

SYLLABUS

Office Hours: Tue, Thurs 11am-12pm
Or by appointment
Office: 206 Old CE

Class Times: T, Th 3.05-4.25pm
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404-894-4903

Course Objectives:

This course will examine the operations of multinational enterprises (MNEs) in a fast changing global environment. We will examine theories of foreign direct investment (FDI) and understand the application of these theories and the growth of multinational firms. We will explore how multinational firms make decisions from a microeconomic perspective, and also understand some key elements of the macroeconomic environment that impact multinational strategy and profitability. Students in the class are typically from many disciplinary backgrounds. Although the emphasis will be on using economics to analyze multinational decision making and strategy formulation, I encourage you to share your thoughts on different ways to approach any particular problem that we may be discussing in class.

Learning Objectives:

At the end of this class, you are expected to understand:

- The dynamics of global markets and foreign direct investment.
- Theories of FDI, and their application to decision making and strategy formulation by MNEs.
- The relationship between international trade, outsourcing and the activities of multinational firms.
- Competition and competitors in global markets.
- How the regulatory environment impacts multinational decision making and firm strategies.
- How the macroeconomic environment impacts multinational decision making.
- Multinational transfer pricing strategies

Text

Elements of Multinational Strategy, by Keith Head, Springer is the required book for the class. Chapters 2 and 3 from *International Business: Competing in the Global Marketplace*, by Charles W.L. Hill (CH), and Chapters 6 and 7 from *International Economics* by James Gerber (JG) will be on reserve in the library. The course is based on the required book, other readings and lectures. You are also expected to keep up with current international economic issues discussed in outlets such as the Wall Street Journal, Fortune, Business Week, and the Harvard Business Review.

Grades

The course grade will be based on 2 exams, and a final exam. The 1st exam is worth 25 points, the 2nd exam is worth 35 points, and the final exam 35 points. There will also be a group presentation worth 5 points. The class will be divided into groups and each group will work on a 6-8 minute presentation/mini case study on a topic related to MNEs. Your exams and presentation will be graded on the basis of your ability to understand the theories and apply them in the context of MNE decision making and strategy formulation.

In case of excessive absenteeism, pop quizzes that count for credit may be given. Hence, the total points for this course will depend on the number of pop quizzes given in class. Grades will be assigned as follows:

90% of the total points and above	A
80% to less than 90% of the total points	B
70% to less than 80% of the total points	C
60% - to less than 70% of the total points	D
less than 60% of the total points	F

If you are taking this class pass/fail, you need to attend all classes, take all the required exams, and obtain a letter grade C to pass the course.

The exam schedule is *tentative* and will be confirmed in class. If you have a valid reason for being absent, such as illness (supported by a medical certificate) you will be permitted to assign a higher weight to any subsequent exam that you will be taking in this class. You will have to decide which exam you want higher weights for, prior to the exam.

Attendance and Class Participation

You are required to attend all classes and be in class on time. Regular attendance will enable you to understand the material more easily, as the lectures form an important part of this course. Your final grade may be lowered by a letter grade if there are three unexcused absences. You are responsible for all the material covered in the class, and for finding out details regarding the exams and assignments. I encourage you to actively participate in the class; you are welcome to suggest any topics of interest in the area of multinational enterprises that you wish to discuss in class and / or share useful insights / experiences relevant to the topic being discussed

Reading Assignments and Tentative Schedule

This is a tentative schedule, which may change depending on guest speakers. The readings below will be supplemented with other materials as appropriate.

Week 1	Introduction: Current challenges facing the global economy Growth of Multinational corporations Role of MNCs in economic development Business Across Borders... lecture KH: Ch 1; CH: Ch 2, 3.
Week 2	Lecture on an overview of macroeconomic factors Gains from trade, and trade models. Lecture; KH: Ch 2; Ch 3
Week 3	Gains from trade continued
Week 4	Trade Costs KH: Ch 4
Week 5	Protectionism, Trade Rules; Lecture; KH: Ch 5; JG: Ch 6,7
Week 6	Lecture on international and domestic regulations affecting foreign direct investment (Intellectual property protection, environmental regulations, antitrust etc). Exam I
Week 7	Market adaptation KH: Ch 6.
Week 8	Multinational formation KH: Ch 7
Week 9	Internalization decisions of MNEs KH: Ch 8
Week 10	Markets and competitive analysis: Competitors and competition; KH: Ch 9

Week 11	Lecture on exit and entry of firms; industry analysis
Week 12	Foreign exchange risk and the MNE Lecture; KH: Ch 10
	Exam II
Week 13	Lecture on balance of payment deficits, capital flows and financial crisis
Week 14	International taxation and transfer pricing: KH: Ch 12 and lecture
Week 15	Other topics as time permits: additional discussions on the regulatory environment; globalization of R&D, social responsibility of MNEs
Week 16	Review and integration of ideas developed during the course
Final Exam:	According to the GT exam schedule