Introduction to International Business

Lectures: Tues & Thurs, 1:10 – 3:30PM, C230 CHEIT
Discussions: W 10:40am – 1:00pm, C230 CHEIT

Course Description: This is a survey course of selected topics involving international economics, finance, business, and management. The emphasis throughout the course is on the formulation of effective policies and operational methods leading to enhanced global competitiveness.

After completing this course you should be able to:
- List, define, and prioritize the key political, cultural, social, and economic forces and events that define the global competitive environment for a modern multinational firm.
- Develop an entry strategy for selling, distributing, and/or manufacturing a firm’s products in a foreign market.
- Discuss various theories of trade between countries, identifying rationale for why a country’s trade policies are, or are not, in agreement.
- Present arguments for and against the following proposition: “The various international trade agreements and the institutions that support them are the primary reason why world trade has increased so dramatically during the past 25 years.”
- Demonstrate an understanding of the balance of payments accounting procedures by presenting representative double-entries required for illustrative international trade & investment transactions.
- Distinguish the differences in the different models of regionalization (e.g., ASEAN; EU) agreements in terms of how they affect the manner in which a MNC conducts business.

To achieve these goals you must be able to:
- Communicate effectively, both orally and in writing
- Work effectively in groups
- Keep informed of current economic and financial events through daily readings of such publications as the Economist, Wall Street Journal, Financial Times, New York Times (Business Section), and the local newspaper.


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Course Website: http://faculty.haas.berkeley.edu/toffel
Grading: Your grade will be determined on the following basis:

- Exam 1: 30%
- Exam 2: 30
- 2 Case Analyses: 25
- Class participation: 15
- total: 100%

Your class participation grade will be determined on the basis of your attendance at the lectures and discussions, and on your personal involvement in the discussions.

Please note: I do not accept late assignments!

Any instance of academic dishonesty (e.g., plagiarism; cheating on an examination) will result in an automatic failure for the course.

Case Analyses: Each student must prepare a 2-page analysis for each of the assigned cases. I will distribute specific guidelines for your case analysis and the required format for your reports. Your case analysis is due at the beginning of the class on the date assigned.

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Course Schedule and Assignments

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<tr>
<th>Date</th>
<th>Lecture:</th>
<th>Discussion:</th>
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<td>27 May</td>
<td>Global Business and the MNC</td>
<td>Organization: Global Grocer (p. 2*); Anti-Global Protest (p. 25*)</td>
<td>Chapters 1 &amp; 12</td>
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<td>28 May</td>
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<td>Microsoft in China, Q1-5, p. 82</td>
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<td>29 May</td>
<td>The Political Economy of Globalization</td>
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<td>Text: Chapters 2</td>
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<td>3 June</td>
<td>Lecture:</td>
<td>Trade Theories</td>
<td>Text: Chapters 4 &amp; 5</td>
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<td>4 June</td>
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<td>Indian Software Q1-4 (p. 168); Export Subsidies Q1-5 (p. 200); Toyota in France Q1-5 (p. 254)</td>
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<td>5 June</td>
<td>Lecture:</td>
<td>Foreign Direct Investment</td>
<td>Text: Chapter 6-7</td>
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<td>10 June</td>
<td>Lecture:</td>
<td>Culture</td>
<td>Text: Chap 3</td>
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<td>11 June</td>
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<td>Electrolux Q1-4 (p. 225); Nike Q1-3, 5 (p. 134)</td>
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<td>12 June</td>
<td><strong>Exam 1</strong>:</td>
<td>(Chapters 1-7, 12, handouts; all assigned vignettes &amp; cases)</td>
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<td>17 June</td>
<td>Lecture:</td>
<td>Regionalization</td>
<td>Text: Chap. 8</td>
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<td>18 June</td>
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<td>Thai Baht Q1-6 (p. 332); George Soros (p. 310*)</td>
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<td><strong>Written Case</strong>: Deutche Bank’s Pan-European Strategy (p. 288). due 18 June</td>
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<td>19 June</td>
<td>Lecture:</td>
<td>Foreign Exchange &amp; Capital Markets</td>
<td>Text: Chap. 9 &amp; 11</td>
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<td>24 June</td>
<td>Lecture:</td>
<td>International Monetary Systems</td>
<td>Text: Chap. 10</td>
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<td>25 June</td>
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<td>Caterpillar Q1-4 (p. 370); Search for Capital (p. 389*); Artais Q1-4 (p. 540)</td>
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<td>26 June</td>
<td>Lecture:</td>
<td>Entry: Importing; Exporting; Countertrade</td>
<td>Text: Chap. 14 &amp; 15</td>
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<td><strong>Written Case</strong>: Wal-Mart’s Mexican Adventure (p. 515); due 26 June</td>
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<td>1 July</td>
<td>Lecture:</td>
<td>Manufacturing &amp; Operations Management</td>
<td>Text: Chap. 16</td>
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<td>2 July</td>
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<td>Li &amp; Fung Q1-3 (p. 567); Merrill Lynch Q1-3 (p. 302); Red Spot (p. 529*)</td>
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*See the next page for the discussion questions for these assigned vignettes.

Course Website:  [http://faculty.haas.berkeley.edu/toffel/ba178](http://faculty.haas.berkeley.edu/toffel/ba178)
*Vignette Discussion Questions:

"Global Grocer" (p. 2)
1. Why did these global retailers expect that their international operations might be more profitable than their retail outlets in their home countries?
2. Discuss the various problems these retailers had in trying to implement a "global" strategy.

"Anti-Global Protests in France" (p. 25)
1. Why is globalization perceived to be such a danger to some people?
2. Which kinds of people &/or organizations stand to gain if further globalization of a society is prevented?

"Red Spot" (p. 529)
1. What entry modes has this firm used to sell their products internationally? Do they "make sense"?
2. Why has this firm found it more difficult to sell its products internationally than at home?

"George Soros" (p. 310)
2. In your opinion, is George Soros a "criminal speculator"? Why?

"Search for Capital in the Czech Republic" (p. 389)
1. Why were firms in this country experiencing difficulties raising equity capital? Explain.
2. How would a firm in this country use Global Depository Receipts to raise money in global capital markets? Explain.

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