



M.Sc. PROGRAM IN ECONOMIC
AND BUSINESS STRATEGY



UNIVERSITY OF PIRAEUS
DEPARTMENT OF ECONOMICS

INTERNATIONAL BUSINESS



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Course Description

International business occurs whenever an individual, corporation or public institution located in one country engages in a commercial transaction with an individual, corporation or public institution in another country.

International business transactions take the form of assets, goods or services exported or imported. Trade in financial assets is called international or foreign investment. Such investment may be portfolio or indirect where it is between independent economic entities, or direct where it is undertaken within the same economic entity.

Foreign Direct Investment (FDI) is made outside the home country of the investing company, but inside the investing company. A company that engages in FDI and owns or controls value-added activities in more than one country is called multinational enterprise (MNE). Control over the use of resources transferred remains with the investor. FDI consists of a “package” of assets and intermediate products, such as capital, technology, management skills, access to markets and entrepreneurship.

At the dawn of the 21st Century, nations are more economically integrated than at any other point in human history. This presents business leaders with unprecedented opportunities and challenges. On the one hand, the opportunity to sell to global markets rather than a single national market increases the potential profitability of nearly every kind of business activity. Furthermore, the sharp differences among nations in wage rates and national resource endowments allow multinational firms to create value by locating different aspects of the value chain in those countries where they can be undertaken most efficiently. On the other hand, globalization increases the number and

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range of potential competitors in nearly every industry, and the challenges of effectively managing a multinational enterprise can be substantially greater than those confronting a firm largely based in a single country.

Course Objectives

This course seeks to equip future business leaders to exploit these opportunities and cope with these challenges. The course will accomplish that goal by providing students with a systematic understanding of the fundamental aspects of the global business environment that influence business decisions and behavior. Students must understand the structural economic factors that determine locational advantages, the way government policies both promote and restrain the integration of national economies with the global economy, and the impact of volatility in the global macroeconomic environment on international business strategy. These issues will be studied using the analytical tools and concepts of international economics, and case studies will be used to relate these concepts to actual business problems.

Textbooks and Reading

100 Things to Do at ACHS
The main textbook of the course is:

- Griffin R. W. and Pustay M.W. International business, Prentice Hall, 4th edition.2005. Course participants will be given a package of additional reading in some sessions. For those interested in further reading the following books are recommended:
- Caves, R. E., Multinational Enterprise and Economic Analysis, Cambridge University Press, 1999.
- Dunning, J.H., Multinational enterprises and the global economy, Addison-Wesley, 1993.
- Dunning, J.H. and Narula, R. Foreign direct investment and governments, Routledge, 2004.

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- Hood, N. and Young, S., The economics of multinational enterprise, Longman, 1979.
- Markusen, J.R., Multinational firms and the theory of international trade, MIT Press, 2002.
- Narula, R., Multinational investment and economic structure, Routledge, 2002.
- Κυρκιλής, Δ., Άμεσες ξένες επενδύσεις, Κριτική, 2010.

Grading

The final course mark will comprise three elements, weighted as follows:

Midterm exam:	50%
Paper – Case study:	50%

Detailed Schedule

The course will be covered in thirteen 3-hour sessions. Each session will be consisted by the theory part and a problems-case studies part. Each session will cover the topics listed below and will be supported by the corresponding readings.

100 Things to Do at AGHS

The following is a list of session titles and respective readings.

Session 1. Introduction to international business

Concepts: Introduction, definitions, international business, foreign direct investment (FDI), multinational enterprise (MNE), historical review of overseas investment, global marketplaces, legal technological and political forces, the role of culture, ethics and social responsibility in international business.

Textbook: Chapters 1 - 5.

Additional Reading: Dunning, chapter 1.

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Session 2. International monetary environment

Concepts: International monetary system, balance of payments, foreign exchange, international financial markets.

Textbook: Chapter 7 and 8.

Session 3. International trade environment

Concepts: Classical country-based trade theories, modern firm-based trade theories, formulation of national trade policies, international cooperation among nations.

Textbook: Chapters 6, 9, and 10.

Session 4. International investment theories

Concepts: Ownership and location advantages, internalization theory, Dunning's eclectic theory, International trade theories, industrial organization theories.

Textbook: Chapter 6.

Additional Reading: Dunning, chapter 4, Κυρκιλής κεφ.3, Caves, Chapter 2.

Session 5. The determinants of FDI.

Concepts: Motives for foreign production, main types of foreign production, MNE and economic welfare, assessing the consequences of MNE activity, empirical results.

Textbook: Chapter 6.

Additional Reading: Dunning, chapter 3, Caves, chapter 8, Dunning chapter 6 and 10.

Session 6. Multinationals and economic development in host nations

Concepts: The benefits and costs of FDI, the impact of MNE on economic development, the dynamics of FDI and economic growth, FDI, MNE, technology and innovatory capacity: A host country perspective, Empirical results.

Additional Reading: Dunning and Narula, chapter 1, Dunning, chapter 11, Κυρκιλής, κεφ. 4.

Session 7. Midterm exam - Multinational enterprise and home country interests

Concepts: Economic theory and home country interests, home country legislation and FDI, MNE, technology and innovatory capacity: A home country perspective, outward FDI.

Additional Reading: Dunning chapter 12.

Session 8. FDI in Greece

Concepts: Determinants and patterns of Greek Inward FDI, empirical results.

Additional Reading: Κυρκιλής, κεφ. 5, σημειώσεις του διδάσκοντος.

Session 9. International strategic Management- Strategies for analyzing and entering foreign markets

Concepts: Components development and levels of international strategy, Foreign market analysis, choosing a mode of entry, International licensing and franchising, FDI - Greenfield strategy, acquisition strategy, joint ventures.

Textbook: Chapter 11 and 12.

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Session 10. International marketing - International financial management

Concepts: International marketing management, product policy, pricing policy, promotion and distribution issues and decisions, managing foreign exchange risk, financial issues in international trade, management of working capital, international capital budgeting, sources of international investment capital.

Textbook: Chapters 16 and 18.

Session 11. International strategic alliances - International operations management - Invited speaker

Concepts: Benefits of strategic alliances, scope of strategic alliances, implementation of strategic alliances, pitfalls of strategic alliances. The nature of International operations management, Production management, International service operations, Managing productivity, quality and information in International Business.

Textbook: Chapters 13 and 17.

Session 12. Student papers presentation.