

**INTERAMERICAN UNIVERSITY OF PUERTO RICO
METROPOLITAN CAMPUS
ECONOMICS AND ADMINISTRATIVE FACULTY
MBA PROGRAM**

SYLLABUS

I. General Information

COURSE TITLE:	Global Business
Code and Number:	BADM 6700
Credits:	Three (3) credits
Academic Term:	
Professor:	
Office Hours:	
Office Phone:	
Email:	

II. DESCRIPTION:

Analysis of global commerce and investments, with emphasis on the Caribbean and Latin American regions. Comparative management approaches and commerce behavior in these areas. .

Prerequisite- Marketing Management BADM 5090

III. OBJECTIVES:

A. Terminal

At the end of the course, the student will be able to:

1. Understand and be able to compare the different forces shaping the domestic and international environment, and when and how to apply a concept or technique: 1) without modifications 2) modified to suit unique circumstances 3) should be discarded.
2. Understand the size, and growth trends of international commerce.
3. Understand how companies enter international markets.
4. Understand barriers to international trade including both duty and non-duty type barriers.
5. Understand contemporary theories of foreign direct investments.
6. Understand how companies interact with municipal, state and national governments in international markets.
7. Understand the historical role played by the gold standard and why some economists argue for a return to this standard.
8. Understand the basic principles of monetary or capital markets, and the recent growth of these markets.

9. Understand the forces which determine equilibrium foreign exchange price levels.
10. Understand government-imposed controls over foreign exchange and their impact on these price levels.
11. Understand how to prepare and interpret an economic analysis.
12. Understand how the composition of the labor force affects productivity.
13. Understand the importance of physical location, topography and climate on international commerce.
14. Understand why international managers are concerned about protecting natural resources.
15. Understand the key cultural elements which should be considered when analyzing a situation from a socio-cultural perspective.
16. Understand socio-cultural differences between major global economic regions.
17. Understand the importance of social status, gender, race, traditional society, and ethnic minorities when developing human resource strategies and policies.
18. Understand the importance of nationalism and its political repercussions.
19. Understand the rise in political power of multilateral organizations and labor unions.
20. Understand the nature and role of government taxes and tax rate structures.
21. Understand most important international laws, in such areas as, antitrust, industrial espionage, contracts, intellectual property, trademarks, tariffs, exports, and wages, among others.
22. Understand the negative impact of piracy and industrial espionage.
23. Understand the functioning of global distribution channels in international business.
24. Understand unique challenges facing market researchers in international markets.
25. Understand uses of management information systems in international business.
26. Understand complexities of transfer pricing in international business.
27. Understand support services provided by the United States Department of Commerce to US exporters.

IV. COURSE CONTENTS

I. Overview of International Commerce

A. International Commerce Overview

- a. Overview of the Global Economy
- b. The Major Drivers of Globalization in the Modern Era
- c. The Major Economic Players
 1. International Companies
 2. Multinational Companies.
 3. Global Companies
- d. Domestic business and international business: key differences.

II. Economic and Financial Environment

B. Global Trade and Investment Flows

- a. International Trade
 1. Volume and Growth
 2. Global Trade Patterns

- b. International Investments
 - 1. Portfolio Investments
 - 2. Foreign Direct Investments
 - US based foreign direct investments
 - Foreign based investments in the US and Puerto Rico.
- c. Balance of Payment Accounting
 - 1. Current Account Balance
 - Goods Trade Balance
 - Service Trade Balance
 - Income Balance
 - 2. Capital Account
 - 3. Financial Account
 - 4. Net Errors and Omissions
 - 5. Reserves and Related Items

C. International Trade Theories

- a. International Trade Theories
 - 1. Mercantilism
 - 2. Theory of Absolute Advantage
 - 3. Theory of Comparative Advantage
 - 4. Heckscher-Ohlin Theorem
 - 5. The Product Life-Cycle Model
 - 6. The Strategic Trade Theory
- b. Barriers to Trade
 - 1. Trade Barriers
 - 2. Non-Tariff Barriers

D. Foreign Investment Flow Theories

- a. Direct Investments vs. Indirect Investments (Portfolio)
- b. Foreign Direct Investment Types
- c. Foreign Direct Investment Theories
 - Monopolistic Advantage
 - Hymer's Theory of Market Imperfections
 - Dunning's Eclectic Theory (OLI Framework)
- d. Foreign Market Entry Strategies
 - Trade Intermediaries
 - Agents
 - Licensing
 - Franchising
 - Joint Ventures
 - Mergers and Acquisitions
 - Direct Presence
 - Sales and Distribution Only
 - Manufacturing Operations

E. International Organizations

- a. United Nations
- b. International Monetary Fund
- c. World Bank
 - 1. International Bank for Reconstruction and Development (IBRD)
 - 2. International Finance Corporation (IFC)
 - 3. International Development Association
- d. Bank for International Settlements (BIS)
- e. World Trade Organization (WTO)
- f. Organization Economic Cooperation and Development (OECD)
- g. Group of 20 (G-20)

F. Economic Trading Agreements

- a. Levels of Economic Integration
 - 1. Free Trade Areas (FTA)
 - 2. Customs Union
 - 3. Common Market
 - 4. Economic Union
- b. Economic Zones
 - 1. Regional Trading Blocks
 - Euro Zone
 - NAFTA
 - ASEAN
 - APEC
 - Mercosur

G. International Financial System

- a. Gold Standard
- b. Dollar –Reserve Currency
- c. Bretton Woods Agreement
 - a. Managed Float
- d. Demise of the Dollar Convertibility to Gold.
- e. Foreign Exchange Regimes
 - 1. Fixed Exchange Rates
 - 2. Floating Exchange Rates
 - 3. Managed Float
 - 4. IMF Special Drawing Rights (SDR's)

H. Foreign Exchange Equilibrium Prices

- a. Exchange Rate Terminology
 - 1. Spot Rate
 - 2. Forward Rate
- b. The Law of One Price
- c. Purchasing Power Parity (PPP)
- d. Interest Rate Parity (IRP)
- e. Impact of Fiscal and Monetary Policy on Exchange Rates

- f. Government Controls
 - 1. Currency Convertibility
 - 2. Dividend Repatriation
 - 3. Import Duties
 - 4. Interest Rates
- g. Debt Crisis

III. Country Analysis

I. Geopolitical Environment

- a. Regional Political Situation
 - 1. Political Alliances
 - 2. Stable vs. Tense Political Relations
 - 3. Conflicts
- b. Country Political Situation
 - 1. Political Ideology
 - Democracy
 - Socialism
 - Communism
 - Dictatorship
 - Religious State
 - 2. Government Attitudes toward International trade and Investment
 - Nationalism
 - Protectionism
 - Privatizations

J. Economic Environment

- a. Gross National Income (GNI)
- b. GNI per capita
- c. Income Distribution
- d. Private Consumption
- e. Misery Index
- f. Unit Labor Costs
- g. Population Size
- h. Population Growth

K. Industry Analysis

- a. Market Size and Growth
- b. Market Structure
- c. Demand Analysis
- d. Customer Segments
- e. Competitor Analysis

L. Physical and Environmental Variables

- a. Location
- b. Topography
- c. Climate
- d. Natural Resource Endowments

M. Socio Cultural Environment

- a Definition of Culture
- b Elements of Culture
 - Language
 - Nonverbal Language
 - Religion
 - Values and Attitudes
 - Manners and Customs
 - Aesthetics
 - Education
 - Social Institutions

N. Legal Environment

- a Legal System
- b Property Rights
- c. Contract enforcement
- d. Government Corruption
- e. Antitrust Laws

O. Labor Force

- a. Composition
- b. Productivity
- c. Social Status
- d. Discrimination
- e. Mobility
- f. Labor Laws
- g. Labor Unions
- h. Minority Participation

IV. Management of International Operations

P. Financial Management

- a. International Trade Finance
- b. Export Financing
- c. Intercompany Financing
- d. Local Currency Financing
- e. Managing Foreign Exchange Risk and Exposure
- f. Managing Capital Structure (Debt and Equity)
- g. Working Capital Management

Q. Global Marketing

- a . Globalization
- b. Localization
- c. Product Adaptation

R. Global Supply Chain

- a. Global Sourcing
- b. Customizing the Supply Chain
- c. Packaging
- d. Transportation Modes

S. Human Resources

- a. Selection criteria for overseas managers
- b. Culture Shock
- c. Compensation
- d. Repatriation
- e. Human Resources problems in Foreign Affiliates

T. Organizational Structure

- a. National Subsidiary Structure
- b. International Division Structure
- c. Global Functional Structure
- d. Global Geographic Structure

V. Activities

- A. Professor Lectures
Students will be expected to read the assigned material in order to actively participate in the class discussion.
- B. Supplementary Readings
Students will be expected to read the supplementary readings in order to expand their knowledge in areas not covered in depth by the Text book.
- C. Internet Searches
Students will be expected to conduct Internet searches in order to obtain updated information regarding current events in the international business arena.
- D. Class Discussions
Class discussion will serve to expand discussion and analysis of current events in the international business arena.
- E. Case Studies
Students will be assigned case studies in order to develop analytical skills and problem-solving skills.
- F. International Business Project
The International business venture will allow the student the

opportunity to develop a business case for an export based business consisting of either an exported good or service. The paper should include market analysis, competitor analysis and financial justification, among others. The project should integrate all the concepts learned. The student will prepare a written report (in APA format).

G. Power Point presentations

The student will prepare a Power Point presentation regarding the International Business Project.

VI. Evaluation Criteria

Activities	Points	%Grade
: Three partial exams	400	40% s
Case Studies: International Business Project:	250	25%
Written Report	200	20%
Power Point Present.	50	5%
Class Discussions	100	10%.

VII. Special Notes

A. Special Accommodations

Students who require special accommodations must request these services at the beginning of the course as soon as they notice that they need help. Students can access this service with Professor Jose Rodriguez, Coordinator of Students with Special Needs at the Guidance and Counseling Office on the first floor at Metro's Student Center.

B. Plagiarism

Plagiarism, dishonesty, fraud and any other type of manipulation or inappropriate behavior related with academic performance are unacceptable in our institution. Disciplinary actions will be taken on students found guilty of such practice as established in Chapter V, Article 1, Section B.2 of the Student's Rules and Regulations handbook.

<http://metro.inter.edu/servicios/documentos/reglamentosestudiantes2006.pdf>

Inter American University has very strict regulations regarding plagiarism (using the ideas or words of others without giving proper credit), so it is important that you

specifically read Chapter 5, Article 1, Section B.2c of the Student' Rules and Regulations Handbook. This section clearly explains what plagiarism is. In addition, it explains the types of sanctions students are exposed to when they commit it.

C. Use of Electronic Devices

Cellular (mobile) telephones and any other electronic device that could interrupt the teaching-learning process or disrupt a milieu favorable for academic excellence will be deactivated. Critical situations will be dealt with in an appropriate manner. The use of electronic devices that permit the accessing, storing or sending of data during tests or examinations is prohibited.

VII. Educational Resources

A. Textbook:

Ball, Donald A. and Wendell H. McCulloch, Jr. (2007) International Business: The Challenge of Global Competition. (10th Ed). New York: McGraw Hill.

B. Supplementary Readings:

Czinkota, Michael R., Ilkka A. Ronkainen and Michael H. Moffett, (2005) International Business (7th Ed), Thomson/Southwestern.

Hill, John S. (2009) International Business :Managing Globalization. Sage Publications.

Shenkar, Oded, and Yadong Luo. (2007) International Business. John Wiley & Sons.

C. Internet Resources

www.economist.com- Website of The Economist. Contains in-depth articles regarding international business developments.

www.ft.com-Website of the Financial Times, one of the leading newspapers covering international economic and political affairs.

www.imf.org . -Website of the International Monetary Fund. Contains economic and financial statistics of most countries in the World.

www.oecd.org -Website of the Organizations for Economic Co-operation and Development (OECD). Contains analyses and statistics on international finance and economics.

www.reportgallery.com - Website that contains links to annual reports of more than 2,200 companies, including leading multinational corporations.

www.wsj.com –Website of the Wall Street Journal, one of the leading business newspapers in the United States.

www.worldbank.org -Website of the World Bank. Contains economic and

demographic data on 206 countries including various economic forecasts.
www.wto.org. - Website of the World Trade Organization (WTO). Contains updated information and statistics on international trade.

VIII. Bibliography:

Bartlett, Christopher A., Sumantra Ghoshal and Paul Beamish (2005) Transnational Management: Text, Cases and Readings in Cross-Border Management (5th Ed.). McGraw Hill/Irwin.

Bouchet, Michael H., Ephraim Clark and Bertrand Gros Lambert (2003). Country Risk Assessment: A Guide to Global Investment Strategy. John Wiley & Sons.

Caves, Richard E. (2007) Multinational Enterprise and Economic Analysis (3rd Ed.). Cambridge University Press.

Daniels, John, Lee Radebaugh, Daniel Sullivan (2008) International Business: Environment and Operations (12th Ed.). Pearson/Prentice Hall.

Dunning, John H. and Sarianna M. Lundan (2008) Multinational Enterprises and the Global Economy (2nd Ed.). Edward Elger Publishing,

Ferraro, Gary P., (2006) The Cultural Dimension of International Business (5th Ed). Prentice Hall.

Griffin, Ricky and Michael Pustay (2009) International Business (6th Ed.). Prentice Hall

Luthans, Fred and Jonathan Doh. (2008) International Management: Culture, Strategy and Behavior (7th Ed.). McGraw Hill/Irwin.

Ohmae, Kenichi. (2005) Next Global Stage: The Challenges and Opportunities in our Borderless World. Wharton School Publishing.

Rugman, Alan M. and Simon Collinson. (2008) International Business (5th Ed.). Prentice Hall.