

Syllabus

Transnational Business Context

- **Instructor:** Dr. Yusaf H. Akbar, Nador 13, Room 409
- **Office Hours:** Before and After class or by appointment (akbary@ceu.edu)
- **Credits:** 2cr (4 ECTS)
- **Term:** Fall 2017-2018
- **Course level:** EMBA
- **Prerequisites:** Microeconomics and Macroeconomics (EMBA)

Course description

This course is an introduction to the fundamentals of global political economy – an understanding of how the international system operates and how it impacts and is impacted by a range of actors: multinational enterprises, states, international organizations and other non-state actors. The course includes three major aspects: 1) the institutional framework and policy management of global economic relations, 2) country analysis and risk assessment, 3) the operational and organizational concerns of the multinational enterprise.

Learning outcomes

1. Through an understanding of different perspectives on how the global political economy is structured, analyze the global business environment of a firm (identifying the key problems, drawing up and assessing strategic alternatives and making recommendations as to company strategy)
2. Critically assess both the causes and public policy and business strategy consequences of global interdependence through contemporary issues in the world political economy
3. A capacity to consider how business decision-making is impacted through multiple perspectives.

Reading list

Journal and Magazine Articles

Akbar, Y. and Kisilowski, M. (2015), "Managerial Agency, Risk, and Strategic Posture: Nonmarket Strategies in the Transitional Core and Periphery", *International Business Review* (Elsevier) Volume 24, Issue 6, pp. 984–996

Akbar, Y., Nemeth, A. and Hans-Martin Niemeier (2014), "Here We Go Again...The Permanently Failing Organization: An Application to the Airline Industry in Central and East Europe", *Journal of Air Transport Management* Vol. 35 Issue 1 pp. 1–11

Bremmer, I. (2014), "The New Rules of Globalization", *Harvard Business Review*, January

Eijffinger S. (2012) "Rating Agencies: Role and Influence of Their Sovereign Credit Risk Assessment in the Eurozone" *Journal of Common Market Studies* 50 (6): 912–921

Gagnon, J. (2013), "Currency Wars" *Milken Institute Review*, January

Gratton, L. (2015), "Building Resilience in a Fragile World", *Rotman Magazine*, January 2015 pp 47-51

Greenwold, S. (1999), "Strategic Interests and International Political Economy", *New Political Economy*, 4 (1): 97-112

Howells S. and Paul Wyroll (2015) "The Downside of Growth: Tackling Asia's Wicked Environmental Problems" *Rotman Magazine*, January 2015 pp 25-33

Joyce M., Miles D., Scott, A. and Vayanos, D. (2012) "Quantitative Easing and Unconventional Monetary Policy – An Introduction" *The Economic Journal*, Vol. 122, November

Leiteritz, R. (2011), "International Political Economy: State of the Art", *Columbia Internacional*, 62 (2): 50-63

Puck, J. F., Helen Rogers, and Alex T. Mohr (2013) "Flying under the radar: Foreign firm visibility and the efficacy of political strategies in emerging economies" *International Business Review* 22 (6): 1021-1033

Case Studies:

Ramaswamy K. (2016), "ExxonMobil and Royal Dutch Shell: The Tale of Two Projects in Sakhalin Harvard Business School Publishing

Jacobides, M. (2015) "To Grexit or Not? Politics and Greece's Sovereign Debt Crisis" Harvard Business School Publishing

Datla, A. (2015) "Shaping the Future of Solar Power: Climate Change, Industrial Policy and Free Trade" Harvard Kennedy School Publishing

Technical Notes:

United Nations (2016), "World Economic Situation and Prospects 2017-18", UNO Geneva

Magazine Articles:

The Economist 18/11/2011, Special Report – Staring Into the Abyss: the Future of Europe*

The Economist 26/5/2012, pp.23-25. Briefing – The Euro Crisis, an ever deeper democratic deficit*

The Economist (2015), "Central Banks in the Firing Line" March 10, 2016 accessible at:
<http://www.economist.com/blogs/buttonwood/2015/03/monetary-policy-politics-and-economy>

The Economist (2017), "The Multinational Company is in Trouble" accessible at:
<http://www.economist.com/news/leaders/21715660-global-firms-are-surprisingly-vulnerable-attack-multinational-company-trouble>

The Economist (2016), "Overhyped, Underappreciated" accessible at:
<http://www.economist.com/news/leaders/21702751-what-japans-economic-experiment-can-teach-rest-world-overhyped-underappreciated>

Assessment

Assignment	% of final grade
Individual in-class participation	20%
Individual take-home assignment	40%
Team-based assignment	40%

Assignment: Individual in-class participation

Weighting (% of final grade): 20%

Description of Assignment:

Active and consistent participation is not the same as just talking a lot in class. The quality of what you say (or write) and the quality of your listening and responsiveness to others are important components of your evaluation in this course. You may expect to be called upon (even if you have not volunteered), and you should be prepared to contribute your ideas and insights.

Quality Indicators (how will it be graded; what constitutes a good assignment):

You will be expected to contribute in an active and constructive way to debate and discussion in class. As future leader in business, taking a view and being able to credibly defend it is an invaluable skill. Moreover, listening skills and the ability to understand your colleagues and peers will also be considered. Quality, rather than quantity of contribution is the essence of the grade you will receive.

Excellent: Regular and constructive contribution to discussion in nearly every class. I'm ready to begin when class begins. I have no absences and I return from breaks promptly

Good: Frequent participation in discussion. Most of my contributions are short responses to easy questions. I'm ready to begin when class begins. I am sometimes late getting back to class after breaks.

Needs Improvement: Few interventions and contributions in class. Passive attendance. When called on, I may not have been well prepared. I have arrived late to two or more classes and/or have missed sessions during the class. I am typically late getting back to class after breaks.

Assignment: Individual take-home assignment – A Risk Management Memo

Weighting (% of final grade): 40%

Description of Assignment:

The individual take-home assignment will test your ability to synthesize course content, form managerial judgments, and advocate a decision and a course of action.

More specifically, you are drafting a "Management Memo" directed towards the senior leadership of a multinational firm. You should choose one of the following topics for the memo:

- (a) The impact of Eurozone instability (potential defaults, liquidity shortages) on business opportunities (economic growth etc) in the European Union.
- (b) The collapse of state authority in multiple countries in the Middle East (Iraq, Libya, Syria, Yemen) and its implications for business attractiveness in the region.
- (c) The emergence of viable and strategically competitive state-owned Chinese firms for competition in the global economy.
- (d) The effects of Brexit on the UK and EU economies. Choose 2 sectors to compare and contrast the effects.

The Memo should be formatted in Microsoft Word (NO PDF please) with a maximum of 4 single-spaced pages of content (excl. title page, references, diagrams, tables and figures etc.). Make sure to print your name on the title page and to number your pages.

Quality Indicators (how will it be graded; what constitutes a good assignment):

- **Mastery of subject matter** (Demonstrated capacity to know the subject matter presented)
- **Supporting research** (extent to which the paper draws on primary/secondary information sources/data in connection to the case and applies appropriate referencing to these sources)
- **Analytical Quality of paper** (Capacity to synthesize and critique different perspectives on the topic covered 10/40pts.)
- **Spelling, Grammar and Referencing** (Ability to write in clear, concise and effective English with few grammatical and spelling errors and accurate referencing)

Assignment: Team-based assignment – Assessing Country Economic Development Strategies
Weighting (% of final grade): 40%

Description of Assignment:

Each course participant will be assigned to a team (5 students per team). Every team will have to complete the “team-based assignment”. The team-based assignment centers on understanding how public policymakers can help countries develop economically drawing on competing models of success. In the contemporary global political economy, there are competing ideas about how countries can develop. There is the ‘Singapore Model’, ‘Dubai Model’, ‘Ireland Model’ on the one hand and the ‘China Model’ or ‘Russia Model’ on the other. These approaches all feature a debate around the extent of state intervention and the kind of intervention that states should undertake. They also pose questions on how private business contributes to economic development. Each team will choose a country (you are free to choose the country – excluding China, Dubai, Ireland, Russia, Singapore of course) and assess the appropriateness of these models for the country you have chosen.

Quality Indicators (how will it be graded; what constitutes a good assignment):

Grades will be awarded on the basis of:

- **Mastery of subject matter** (Demonstrated capacity to know the subject matter presented; Capacity to synthesize and critique different perspectives on the topic covered)
- **Supporting research** (extent to which the presentation draws on primary/secondary information sources/data in connection to the case and applies appropriate referencing to these sources)
- **Quality of Presentation** (Ability to express communicate orally ideas; capacity to handle Q&A)
- **Spelling, Grammar and Referencing** (Ability to write in clear, concise and effective English with few grammatical and spelling errors and accurate referencing for slides and supporting documents)

Course schedule and materials for each session

Class	1 + 2	Time	See Google Calendar
Topic	The Basics: The Global Political Economy Architecture		
Preparation	Read: <ul style="list-style-type: none"> • United Nations (2016), "World Economic Situation and Prospects 2017-18" pp 1-36 ONLY • Leiteritz, R. (2011), "International Political Economy: State of the Art" • Greenwold, S. (1999), "Strategic Interests and International Political Economy" pp 97-112 ONLY 		
Description	<p>How the international system is built and functions; controversies around structure and agency; power in the international macroeconomic system;</p> <p>Our first classes are the core foundational basis for the remaining four days of the course. Some of this material may be new both in its substance and approach. You are asked to carefully read the core articles to get an understanding of the foundations of GPE. We will spend considerable time in class working through the concepts and <i><u>you are strongly encouraged to ask questions in order to facilitate understanding for yourself and the group.</u></i></p>		

Class	3	Time	See Google Calendar
Topic	The Basis and Pattern of Global Trade (and Investment) and The Political Economy of Trade Policies, WTO, trade disputes		
Preparation	<p>Read the following:</p> <ul style="list-style-type: none"> • Yang, W. (2006), "China in the WTO: A Chinese View" • Sanchita Basu Das (2013), "RCEP and TPP: Comparisons and Concerns" pp. 1-9 ONLY • The Economist (2016), "The Road to Brexit" • The Economist (2017), "The Multinational Company is in Trouble" 		
Description	<p>Conceptual traditions in understanding why countries trade with other; New countries in the trade system (China, India, Russia); Shift towards deep integration (trade and antitrust; trade and labour law); Intellectual Property, Multinational firms and their influence in driving trade liberalization. Global and regional trade and investment in the Trump and Brexit world</p>		

Class	4	Time	See Google Calendar
Topic	Firms in the global economy		
Preparation	<p>Read:</p> <ul style="list-style-type: none"> • Ian Bremmer (2014), "The New Rules of Globalization" • Puck, J. F., Helen Rogers, and Alex T. Mohr (2013) "Flying under the radar: Foreign firm visibility and the efficacy of political strategies in emerging economies" • Akbar, Y. and Maciej Kisilowski (2015) "Nonmarket Strategy in Central Asia and Eastern Europe" • Akbar, Y., Nemeth, A. and Hans-Martin Niemeier (2014), "Here We Go Again...The Permanently Failing Organization: An Application to the Airline Industry in Central and East Europe", <i>Journal of Air Transport Management</i> Vol. 35 Issue 1 pp. 1–11 • Case study: ExxonMobil and Royal Dutch Shell: The Tale of Two Projects in Sakhalin 		

Class	4	Time	See Google Calendar
Description	<p>Investment risk; National treatment of foreign investors; Influence of multinational firms on domestic policy; non-market strategy as a source of competitive advantage.</p> <p>Questions to consider for the case study:</p> <ul style="list-style-type: none"> • What were the key reasons why Sakhalin I was executed on time but Sakhalin II was delayed by two years? • What were the main political risks faced by Shell and Exxon-Mobil and how well did they handle them? • What lessons might a Shell manager learn from the Sakhalin I experience and an ExxonMobil manager learn from the Sakhalin II experience? 		

Class	5	Time	See Google Calendar
Topic	<p>Managing the Global Climate and Natural Environment: Internationally negotiated climate change regimes; Regional and Global efforts to combat climate change; Non-state actors in fostering action; Conflicted goals of multinational firms and limiting human induced climate change.</p>		
Reading	<p>Linda Gratton, (2015), "Building Resilience in a Fragile World", <i>Rotman Magazine</i>, January 2015 pp 47-51*</p> <p>Steven Howells and Paul Wyrroll (2015) "The Downside of Growth: Tackling Asia's Wicked Environmental Problems" <i>Rotman Magazine</i>, January 2015 pp 25-33*</p> <p>Case Study: Shaping the Future of Solar Power: Climate Change, Industrial Policy and Free Trade*</p>		

Class	5	Time	See Google Calendar
Assignment	<p>Prepare readings and case. During the readings, consider the following questions in your preparation. What contribution does economic growth make to climate change? What trade-offs do companies face in managing their environmental footprint? What role do governments play in managing the global climate?</p> <p>Case Questions to consider:</p> <ul style="list-style-type: none"> • Why did the U.S. government promote Solyndra? • Should governments undertake industrial policy? • In the realm of climate change, are the United States and China competitors or do they have the same interests? 		

Class	6	Time	See Google Calendar
Topic	Global Monetary Issues		
Preparation	<p>Read:</p> <p>The Economist (2016), "Overhyped, Underappreciated"</p> <p>Case Study: "To Grexit or Not? Politics and Greece's Sovereign Debt Crisis"</p> <p>Questions to consider:</p> <ul style="list-style-type: none"> (a) Is Grexit a viable alternative macroeconomic policy for Greece? (b) What would be the economic and political consequences for Greece and the EU? 		
Description	Inflation, deflation and Monetary Policy; Hyperinflation; Abenomics; Austerity politics		

Class	7	Time	See Google Calendar
Topic	Course wrap-up and Final Presentations		
Reading	N/A		
Assignment	You will present your final group presentations in this session and submit the final document		