ISC312 International Business

Introduction

Today's Agenda

- Course syllabus
- Course contacts
- Course objectives
- Course structure & schedule
- Learning resources
- Assessment and grading
- What is International Business (IB)
- Globalization and IB

Course Syllabus

- Read it carefully. It will answer your basic questions about the course.

- It also contains critical information about the assessment tasks.

Course Contacts

- Professor Contact:
  - **Prof. Lin CUI**
  - lincui@korea.ac.kr
  - Include "ISC312" in the email subject
  - Emails will be responded within 24 hours Mon-Fri
  - Consultation time: by email appointment
- TA Contact:
  - See announcement on LMS
  - Include "ISC312" in the email subject

Course Objectives

- Identify the main dimensions of the **IB environment**
- Analyse **institutional factors and configurations** supporting cross-border trade and investment
- Understand the nature of the **multinational firm** as a governance structure for the conduct of cross-border trade and investment
- Analyse the key decisions that multinational firms make in relation to **foreign market entry strategies**
- **Research** international business issues and apply theoretical insights to the analysis of such issues in the context of a complex international business environment

Course Structure

- Delivery: pre-recorded lecture videos + in-person classes
- Self-study: (1) reading (2) participation (3) exam preparation
- Group-study: (1) group presentation

EBM (evidence-based management)

-- From information to knowledge --

1. **Story**
2. **Facts**
3. **Data**
4. **Evidence**

The human agents:

Journalists and Researchers

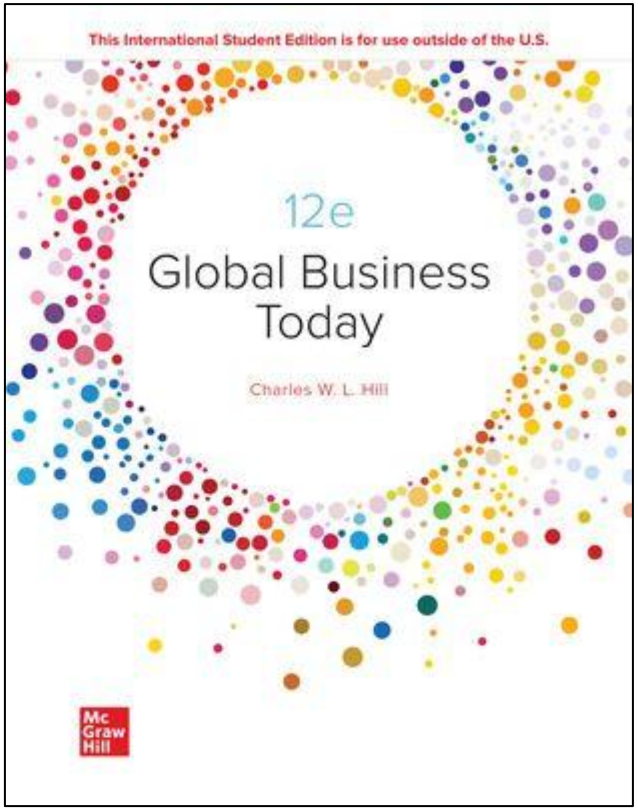
Course Schedule

Week/Date	Topic	Textbook chapter*	Lecture video	Lecture slides	In-class discussion
Week 1					
June 29	Session 1: Introduction	1		Download	
June 30	Session 2: Cultural environment	4&17	Watch	Download	Discussion Q1
July 1	Session 3: Economic environment	3&9	Watch	Download	Discussion Q2
July 2	Session 4: Political environment	2&7	Watch	Download	Discussion Q3
Week 2					
July 6	Session 5: International financial markets	10&11	Watch	Download	Discussion Q4
July 7	Group presentation 1a & 1b				
July 8	Group presentation 2a & 2b				
July 9	Mid Exam (online)				
Week 3					
July 13	Session 6: Trade theory and practice	6&14	Watch	Download	Discussion Q5
July 14	Session 7: Foreign market entry mode	8&12&13	Watch	Download	Discussion Q6
July 15	Session 8: Ethics in IB	5	Watch	Download	Discussion Q7
July 16	Session 9: Global supply chain	15&16	Watch	Download	Discussion Q8
Week 4					
July 20	Group presentation 3a & 3b				
July 21	Group presentation 4a & 4b				
July 22	Final Exam (online)				
July 23	Student consultation (optional)				

Learning Resources

- *Global Business Today*, by Hill et al.
  [Self-purchase]
- Lecture slides & videos
  [use this link (you need a Google account)]
- Discussion Qs
  [on course website]
- Group presentation materials
  [on course website]

Textbook



Global Business Today (ISE 12e)

Print ISBN: 9781266103148
eBook ISBN: 9781264363728

Assessment

Task	Weighting (%)
Attendance	10
Discussion questions	10
Group presentation	20
Mid-term exam	30
Final exam	30
Total	100

See course syllabus for due dates and task instructions

What is International Business (IB)?

- Business transactions between parties from more than one country:
  - Cross-border transaction: buying/selling goods and services internationally
  - Cross-border operation: operating plants/offices in other countries to take advantage of local resources
  - Cross-border financing: borrowing money or raising capital from foreign locations

- How different from domestic business?

International vs. Domestic Operations

- When operating abroad companies may have to adjust their usual methods of carrying out business
- Key issues
  - countries are different (within vs between)
  - The rules are different: institutions, culture
  - The tools are different: currency conversion

Multinational Corporations (MNCs)

- Operations in more than one country
- International sales
- Nationality mix of managers and owners

Core Elements

Political & Legal Elements

Economic and Financial Elements

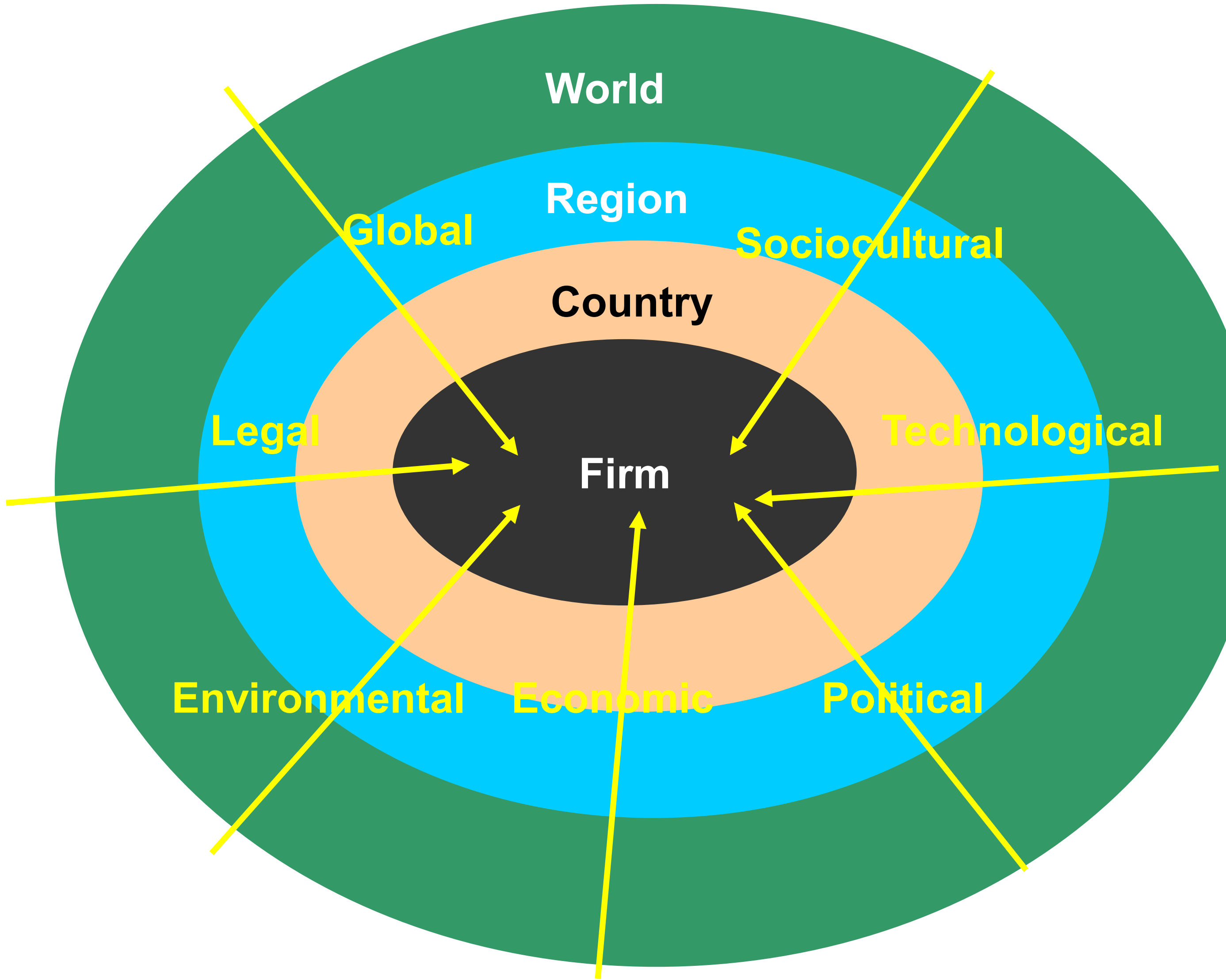
MNC

- Foreign market entry
- Global supply chains

Social & Cultural Elements

Technological & Environmental Elements

Study Environment



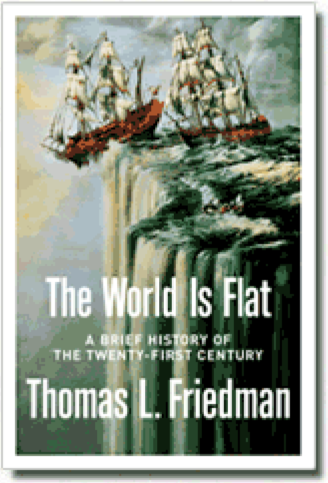
Study Strategy

知己知彼,
百战不殆。

- Who am I (what do I have)?
- Where/what do I want to be?
- How do I get there?

Globalization and IB

- Changing mindset
  - Worldview 1.0
  - Worldview 2.0
  - Worldview 3.0



- The role of globalization
  - What globalization is not?
  - What globalization is?

- Two trends
  - Globalization
  - Anti-globalization

Three big challenges

- A problem we know we know

  Nuclear War

- A problem we know we don’t know

  Climate Change

- A problem we don’t know we don’t know

  Technological Disruption

- Three challenges: https://www.ynharari.com/

Rugman & Verbeke (2004): “only 9 of the top 500 are global”!

	500 rank	Company	Region	Revenues (US$bn)	F/T sales	Percentage intra-regional	North America percentage of total sales	Europe percentage of total sales	Asia-Pacific percentage of total sales
1	19	Intl. Business Machines	North America	85.9	64.8	43.5	43.5[a]	28.0[b]	20.0
2	37	Sony	Asia-Pacific	60.6	67.2	32.8	29.8[c]	20.2	32.8[d]
3	143	Royal Philips Electronics	Europe	29.0	NA	43.0	28.7[e]	43.0	21.5
4	147	Nokia	Europe	27.9	98.5	49.0	25.0[a]	49.0	26.0
5	162	Intel	North America	26.5	64.6	35.4	35.4[c]	24.5	40.2
6	190	Canon	Asia-Pacific	23.9	71.5	28.5	33.8[a]	20.8	28.5[d]
7	239	Coca-Cola	North America	20.1	NA	38.4	38.4	22.4[b]	24.9
8	388	Flextronics International	Asia-Pacific	13.1	NA	22.4	46.3[c]	30.9	22.4
9	459	LVMH	Europe	11.0	83.4	36.0	26.0[c]	36.0	32.0
		Weighted average		33.1		38.3			
		Total		298.0					

Data are for 2001.
Source: Braintrust Research Group, The Regional Nature of Global Multinational Activity, 2003 (www.braintrustresearch.com).
Notes: [a]Refers to Americas; [b]Refers to EMEA: Europe Middle East and Africa; [c]Refers only to the US; [d]Refers only to Japan; [e]Includes only the US and Canada.
NA=not available.

15 years later (Rosa, Gugler, & Verbeke, 2020)

Table 1 Classification of the World's Largest Firms – Fortune Global 500 List in 2002

From: Regional and global strategies of MNEs: Revisiting Rugman & Verbeke (2004)

Geographic orientation	Number of MNEs	% of 365 firms
Global	9	2.5
Home-regional	320	87.7
Bi-regional	25	6.8
Host-regional	11	3.0
No/Insufficient data	135	–
Total	500	100

Source: Based on Rugman & Verbeke (2004)

Table 3 Classification of the World's Largest Firms – Fortune Global 500 List in 2017

From: Regional and global strategies of MNEs: Revisiting Rugman & Verbeke (2004)

Geographic orientation	Number of MNEs	% of 365 firms
Global	36	9.3
Home-regional	286	74.1
Bi-regional	39	10.1
Host-regional	25	6.5
No/Insufficient data	114	
Total	500	100

Source: Authors' calculations

Is an Interdependent Global Economy a Good Thing?

- Pro argument?
  - Creates employment, reduces consumer prices

- Anti argument?
  - Destroys jobs in developed countries
  - Exploits labour in LDCs with weak labour laws
  - Causes environmental destruction in LDCs with weak environmental protection laws
  - Loss of national sovereignty to undemocratic international organisations (e.g. WTO)
  - Increases income gap between world's rich and poor nations

The Globalisation of Crises

- Economic crises are going supernational, e.g.:
  - Asian financial crisis
  - Global financial crisis (GFC)
  - European sovereign debt crisis
- Interdependence and connectedness increase the risk of contagion
- How do we fight contagion?
  - Social distancing?
  - Herd immunity?

Next…

- Read
- Watch
- Think
- Share