *Business Week* (June 18, 2007), 46

### **Useful Websites**

<http://www.global-production.com/>  
<http://www.art.man.ac.uk/Geog/gpn/>  
<http://www.ilo.org/public/english/bureau/inst/papers/confrnce/gps.htm>  
<http://www.mckinsey.com/knowledge/mgi/rp/offshoring/>  
[http://www.epinet.org/search.cfm,](http://www.epinet.org/search.cfm)

## **Week 9—Global Outsourcing and Off-shoring**

Due to differences in wages and salaries among countries, international companies use these differences to outsource some functional elements to countries with lower cost of labor.

## Required and Suggested Readings

1. Neelankavil and Rai, *BOIB*, Chapter 9.
2. Bengtsson, Lars, and Christian Berggren, “The Integrators New Advantage—The Reassessment of Outsourcing and Production Competence in a Global Telecom Firm,” *European Management Journal*, 26 (5) (2008), 314–324.
3. Kuruvilla, Sarosh, and Aruna Ranganathan, “Economic Development Strategies and Macro-and Micro Level Human Resources Policies: The Case of India’s Outsourcing Industry,” *Industrial and Labor Relations Review*, 62 (1) (2008), 39–72.
4. Nath, Dhruv, Sridhar Varadharajan, and Monica Adya, “Project Quality of Off-Shore Virtual Teams Engaged in Software Requirements Analysis: An Exploratory Comparative Study,” *Journal of Global Information Management*, 16 (4) (2008), 24–45.

## Useful Websites

<http://www.networkworld.com>

<http://www.federalreserve.gov/boarddocs>

## Week 10—Foreign Exchange Market

Foreign exchange is the lynchpin in international financial decisions. Without a stable foreign exchange market, companies would find it difficult to operate in global markets.

## Required and Suggested Readings

1. Neelankavil and Rai, *BOIB*, Chapter 10.
2. Frommel, Michael, Alexander Mende, and Lukas Menkhoff, “Order Flows, News, and Exchange Rate Volatility,” *Journal of International Money and Finance*, 27 (6) (2008), 994–1012.
3. “US Dollar Risks,” *Emerging Markets Monitor*, 14 (25), (September 29, 2008), 5.

4. Lauricella, Tom, Liz Rappaport, Joanne Slater, and Justin Lahart, “Doubts on Rescue Plan Spur Fall in Dollar, Leap for Oil,” *Wall Street Journal—Eastern Edition*, 252 (71) (September 23, 2008), A1–A2.

### Useful Websites

<http://www.bis.org>

<http://www.bankofengland.co.uk>

## Week 11—International Marketing

In international marketing, one of the critical areas is understanding the consumers. International companies have to recognize the differences among consumers and their consumption patterns and their implications to standardization of marketing strategies.

### Required and Suggested Readings

1. Neelankavil and Rai, *BOIB*, Chapter 11.
2. Lynch, J., and L. Whicker, “Do Logistics and Marketing Understand each Other? An Empirical Investigation of the Interface Activities between Logistics and Marketing,” *International Journal of Logistics*, 11 (3) (2008), 167–178.
3. Helm R., M. Steiner, L. Scholl, and L. Manthey, “A Comparative Empirical Study on Common Methods for Measuring Preferences,” *International Journal of Management Decision Making*, 9 (3) (2008), 242–265.
4. Zentes, Joachim, Dirk Morschett, and Hanna Schramm-Klein, “Brand Personality of Retailers-An Analysis of its Applicability and its Effects on Store Loyalty,” *International Review of Retail, Distribution and Consumer Research*, 18 (2) (2008), 167–184.
5. Bao, Yeqing, Alan Shao T., and Drew Rivers, “Creating New Brand Names: Effects of Relevance, Connotation, and Pronunciation,” *Journal of Advertising Research*, 48 (1) (2008), 148–162.

6. Edmondson, Gail, and Jennifer L. Schenker, “Where the VCs Are Flocking Now,” *Business Week* (June 11, 2007), 40–41.

### Useful Websites

<http://www.competitivealternatives.com/>

<http://www.iasb.org/>

<http://www.unctad.org/Templates/Page.asp?intItemID=1465>

<http://www.accountancyage.com/Specials/1134711>

<http://www.taxsites.com/international2.html>

<http://www.fasb.org/intl/>

<http://www.investopedia.com/>

<http://www.investopedia.com/articles/04/071404.asp>

<http://www.iif.com/>

<http://www.federalreserve.gov/pubs/ifdp/>

<http://www.bnet.fordham.edu/CRIF/Pages/Index2.html>

## Week 12—International Human Resources and Organizational Structures

International human resources function deals with personnel related issues including recruiting, training and development, and expatriate assignments. Organizational structures are used to manage the far-flung operations of an international company.

### Required and Suggested Readings

1. Neelankavil and Rai, *BOIB*, Chapter 12.
2. “Rising Stars: Next Generation Global Leaders,” *Fortune* (May 14, 2001), 140–164.
3. Barsoux, J.L., and P. Lawrence, “The Making of a French Manager,” *Harvard Business Review* (July/August 1991), 58–67.

3. Hofstede, Gert, "Motivation, Leadership and Organization: Do American Theories Apply Abroad?" *Organizational Dynamics* (Summer 1980), 42–63.
4. Larson, Erik W., and David H. Gobeli, "Matrix Management: Contradictions and Insights," *California Management Review* (Summer 1987), 126.
5. Neelankavil, James P., Anil Mathur, and Yong Zhang, "Determinants of Managerial Performance: A Cross-Cultural Comparison of Perceptions of Middle-Level Managers in Four Countries," *Journal of International Business Studies*, 31 (1) (2000), 121–140.
6. Eisenhardt, Kathleen M., "How Strategy Changed," *Sloan Management Review* (Winter 2002), 88–91.
7. Smith, Geri, (2007), "Beating the Oil Curse," *Business Week*, (June 4), 48–49.
8. Peppas, Spero C, "Making the Most of International Assignments: A Training Model for Non-resident Expatriates," *Journal of American Academy of Business*, (2004), 5 (1/2), 41.

### Useful Websites

<http://www.usdoj.gov/criminal/fraud/fcpa/dojdocb.htm>

<http://www2.gol.com/users/cpwells/Negot.html>

<http://www.mce.be/knowledge/63/24>

<http://www.criminfo.org/v3-masterresults.cfm?pid=1803>

<http://www.strategic-alliances.org/>

<http://www.research.ibm.com/journal/sj/404/parise.html>

[http://www.oilis.oecd.org/oilis/2000doc.nsf/LinkTo/DSTI-DOC\(2000\)5](http://www.oilis.oecd.org/oilis/2000doc.nsf/LinkTo/DSTI-DOC(2000)5)

<http://www.globalcompetitionforum.org/>

## Week 13—International Financial Management

International financial management includes the options available for companies to acquire funds, allocate funds, and manage working capital requirements.

### Required and Suggested Readings

1. Neelankavil and Rai, *BOIB*, Chapter 13.
2. Abugri, Benjamin A., “Empirical Relationship between Microeconomic Volatility and Stock returns: Evidence from Latin America Markets,” *International Review of Financial Analysis*, 17 (2) (2008), 396–410.
3. Liao, En-Ai, and Chia-Hung Teng, “The Effects of Monetary Policy: A DSGE model Analysis of Taiwan,” *Applied Economics*, 40 (8) (2008), 1043–1051.
4. Laan, Gerwin, Hang Tes, and Arjen Witteloostuijn, “Corporate Social Financial Performance: An Extended Stakeholder Theory, and Empirical Test with Accounting Measures,” *Journal of Business Ethics*, 79 (3) (2008), 299–310.
5. “Annual Reports Decoded,” *Fortune* (June 25, 2001), 176.
6. “Ready, Set, Euros!” *Business Week* (July 2, 2001), 48–50.

### Useful Websites

<http://www.investopedia.com/>

<http://www.investopedia.com/articles/04/071404.asp>

<http://www.iif.com/>

<http://www.federalreserve.gov/pubs/ifdp/>

## Week 14—International Accounting

International accounting provides the control of the various business activities of a company’s international operations.

### Required and Suggested Readings

1. Neelankavil and Rai, *BOIB*, Chapter 14.
2. Barker, Richard G. “Trend: Global accounting is coming,” *Harvard Business Review*, 81 (4) (2003), 24–25.

3. Brown, Alistar M., “The Milieu of the IASB,” *Journal of American Academy of Business*, 5 (1/2) (2004), 385–391.
4. “Securitization Firms Continue to Challenge Accounting Rules,” *International Financial Law Review*, 23 (7) (2004), 6.
5. d’Arcy, Anne, “Accounting Classification and the International Harmonisation Debate: A Reply to a Comment,” *Accounting, Organizations and Society*, 29 (2) (2004), 201–207.
6. Arora, Harpreet, “Adoption of International Accounting Standards: Ten Commandments for the EU Financial Services Sector,” *Journal of International Banking Regulation*, 5 (2) (2003), 179–190.

### Useful Websites

<http://www.competitivealternatives.com/>

<http://www.iasb.org/>, <http://www.fasb.org/intl/>

<http://www.unctad.org/Templates/Page.asp?intItemID=1465>

<http://www.accountancyage.com/Specials/1134711>

<http://www.taxsites.com/international2.html>



**Version B**  
**(7 Modules—23 to 25 hours)**

**Introduction**

International business is a multidisciplinary and dynamic field of study that exposes students to the intricacies of managing businesses across national borders in a fast-paced dynamic environment.

**Course Objectives**

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- The growth in international business operations and the reasons for such growth.
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- To learn the terminology and theories of international business.
- The choices available for companies to enter a foreign market.
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- The importance of coordinating the various functional strategies to be successful in overseas markets.
- Issues and problems that are faced in implementing the selected strategic alternatives.
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- The role of international agencies such as the United Nations, the World Bank, International Monetary Fund and the World Trade Organization.
- To understand how aspects of social responsibility, ethical behavior, and diversity impact on international business operations.

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## **Grading**

For an introductory course such as this it is useful to have multiple tests during the course of the semester or term to ensure that the students understand the basic concepts and know the terminology.

A suggested breakdown of assignments and tests would be as follows (of course, each instructor should have their own breakdown based on their judgment, experience, and student level and develop a grading scheme.

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\*\*Homework assignments may include answering questions at the end of chapter, obtaining all pertinent information on a country, or writing on a current topic of interest to international business community (like the “credit crisis of 2008”).

## **Module 1—Introduction and Overview**

1 hour

### **Topic Coverage and Its Scope**

- 1.1. International Business—any firm that engages in international trade or investment.
- 1.2. Globalization—is a process or trend toward a more integrated and interdependent world economy. It is the process that companies are more likely to compete anywhere, source their raw material or R&D anywhere, and produce their products anywhere.
- 1.3. Reasons for International Expansions—three major objectives that may induce firms to engage in international business: to expand sales, to acquire resources, and to minimize risk.
- 1.4. Types of International Companies—international companies are identified by various names depending on the extent of their operations. In general terms an international company is any company operating in at least one country; multinational enterprise (MNE)/multinational

corporation (MNC) is a company that operates in many countries and is involved in every type of international operations; transnational company (TNC) a company owned by and managed by national in different countries, TNC is also a term used by the United Nations to refer to and MNE/MNC; and a global company is a company that integrates its operations and has a vast network of operations in many parts of the world.

1.5. Types and Role of International Agencies—World Trade Organization, the United Nations, International Monetary Fund, and the World Bank are significant players or organizations in the global economy.

### **Required and Suggested Readings**

1. Neelankavil and Rai, *BOIB*, Chapter 1
2. Levitt, Theodore E., “The Globalization of Markets,” *Harvard Business Review*, (May/June 1983), 92–102.
3. Marber, Paul, “Globalization and Its Contents,” *World Policy Journal* (Winter 2004/05), 29–30, 33–37.
4. Norback, Pehr-Johan and Lars Persson, “Globalization and Profitability of Cross-border Mergers and Acquisitions,” *Economic Theory*, 35 (2) (2008), 241–266.

## **Module 2—Ethical Considerations and Business Corruption**

1 hour

### **Topic Coverage and Its Scope**

- 2.1. Business Ethics—is the accepted principles of right or wrong governing the conduct of businesses and the people running them.
- 2.2. Social Responsibility—the idea that businesspeople should consider the social consequences of economic actions when making business decisions, and that there should be a presumption in favor of decisions that have both good economic and social consequences.
- 2.3. International Business Corruption-the illicit and criminal behavior for personal enrichment.

## Required and Suggested Readings

1. Neelankavil and Rai, *BOIB*, Chapter 1
2. Thomas Donaldson, *The Ethics of International Business* (Oxford: Oxford University Press, 1989).

## Module 3—International Business Environment

4 hours

### Topic Coverage and Its Scope

#### 3.1. Culture

- 3.1a. Dimensions/characteristics of culture—are the common features identified by cultural theorists. These include, Hofstede's cultural dimensions, Hall's context dimension, and so on.
- 3.1b. Societal groupings—is a collection of individuals who identify with each other and share common interests, opinions, and or activities.
- 3.1c. Culture influences—the forces that affect communication and interaction patterns between groups and its members.
- 3.1d. Culture shock—is the anxiety that an individual feels when relocating to another culture or country.
- 3.1e. Ethnocentric behavior—is the belief that one's own culture is superior to that of other cultures.

#### 3.2. Political and Legal Environment

- 3.2a. Different political systems—political systems can be characterized as either democratic or totalitarian. Democratic systems have elected officials and are often represented by individuals having the guarantee of various freedoms (speech, media, religion, etc.). Totalitarian systems are characterized by one group or a political group having power over the society and citizenry.

3.2b. Types of legal systems—there are three basic legal systems: common law, civil law, and theocratic law.

### 3.3. Economy

3.3a. Economic variables—Gross Domestic Product (GDP), economic growth rates, inflation, balance of payments, and external debt are some of the key economic variables.

3.3b. Types of economic systems—there are three types of economic systems: market economy, centrally planned economy, and mixed economy.

3.3c. Economic integration—is the removal of all trade barriers and factor mobility between countries to facilitate growth.

### **Required and Suggested Readings**

1. Neelankavil and Rai, *BOIB*, Chapters 2–4.
2. Ozawa, Terutomo, and Sergio Castello, “Toward an ‘International Business’ Paradigm of Endogenous Growth: Multinationals and Governments as Co-Endogenisers,” *International Journal of the Economics of Business*, 8, (2) (2001), 211–29.
3. Stoltenberg, Clude D., “Law, Regulation and International Business,” *American Business Law Journal*, 40 (3) (2003), 445–458.

## **Module 4—Trade Theory, Foreign Direct Investments, and Foreign Exchange**

3 hours

### **Topic Coverage and Scope**

4.1. Reasons for cross-border trade—if countries trade freely, consumers benefit from cheaper goods and services and higher quality goods because of allocation of the most efficient resources and competition.

4.2. Theories of trade—there are many theories of trade including theory of absolute advantage and comparative advantage.

- 4.3. Trade barriers—are restrictions in the form of tariffs and non-tariff barriers that restrict imports through higher prices because of the tariffs.
- 4.4. Foreign direct investments (FDI)—foreign direct investments are flows from overseas companies that enable them to control operations in a foreign country or a company. FDI flows are influenced by opportunities offered by foreign operations.
- 4.5. Foreign exchange market—is the system through which transactions in various currencies takes place.
- 4.6. Exchange rate—an exchange rate is the price of a currency against another currency.

### **Required and Suggested Readings**

1. Neelankavil and Rai, *BOIB*, Chapters 5 and 10.
2. Jones, R.W., “Trade Theory and Factor Intensities: An Interpretive Essay,” *Review of International Economics*, 10 (4) (2002), 581–604.
3. Frommel, Michael, Alexander Mende, and Lukas Menkhoff, “Order flows, news, and exchange rate volatility,” *Journal of International Money and Finance*, 27 (6) (2008), 994–1012.

## **Module 5—Entry Strategies**

3 hours

### **Topic Coverage and Scope**

- 5.1. Country risk analysis—An assessment of the political, economic, and financial risk associated with doing business in a foreign country.
- 5.2. Exports/imports—exports are a form entry in which the company that exports uses foreign intermediaries to distribute their goods
- 5.3. Licensing—is an arrangement whereby a company (licensor) grants the right to an intangible asset such as patents, trademarks, and so on to another company (licensee) for a specified period of time in return for which the licensee receives royalty.
- 5.4. Franchising—is similar to licensing except that it requires a longer commitment. In franchising, the franchiser not only sells intangible property to the franchisee, but also insists that

the franchiser receives a royalty payment that is usually a percentage of the franchisee's revenues.

5.5. Joint ventures—Joint ventures allow companies to own a stake and play a role in the management of a foreign operation. Joint ventures require direct investments. Joint ventures are contractual arrangements and can take form as a minority partner (that is less than 50 percent ownership) to a majority partnership (that is more than 50 percent ownership).

5.6. Wholly Owned Subsidiaries—in a wholly owned subsidiary, the firm owns 100 percent of the overseas operations. Wholly owned subsidiaries can be established in a foreign country in two ways. A firm can set up new operations in the foreign country from the ground up (Greenfield) or it can acquire a firm and promote its products through that firm (acquisition).

5.7. Strategic Alliances—Strategic alliances refer to cooperative agreements between potential or actual competitors and can range from formal joint ventures to short-run contractual agreements. Strategic alliances facilitate entry into foreign markets, allow firms to share the fixed costs of developing new products or processes, permit firms to bring together complementary skills and assets that neither company could easily develop on its own.

### **Required and Suggested Readings**

1. Neelankavil and Rai, *BOIB*, Chapter 6.
2. Otto, Peter, "A System Dynamics Model as a Decision Aid in Evaluating and Communicating Complex Market Entry Strategies," *Journal of Business Research*, 61 (11) (2008), 1173–1181.
3. Mário Henrique Ogasavara and Hoshino Yasuo, "The Effects of Entry Strategy and Inter-Firm Trust on the Survival of Japanese Manufacturing Subsidiaries in Brazil," *Journal of Asian Business and Management*, 7 (3) (2008), 353–380.

## **Module 6—Functional Integration**

1 hour

### **Topic Coverage**



6.1 Functional integration—coordinating activities of the major functions such as marketing, finance, human resource management, production and operations management, and accounting to develop strategic initiatives that provide synergistic effect.

### **Required and Suggested Readings**

1. Neelankavil and Rai, *BOIB*, Chapter 7.
2. Mirchandani, Dinesh A., and Albert L. Leberer, “The Impact of Autonomy on Information Systems Planning Effectiveness,” *Omega*, 36 (5) (2008), 789–807.
3. Im, Subin and Cheryl Nakata, “Crafting an Environment to Faster Integration in New Product Teams,” *International Journal of Marketing*, 25 (3) (2008), 164–172.

## **Module 7—Functional Strategies**

10–12 hours

### **Topic Coverage**

#### 7.1. International Production and Operations Management

7.1a. Factors that affect international production and operations management (POM)—among the many factors that affect international POM functions include cost of labor, cost of materials and supplies, technological factors, cost and availability of utilities, logistics, and supplier network.

7.1b. Quality factors in POM—quality is defined as meeting the expectations of a customer. In POM quality is critical as it could lower costs, reduce waste and make operations more efficient. The most often-practiced quality concepts are Total Quality Management (TQM) and Six Sigma techniques.

7.1c. Outsourcing—is the practice of using outside suppliers to perform functions that are executed more efficiently by the outside firms.

7.1d. Inventory management—is a management function critical to the continuous flow of supplies and goods that minimizes the cost of maintaining a safe volume of stock. In

international business because of distances between suppliers and markets this function takes on an added importance.

7.1e. Economies of scale—is the effect of optimal production capacities that reduces total cost by lowering unit cost as output increases through reduction in fixed costs.

### **Required and Suggested Readings**

1. Neelankavil and Rai, *BOIB*, Chapter 8.
2. Walther, Grit, Thomas Spengler, and Dolores Querugia, “Facility Location Planning for Treatment of Large Household Appliances in Spain,” *International Journal of Environmental Technology and Management*, 8 (4) (2008), 405–425.

### **7.2. International Finance Function**

7.2a. Sourcing of Funds—the funds used to finance new investment projects or increases in working capital can be generated internally from profitable operations or externally by the sale of assets, equity, or borrowing in the capital markets. The firm will seek the lowest cost source of funds available.

7.2b. Evaluating Projects (for investment decisions)—projects are evaluated by estimating the expected cash flow, costs, and risks of the project over its economic life. The net cash flow will often be negative in the early period of the project, but will become positive when the project is fully operational. The net cash flow is compared to a discount rate, which is usually the firm’s cost of capital or its required internal rate of return on investment (its hurdle rate) to determine the net present value of the stream of earnings expected from a given project.

7.2c. Exchange Rate Management—international businesses face foreign exchange risks defined as adverse consequences of unpredictable changes in exchange rates.

7.2d. Tax Considerations—firms conducting international business try to minimize their global tax payments. Achieving this objective is complicated by the fact that tax rates differ greatly between countries. Multinational firms use a variety of techniques to reduce their tax liabilities.

Countries negotiate international tax treaties with each other to create acceptable standards of treatment for the taxation of foreign companies.

## Required and Suggested Readings

1. Neelankavil and Rai, *BOIB*, Chapter 13.
2. Abugri, Benjamin A., “Empirical Relationship between Microeconomic Volatility and Stock returns: Evidence from Latin America Markets,” *International Review of Financial Analysis*, 17 (2) (2008), 396–410.

### 7.3. International Marketing Function

7.3a. Target market selection—target market selection (also known as market segmentation) refers to the selection of a homogeneous segment within a single country, or alternatively across multiple countries.

7.3b. Standardization versus customization—standardization occurs when a marketer has its products/brands follow a similar standard with a similar target market and marketing mix across multiple target countries

7.3c. Product and branding strategy—global product strategy refers to the strategies an organization follows when it focuses on the tailoring of its products/services to local markets (customization), or alternatively when it pursues standardization across diverse countries and cultures. Packaging and the strategies associated with it represent an important aspect of products that often impacts on ease of shipping, storage, and display. Equally important is a recognizable brand name. Global branding strategy occurs when a marketer attempts to either create an image of its products or services specific to a single country (customized), or seeks in contrast to come up with a uniform brand image across multiple countries (standardized).

7.3d. Country-of-origin effect—country of origin effect occurs when products from one country are associated with superior quality of products such as Swiss watches or French wines.

7.3e. International pricing issues—while there is a wide variation in pricing strategies across countries, they tend to fall into two categories: Those oriented towards an adaptation pricing strategy dependent on strength of countries’ currencies and those aimed at a standardized strategy across multiple countries such as that found in product pricing across European countries that rely on the Euro as their currency.

7.3f. International distribution issues—the most relevant issue associated with distribution decisions across the world is the status of a country’s infrastructure.

7.3g. International communication issues—international communication issues, center around mass media related to advertising (e.g., print ads, commercials, websites, and bill boards) and publicity (public relations and newspaper articles about a corporations marketing efforts) as contrasted with the more individual consumer oriented sales promotion (coupons, samples, consumer competitions) and personal selling.

Global promotional content is very much part of the global branding process and substantially differs depending on whether the product strategy is oriented towards either ‘customization’ (or ‘adaptation’) or towards a standardization approach.

### **Required and Suggested Readings**

1. Neelankavil and Rai, *BOIB*, Chapter 11.
2. Lynch, J., and L. Whicker, “Do Logistics and Marketing Understand each Other? An Empirical Investigation of the Interface Activities between Logistics and Marketing,” *International Journal of Logistics*, 11 (3) (2008), 167–178.

### 7.4. International Human Resources Function and Organizational Structures

7.4a. Expatriates versus Local Staff—an expatriate manager is a citizen of one country who is working abroad in one of the firm’s subsidiaries. Local staff b are citizens of the country where the work.

7.4b. Selection of expatriate Staff—since the failure rate among expatriates is very high, it is recommended that the selection of these individuals be undertaken with emphasis on traits such as self confidence (self-orientation), the ability to interact with host-country nationals (other-orientation), the ability to empathize (perceptual ability), and the ability to adjust to a tough foreign posting in uncomfortable cultures (cultural toughness

7.4c. Types of Organizational Structures—organizational structure in the global business environment is a critical element for success. Centralization of decision making, formal design of

structure, and coordination of subunits within the structure serve as three main dimensions of organizational structure.

A multinational firm can adopt one of the four global organizational structures: the international division (function-based), worldwide area structure (area-based), worldwide product divisional structure (product-based), and global matrix structure (area-product combined). When firms expand abroad, they often group all their international activities into an international division. The worldwide product division structure provides a better framework for pursuing location and experience curve economies and transferring core competencies, while a worldwide area structure is strong for local responsiveness with its decentralized decision making authority allowed for each area. Global matrix structure is intended to benefit from the

### **Required and Suggested Readings**

1. Neelankavil and Rai, *BOIB*, Chapter 12.
2. Peppas, Spero C, “Making the Most of International Assignments: A Training Model for Non-resident Expatriates,” *Journal of American Academy of Business*, 5 (1/2) (2004), 41.

### **7.5. International Accounting Function**

7.5a. Diversity in accounting practices—refers to the fact that accounting practices and standards vary significantly across countries. Such diversity is due to many factors, including time-honored traditions, cultural differences, and levels of economic development.

7.5b. Role of the international accounting function—refers to the need of firms to understand and accommodate various accounting practices in different countries in which such firms have business operations.

7.5c. Attempts to standardize accounting rules—refer to the efforts undertaken by the International Accounting Standards Board (IASB, which represents 79 countries) to harmonize accounting standards across countries

### **Required and Suggested Readings**

1. Neelankavil and Rai, *BOIB*, Chapter 14.
2. Barker, Richard G. (2003), “Trend: Global accounting is coming,” *Harvard Business Review*, 81 (4), 24–25.