

**The University of Hong Kong**  
**Faculty of Business and Economics**

**STRA3702 International Business Environment**  
**Second Semester 2019/2020**

Instructor: Dr. Chang SUN  
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Office: 1226 K.K.Leung  
Office Hour: Fri 1:20 – 2:20 pm

Class: Sub-class 2A: KK LG 109. Tue 10:30 am – 12:20 pm + Fri 11:30 am – 12:20 pm  
Sub-class 2B: KK LG 103. Tue 1:30 pm – 3:20 pm + Fri 2:30 pm – 3:20 pm

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## **I. Course Information**

### **Course Description**

This course helps you to understand the macroeconomic environments of international businesses. The course examines recent issues and trends in globalization through the lens of economic theories in international trade, political economy and macroeconomics. In particular, we will explore the origins of the recent rise of protectionism and populism in the US and Europe, the macroeconomic consequences of financial globalization and crises, and the challenges and opportunities of international migration. Combining economic analyses and real-world case studies, we further examine the implications of these issues on the aggregate economy as well as on individual companies. The course will equip you with skills to independently analyze new issues and policies related to international economics. It also provides you background knowledge for formulating better corporate strategies.

### **Course Objectives**

1. To understand the basic facts and trends about globalization
2. To understand the driving forces of international trade and exchange rate movements
3. To understand the impact of globalization on the aggregate economy as well as individual firms
4. To acquire skills to analyze new economic policies related to international businesses

### **Textbook and Course Materials**

- Lecture notes, case articles, and supplementary readings will be posted on the course's website/distributed in the classroom before lectures
- Recommended textbook:
  - Paul Krugman, Maurice Obstfeld, and Marc Melitz. *International Economics: Theory and Policy*. 10th Edition. Global Edition. Pearson, 2015

## II. Course Assessment

A1: Class participation	15%
A2: Assignments	20%
A3: Group Project	25%
A4: Exam	<u>40%</u>
	100%

### A1. Class Attendance and Participation (15%)

Attendance is mandatory for all classes. If you are unable to attend a session that involves case discussion, you need to submit a written analysis of the case. Your write-up should not be longer than two pages and should be sent to me by email before the session. This accounts for 5% of the grade.

Many lectures are accompanied by case discussions. You are expected to ask questions and participate in the discussion actively. Your participation grade will be based on the quality and frequency of your contribution to the discussion. I will take note whenever you make a contribution to the discussions. This accounts for 10% of the grade.

### A2. Assignments (20%)

There will be two assignments for this class. The purpose is to help you better understand the important concepts and their applications, as well as to prepare you for the exam. You can discuss the assignments with classmates but must submit individual write-ups. The assignments and due dates will be announced later.

### A3. Group Project Presentation (25%)

In this group project, you are asked to form groups of three to five (depending on the total number of students in class) to perform analysis on a recent *policy* issue in international economics. Imagine working for the head of state of a country of your choice. This policymaker requests to be briefed on a recent issue/policy in international economics. She/he wants to (1) understand what is going on (2) understand the causes of the issue or the rationale of the policy (3) understand its potential impact on aggregate economic outcomes or industry outcomes, as well as the implications for businesses (4) know how the government or local businesses should react. Your assignment is to prepare a 15 min presentation based on your research. It accounts for 25% of the final grade. The grade is based on both the presentation and the clarity of the slides.

Each group must meet at least once with the instructor during the semester to discuss their progress and receive feedback.

A separate guide for the group project, including potential topics to choose, format of the presentation, grading criteria and deadlines for forming groups and picking topics, will be posted later on Moodle.

### A4. Final Exam (40%)

There will be one exam during the exam period, which is a combination of multiple choice and analytical questions, covering contents from lectures, assignments and class discussions. You are

allowed to bring notes on a cheat sheet (one piece of A4 paper, two-sided).

### III. Tentative Course Schedule

Lecture	Week and Date	Title	Topics covered
1	Week 1*	Globalization: Overview	
2	Week 2	Why do Nations Trade?	Ricardian comparative advantage, Heckscher-Ohlin comparative advantage, New trade theories
3	Week 3	Political Economy of Trade Policies	Instruments of trade policies, Winners and Losers from Trade, political economy of trade policies, recent trends in protectionism
4	Week 4	Trade Policies in Practice	<i>Case: international lobbying</i> History of the World Trade System, WTO and Regional trade agreements,
5	Week 5	Industrial Policies	<i>Case: renegotiating NAFTA</i> External Economies of Scale Industrial Policies Trade Policies in Developing Economies
6	Week 6	International Capital Movement	<i>Case: solar power industry</i> National Income Accounting, Balance of Payments, Current Account Imbalances
7	Week 8	Understanding Exchange Rate Movements	<i>Case: Australia</i> Determinants of short-run exchange rates, the role of monetary and fiscal policies
8	Week 9	Exchange Rate Regimes	Exchange rate regimes, balance of payment crisis,
9	Week 10	International Monetary Systems and Currency Unions	<i>Case: Argentina 2002 crisis</i> History of international monetary systems, currency unions,
10	Week 11*	Financial Globalization and Crises	<i>Case: Latvia</i> the Global Financial Crisis of 2007-2009, International banking and regulations
11	Week 12	International Labor Migration	<i>Case: firm responses to financial crises,</i> The impact of international labor migration, brain drain, refugee crisis

12	Week 13	Multinational Firm Financial Management	<b>Case: German migration policies</b> MNC tax avoidance; Management of exchange rate exposure
13	Week 14*	Project Presentation; Course Wrap-up	

\* In Weeks 1, 11 and 14, the Friday sessions are cancelled because of holidays.

We discuss eight cases in class:

Lecture 4: Daemmrich, A.A., 2011. International Lobbying and the Dow Chemical Company (No. 9-710-027), Harvard Business School Cases.

Lecture 5: Alfaro, L., Sheldahl-Thomason, H., 2018. Renegotiating NAFTA (No. 9-318-143), Harvard Business School Cases.

Lecture 6: Datla, A., Lawrence, R., 2013. Shaping the Future of Solar Power: Climate Change, Industrial Policy and Free Trade (No. HKS757), Harvard Kennedy School Cases.

Lecture 7: Alfaro, L., Kim, R., 2013. Australia: The Riches and Challenges of Commodities (No. 9-709-007), Harvard Business School Cases.

Lecture 9: Di Tella, Rafael, and Fernanda Miguel. 2015. “Breaking Bad (the Rules): Argentina Defaults, Inflates (and Grows), 1997–2015.” Harvard Business School (9-714-036).

Lecture 10: Rafael Di Tella, Rawi Abdelal and Natalie Kindred. 2017. “Latvia: Navigating the Strait of Messina.” Harvard Business School (9-711-053).

Lecture 11: Enright, Michael J., and Vincent Mak. 2003. “Financial Crises and Firm Performance.” Asia Case Research Center, the University of Hong Kong (HKU299).

Lecture 12: Gaikwad, Nikhar, and Kenneth Scheve. 2016. “Willkommen to Europe: The Political Economy of Migration Policy in Germany.” Stanford Graduate School of Business (P-85).

**IV. Additional Course Information**

I will send announcements about course schedules, assignments and readings via Moodle emails. Please check your mail box regularly for updates. Lecture notes will be posted on Moodle before each lecture, but I will not send separate announcements about them. Please download or print them out before you come to the class. Cases will be distributed during the lectures *one week before* the discussion.

Please note that the syllabus and schedule may be subject to change.

**Course Learning Outcomes (CLOs)**

On completion of this course, students should be able to:

1. Develop skills in analyzing economic, cultural, and legal/political differences between countries (CLO1)
2. Apply international business theories to address issues related to country selection and entry strategies etc. (CLO2)

3. Build managerial leadership and competency in managing international entry and operation strategies (CLO3)
4. Develop skills in case analysis, presentation, communication, and teamwork (CLO4)

### Alignment of Program and Course Outcomes

BBA-IBGM Program Learning Outcome	Course Learning Outcomes
1. Acquisition and internalization of knowledge of international business and global management	CLO1, CLO2, CLO3
2. Application and integration of knowledge	CLO2, CLO3, CLO4
3. Inculcating professionalism and leadership	CLO3
4. Developing a global outlook	CLO1, CLO2, CLO3
5. Mastering communication skills	CLO4

### Time Allocation of Teaching and Learning Activities

Various activities will be employed, including lectures and videos, class discussion, in-class exercises, group project, and assignment and exams. The focus of all activities will be on the understanding of the concepts and application of the main framework.

Teaching and Learning Activities	Expected contact hour	Study Load (% of study)
T&L1. Lecture with interactive exercises	36 hours	30%
T&L2. Group-based study and analysis	36 hours	30%
T&L3. Self-study	48 hours	40%
Total	120 hours	100%

### Learning Outcomes, Teaching and Learning Activities, and Assessment

Course Learning Outcomes	Activities	Assessment
(CLO1) Develop skills in analyzing economic, cultural, and legal/political differences between countries	T&L1, 2, 3	A1, 2, 3, 4
(CLO2) Apply international business theories to address issues related to country selection and entry strategies	T&L1, 2, 3	A1, 2, 3, 4
(CLO3) Build managerial leadership and competency in managing international entry and operation strategies	T&L1, 2, 3	A1, 2, 3
(CLO4) Develop skills in case analysis, presentation, communication, and teamwork	T&L1, 2	A1, 2, 3

### Standards of Assessment

Class participation, assignments, project reports and exams are graded using the following criteria:

Grade	Description
A+, A, A-	Strong evidence of superb ability to fulfill the intended learning outcomes of the course at all levels of learning: describe, apply, evaluate and synthesise

B+, B, B-	Strong evidence of ability to fulfill the intended learning outcomes of the course at all levels of learning; describe, apply, evaluate and synthesise.
C+, C, C-	Evidence of adequate ability to fulfill the intended learning outcomes of the course at low levels of learning; such as describe and apply, but not at high levels of learning such as evaluate and synthesise
D+, D	Evidence of basic familiarity with the subject
F	Little evidence of basic familiarity with the subject

### **Course Policies**

The University Regulations on academic dishonesty will be strictly enforced. Please check the University's statement on plagiarism at <http://www.hku.hk/plagiarism/>.

Students are required to attend classes on time. Arriving late or leaving early or walking in/out during class without permission will affect your class participation grade. Students are required to put your mobile phone on silent during the class.