

**INTERAMERICAN UNIVERSITY OF PUERTO RICO
METROPOLITAN CAMPUS
FACULTY OF ECONOMICS AND ADMINISTRATIVE SCIENCES
SCHOOL OF ECONOMICS
INTERNATIONAL BUSINESS DOCTORAL PROGRAM**

SYLLABUS

I. GENERAL INFORMATION

TITLE: GLOBAL AND MULTINATIONAL MANAGEMENT
AND STRATEGY
CODE: INBU 7130
CREDITS: 3 (THREE)
ACADEMIC TERM:
PROFESSOR:
OFFICE HOUR:
PHONE NUMBER:
MAIL ADDRESS:

II. COURSE DESCRIPTION

Formulation of multinational companies strategies and policy. Critical analysis of strategic managerial alternatives within the global context of business operations in a political, economic and cultural environment. Simulation of intercultural negotiations. Includes the development of international strategy for local companies.

III. OBJECTIVES

1. GENERAL OBJECTIVES

1. The objectives of this course are to acquaint students with the environment in which international companies operate and to obtain in depth knowledge about the multinational enterprise (MNE) and its quest for competitive advantage in a global market place.
2. Trends in investment, world trade and innovation as they pertain to the MNE will be analyzed.

3. The scope of the course will emphasize globalization and recent factors associated with the IT revolution. We will look at major themes which drive corporate strategy such as: the international value chain, global taxation issues, sourcing and production, economies in transition (Russia and China), privatization, mergers/acquisitions, foreign exchange, and more.

4. Analyze the major ethical issue and problems that confront MNCs in selected countries.

5. The student will develop an understanding of conceptual and theoretical foundations of differences between managing domestic and international companies. Collective knowledge about MNCs, their strategy, design and organization will be analyzed.

6. The successful completion of this course should enable them to understand and analyze environmental problems, which challenge management.

IV. CONTENT (TOPICS)

In the following topics the student is expected to acquire in depth knowledge
What is a multinational enterprise? What is foreign direct investment? What theories have been developed to explain why MNEs exist and why they are successful? What are the weaknesses and strengths of these different theories? How have the levels and structures of MNE activity changed over the past decade? What are the current global patterns of MNE activity?

A. MNES in the Global Economy: Facts, Theory and History

Readings

* Dunning,, John. *Multinational Enterprises and the Global Economy*, chapters 1-6

* Richard Caves, *Multinational Enterprise and Economic Analysis*, chapter 1-2

Markusen, James R. (1995). *The Boundaries of Multinational Enterprises*

and the

Theory of International Trade. *Journal of Economic Perspectives* 9 (2): 169-189.

John Stopford. (Winter 1998) "Multinational Corporations". *Foreign Policy*: 113.

Michael Santoro (Jan 2002). "Should LDCs Love MNCs?" *Foreign Policy*: 94-95.

* THE ECONOMIST. "Everybody's Favorite Monsters: A Survey of Multinationals". Special Survey. March 27, 1993.

B. Inside the Multinational Enterprise

What do we know about the ways MNEs organize their interfirm and intrafirm relationships? What factors affect the internal organizational structure of the MNE? What alternatives does a firm have for entering foreign markets? What are the possible benefits and costs of various contractual arrangements?

1. Entry and Expansion Strategies of MNE's

2. Organization of MNE Activities

Readings

*Dunning, John. *Multinational Enterprises and the Global Economy*, chapters 7-9

Vernon, Ray and Lou Wells. (1991). *The Manager in the International Economy*: Sixth Edition (Englewood Cliffs: Prentice-Hall). Chapter 2, "Structures of the Firm in International Business", pp.21-42.

* Richard Caves, *Multinational Enterprise and Economic Analysis*, chapters 3 and 4

John Dunning. 1995. "Reappraising the Eclectic Paradigm in an Age of Alliance

Capitalism". *Journal of International Business*, 26 (3): 461-491.

Chandler, Alfred. 1986. "Technological and Organizational Underpinnings of Modern Industrial Multinational Enterprise", in *The Multinational Enterprise in Historical Perspective*, Alice Reichover, Maurice Levy-Leboyer and Helga Nussbaum (eds.) (Cambridge: Cambridge University Press), pp.30-54.

C. The Impact of MNE Activity

1. Technology and Innovatory Capacity

2 Employment and Human Resource Management

READINGS

*Dunning,, John. *Multinational Enterprises and the Global Economy*, chapters 10-13

* Richard Caves, *Multinational Enterprise and Economic Analysis*, chapters 5 and 6

Dunning, John (1988) *Multinationals, Technology and Competitiveness* (London and Boston: Unwin Hyman).

Cantwell, John (1989) *Technological Innovation and Multinational Corporations*. (Oxford: Basil Blackwell).

Scherer, F.M. 1992. "Competing for Comparative Advantage Through Technological Innovation". *Business and the Contemporary World*. Summer, pp. 30-39.

Mytelka , Lynn. 1991. "Crisis, Technological Change and the Strategic Alliance". in *Strategic Partnerships and the World Economy*, edited by Lynn Mytelka (London: Pinter Publishers), pp. 149-66.

D. Political Risk and Foreign Direct Investment

READINGS

Ravi Ramamurti. 2001. "The Obsolescing Bargaining Model". *Journal of*

International Business Studies.

8. Minor. 1994. "The Demise of Expropriation as an Instrument of LDC Policy". *Journal of International Business Studies* 177-188.

9. Li and Resnick. 2003. "Reversal of Fortunes: Democracy, Property Rights and Foreign Direct Investment Inflows in Developing Countries." *International Organization*, 57(1): 1-37.

10. Henisz. 2000 . "The Institutional Environment for Multinational Investment." *Journal of Law, Economics, and Organization*. 16 (2): 334-64.

UNCTC. 1992. *The Determinants of Foreign Direct Investment: A Survey of the Evidence*. New York: United Nations.

VERNON, Raymond. 1985. "Sovereignty at Bay: Ten Years After". In Theodore Moran, ed. *Multinational Corporations: The Political Economy of Foreign Direct Investment*. Lexington, Mass.: Lexington Books.

E. How do firms influence politics in the United States?

READINGS

Hansen, Wendy L. And Neil J, Mitchell. 2000. Disaggregating and explaining corporate political activity: Domestic and Foreign Corporations in National Politics. *American Political Science Review* 94 (4): 891-903.

F. How do firms influence politics in developing countries?

READINGS

Greico 1982 "Between Dependence and Autonomy" *International Organization* 36: 609-32.

Goodman et al 1996 "FDI and Demand for Protection" *International Organization*

639-666

Luo. 2001. "Toward a Cooperative View of MNC-Host Government Relations: Building Blocks and Performance Implications". *Journal of International Business Studies* 32 (3): 401-419.

Vernon. 2001. "Big Business and National Governments: Reshaping the Compact in a Globalized Economy". *Journal of International Business Studies* 32 (3): 509-518.

G. The Outsourcing Debate

READINGS

The Politics and Economics of Offshore Outsourcing. N. Gregory Mankiw and Phillip Swagel. *NBER Working Paper No. 12398*

Daniel W. Drezner. The Outsourcing Bogey. *Foreign Affairs*, May/June 2004

OECD. 2006. *Productivity Impacts of Offshoring and Outsourcing: A Review*

H. POLICY ISSUES: TAXING MULTINATIONALS AND OTHER POLITICAL ISSUES

READINGS

* Dunning, John. 1993. *MNEs and the Global Economy*. Ch. 18-21.

* Richard Caves, *Multinational Enterprise and Economic Analysis*, chapters 8-10

V. ACTIVITIES

A. Presentation in Power Point of Results of Paper Assigned

VI. EVALUATION

Examination

During the trimester, two regular examinations will be given (mid-term and final). Both will be worth 100% weighted by 0.25% and will be comprised of essay, short answer, and applied problem questions. The final will be comprehensive in nature.

Paper

A research paper worth 100% weighted by 0.30% is required for each student. The paper should cover the theory and policies of global management, multinational enterprises and globalization. Issues that influence the behavior of the global economy. Further information concerning the paper will be presented in class.

Exercises

Each topic is accompanied by a problem set worth 100% weighted by 0.20%.

The following table summarized the process

	Points	Final Grade
Mid-Term Exam	100	0.25
Final Exam	100	0.25
Term-Paper and Presentation	100	0.30
Problems Set	100	0.20
TOTAL	400	100.00

Grading Scale

The following maximum grading scale is guaranteed:

* 90 - 100% = A

* 80 - 89% = B

- * 70 - 79% = C
- * 60 - 69% = D
- * Below 60% = F

VII. SPECIAL NOTES:

1. Auxiliary services or special needs

Students who require special assistance or ancillary services must request them at the beginning of the year or as soon as he (she) realizes that they need them, through the corresponding register in _____.

2. Dishonesty, fraud and plagiarism

Dishonesty, fraud, plagiarism and any other inappropriate behavior with regard to the academic work constitute major infringements sanctioned by the *Reglamento General de Estudiantes*. Major offences, according to the *Reglamento General de Estudiantes* may have as a result, among other sanctions, the suspension from the University for a defined time greater than one year or permanent expulsion from the University.

3. Use of electronic devices Cell phones and any other electronic device that could disrupt the processes of teaching and learning or alter the environment conducive to academic excellence must be deactivated. Pressing situations will be addressed, as appropriate. Handling of electronic devices to access, store or send data during evaluations or examinations is prohibited.

VIII. EDUCATIONAL RESOURCES

A. MAIN TEXT

John Dunning. and Sarianna M. Lundan (2008). *Multinational Enterprises and the Global Economy*, second edition University of Toronto Press

B. OTHER RECOMMENDED TEXTS

Richard Caves (2006). *Multinational Enterprise and Economic Analysis*, 3rd Edition. Cambridge University Press

C. OTHER RESOURCES

A. Presentation in Power Point of Results of Paper Assigned

B. Students are expected to have done the REQUIRED READINGS for each week PRIOR to that class and should come prepared to discuss these readings; please note this also includes the readings for the FIRST class. Everyone must read starred readings. In addition, students should read one or two of the other readings if time permits. Supplementary readings are listed for students who wish to do further work on a particular topic.

D. Subscribe to The Economist Magazine (printed or internet)

IX. BIBLIOGRAPHY

Additional readings recommended for Student interested in this subject
Michael Porter, *The Competitive Advantages of Nations*, Free Press, 1990

Raymond Vernon. Louis T Wells, Jr. and Subramanian Rangan, *The Manager in the International Economy (latest edition)*, Prentice Hall

John Dunning. "Reappraising the Eclectic Paradigm in an Age of Alliance Capitalism". *Journal of International Business* 1995,

Rugman Alan M and Thomas L. Brewer (editors) *The Oxford Handbook of International Business*, Oxford University press, 2001.

Rugman Alan and Alain Verbeke. 2004. "A Perspective on Regional and Global Strategies of Multinational Enterprises", *Journal of International Business Studies*, 35: 3-18.

United Nations, *World Investment Report*, 2006.

R.Vernon. 2001. "Big Business and National Governments: Reshaping the Compact in a Globalized Economy". *Journal of International Business Studies*, 32 (3): 509-518

Peter T. Muchlinski, *Multinational Enterprises and the Law*, 2nd ed. (Blackwell: Oxford, 1999),

Meyer, Klaus (2004). Perspectives on multinational enterprises in emerging economies, *Journal of International Business Studies*, 35:259-276

Joseph Stiglitz, *Globalization and Its Discontents*, W. W. NORTON & COMPANY. 2002.

John H. Dunning (editor) *Making Globalization Good, The Global Challenge of Capitalism*, Oxford University Press, 2003

OPAC/VAAEPS
Rev. 06/2011