

## DEPARTMENT OF INTERNATIONAL BUSINESS

COURSE NUMBER: MBAD 240

SPRING 2004

COURSE TITLE: The World Economy, Part II

### COURSE

DESCRIPTION: This portion of MBAD 240 will extend the analysis of the World Economy by examining the role of the private sector.

### PROFESSOR:

Robert Weiner

Professor of International Business and International Affairs

Lisner Hall 235E

tel: 994-5981

fax: 994-7422

email: [rweiner@gwu.edu](mailto:rweiner@gwu.edu)

web: <http://www.gwu.edu/~rweiner/>

Office Hours:

Tuesday, Thursday 3-5 and by appointment

### ASSISTANT:

As in Part I, Mr. Pyo, [chadpyo@gwu.edu](mailto:chadpyo@gwu.edu)

### COURSE

#### OBJECTIVES:

This course is designed to familiarize participants with current theory and practice pertaining to the role and impact of firms and investors in the international economy, with particular emphasis on the Multinational Enterprise. A World-Economy course without private actors is akin to *Hamlet* without the Prince.

### CLASS FORMAT:

Class sessions will be in a lecture and discussion format, requiring attendance, prior preparation and in-class participation. Readings will be assigned to correspond to each class session. Break-out sessions will be used to apply material to business cases, and review material covered in class.

### REQUIRED

#### READING:

Business paper of your choice (*Financial Times* best – see [www.ft.com](http://www.ft.com), WSJ OK.)

Class notes and articles handed out or on BLACKBOARD.

## REQUIREMENTS & GRADING:

Examination (25%) April 20 an in-class examination will be given covering all course materials (lecture, discussion, readings, cases, break-out sessions) from the second half of the course. The examination will run for 1 hour and 50 minutes and will be short answer in nature. **Attendance April 20 is mandatory.**

In-Class Quizzes (25%) For the first 20 minutes of class sessions 2-5, there will be a short quiz over the readings and cases for the class session. **The lowest of these quiz grades will be dropped; thus no makeup quizzes will be offered regardless of situation.**

These percentages total 50%. This will comprise the grade for MBAD 240, Part II (no separate letter grade is given). It will be averaged with your grade for Part I in determining the final course grade.

---

### COURSE SCHEDULE, SPRING 2004

SESSION/ DATE	TOPIC
(1) 2 mar	The Multinational Enterprise and Its Environment
(2) 9 mar	Political Risk and MNE – Host-Country Relations
Week of 8 mar	Breakout Session 1 – Harvard Business School Case: <b>White Nights and Polar Lights</b>
<i>16 mar</i>	<i>SPRING BREAK</i>
(3) 23 mar	International Joint Ventures, Alliances, and other entry modes,
(4) 30 mar	MNE Strategy and Structure
(5) 6 apr	International Corporate Governance
(6) 13 apr	catch-up and review
Week of 12 apr	Breakout Session 2 – review of course material
(7) 20 apr	Exam over Part II

# COURSE OUTLINE, READINGS, AND CASES

## 1. THE MULTINATIONAL ENTERPRISE AND ITS ENVIRONMENT

Transition from the macro environment to enterprise-level analysis. Role of MNEs in the World Economy. Trends in foreign direct investment. Issues related to MNEs.

**Readings:** Hill, *International Business: Competing in the Global Marketplace*, 5<sup>th</sup> ed., 2005, Ch. 6, "Foreign Direct Investment"  
Reich, "Who Is Us?," *Harvard Business Review*, January-February 1990

## 2. POLITICAL RISK

Focus on MNE – Host-Country Relations. In part I of the course, potential host countries assessed for political risk. In part II, assume that MNE is already engaged in FDI in country. What types of political risk are important, and how should they be handled?

**Readings:** Hill, Ch. 7, "Political Economy of FDI"  
Vernon, *In the Hurricane's Eye: The Troubled Prospects of Multinational Enterprises*, 1998, Ch. 2  
Graham, "Attracting FDI to the USA: The Joust Between the Federal Government and the States," in Phelps, *The New Competition for Inward Investment*, 2003

**Breakout Session Case:** White Nights and Polar Lights {Case 2-1 in Bartlett and Ghoshal, *Transnational Management*, 3<sup>rd</sup> ed., 2000}

## 3. INTERNATIONAL JOINT VENTURES, ALLIANCES, AND OTHER ENTRY MODES

How do firms enter foreign markets? Advantages and disadvantages of joint ventures vis-à-vis full ownership and non-equity modes (e.g., licensing, exporting)

**Readings:** Hill, Ch. 14, "Entry Strategy and Strategic Alliances"  
Reich and Mankin, "Joint Ventures with Japan Give Away our Future," *Harvard Business Review*, March-April 1986

**Case:** Xerox and Fuji Xerox {Case 4-1 in Bartlett and Ghoshal}

#### 4. MNE STRATEGY AND STRUCTURE

Strategy in international business. Competitive forces in a global environment. Enterprise management -- organization, monitoring, and control. Resource allocation within the enterprise. Relationships between enterprise strategy and structure. Role of enterprise culture.

##### Readings:

Hitt et al, *Strategic Management: Competitiveness and Globalization*, 4<sup>th</sup> ed., 2001, Ch. 8  
"International Strategy", (to p. 337),

Besanko et al, *Economics of Strategy*, 2<sup>nd</sup> ed., 2000, pp. 545-560, 566-573, 596-606

Case: Acer Group: Building an Asian Multinational {Case 5-3 in de la Torre et al, *Managing the Global Corporation*, 2<sup>nd</sup> ed., 2001}

#### 5. INTERNATIONAL CORPORATE GOVERNANCE

Relationships between management of the enterprise and its owners and other suppliers of capital. Privatization of state-owned enterprise. Comparative governance: market-centered (e.g., US, UK) vs. bank-centered (e.g., Germany). Business networks and groups. Legal determinants of governance. Governance and minority-shareholder protection.

##### Readings:

Beim and Calomiris, *Emerging Financial Markets*, 2001, pp. 208-227

Allen and Gale, *Comparing Financial Systems*, 2000, Ch. 3-4

La Porta et al, "Investor Protection and Corporate Governance," *Journal of Financial Economics*  
58, October 2000

Meggison, "Think Again: Privatization," *Foreign Policy*, Spring 2000