

LINGNAN UNIVERSITY
DEPARTMENT OF MARKETING AND INTERNATIONAL BUSINESS
BUS108 - Global Business Environment

General Course Outline for 2009-10

Brief Course Description

This course helps students to develop a broader understanding of the world around them and of the importance of international business to their future business careers in Hong Kong or elsewhere. There are five major component parts in this course.

- **Part one** defines globalization, describes its drivers, and debates its merits and drawbacks.
- **Part two** focuses on national differences in political economy, culture and ethics and implications of these differences for ethical decision making.
- **Part three** presents a thorough review of international trade theories and describes the trade and investment environment in which international business occurs.
- **Part four** describes the global monetary systems in which international business transactions are conducted.
- **Part five** examines alternative entry strategies that international business adopts and explains the key functions that international businesses perform in order to compete and succeed in the international business environment.

Learning Outcomes

This course aims to provide students with a global perspective at this early stage of their degree studies. It also encourages students to recognize the increasing integration of the world economy and to realize that any business, multinational or local, needs to have an understanding of the global business environment.

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

1. have a good grasp of the impact of globalization on key issues including job security, income levels, labor policies, economic growth, the environment, and national sovereignty.
2. appreciate the differences in countries and cultures that enable them to assess country attractiveness, consider negative impact of corruption, address intellectual property right issues, and face ethical dilemmas.
3. explain country-based comparative advantages, and understand the pros and cons of strategic trade policies and foreign direct investments.
4. appreciate the pros and cons associated with alternative entry strategies

An associated objective of this course will be to ease and allow for the introduction of international dimensions to all other courses as per the long-term policy of the degree program. As students will have a basic grounding in international business, other instructors should find it somewhat easier to introduce international topics and cases in their own courses.

Further, from an integrative perspective, this course addresses the competitive challenges of doing business in different geographic environments. It ties in with the other international business modules focusing on firm-level strategies and structures of International Business Management, Special Topics in International Business, and the Minor Program in China Business Studies.

Measurement of Learning Outcomes

1. Academic controversies and debates require teams to address pros and cons of globalization issues like job security, economic prosperity, environmental safety, and national sovereignty. The creation of intellectual conflicts works to improve academic learning.
2. Problem-based case discussions require students to apply conceptual knowledge in assessing country attractiveness, and develop an understanding of related benefits, costs and risks of operating in different countries.
3. Individual research tasks require students to write an essay on a particular aspect of international business covering various aspects such as; international trade theory, country attractiveness including political freedom, market potential, trade policies, FDI regulations, currency risks, and market entry modes.
4. Team projects require each student group to face with a choice of two country environments whereby students search updated information to back up their analyses and support their judgments over country-specific advantages.
5. Team presentations require each student group to present findings orally as well as answer questions from audience. The team project and presentation is assessed for logicity, argument and feasibility of recommendations.
6. Final examination requires students to apply past learning in addressing examination questions under the global business environment perspective.

Teaching Method/Class Activities

The basic method of instruction will be through lectures coupled with assignments, cases and projects. Students will be required to apply concepts to analyze current business issues, and significant use will be made of cases of multinational businesses operating in Asia and of Hong Kong firms operating in the international environment.

Required Text

Charles Hill, *Global Business Today (Sixth Edition)* McGraw Hill (2009)

Use of CD-ROM and Internet Site

The set text comes with an impressive array of supporting materials. With each textbook an individual student will receive a ‘**Global Business Plan & Resource CD-Rom**’. The CD contains full summaries of each chapter in the text and links to appropriate websites. Material on the CD and links from it will be invaluable in the completion of student assignments. Additionally on the Internet there is a website www.mhhe.com/hillgbt5e dedicated to the support of this text. Students will find a host of useful and additional features including on-line self-tests, chapter summaries and further online links.

Library Wiki

The library has prepared a ‘wiki’ to accompany this course. It contains further information on the group project and samples of previous projects completed. Please feel free to browse or contribute to the wiki which can be found at the following address:

http://www.library.ln.edu.hk/wiki/index.php/BUS108_Global_Business_Environment

Use of International News and Business Magazines

The Economist	Fortune
Forbes International	International Business Week
International News and World Report	Time
Newsweek	Asian Wall Street Journal
South China Morning Post	

Assessment Guidelines

Class Attendance and Participation (5%)

Students are actively encouraged to ask questions in class. Students who display an interest in the subject score higher in participation. Taking an active part in group discussions or clear leadership in group projects/presentations also adds to participation marks. Students lose participation marks for low attendance, continuing lateness, disturbing behaviour etc. However, high attendance does not mean a high participation mark.

Mid-term Test (15%)

The mid-term test will cover chapters 1 - 7 from the textbook. It will contain a number of multiple-choice questions

Individual Essay Assignment or Global Business Ethics Course (10%)

For your individual assessment for this course you are required to write an essay of 1,500-2,000 words on a topic related to the course. A full list of essay titles is provided on the following page. Please pay attention to the notes on referencing and plagiarism.

Alternatively, students can choose to attend the ‘Global Business Ethics’ course organized by Junior Achievement (Hong Kong) in the early part of this semester. Satisfactory completion of the course (attendance at all four sessions) and production of the certificate will mean that students do not have to write an individual essay and their end of term mark will be adjusted based on their overall performance in the other assessment areas,

GLOBAL BUSINESS ENVIRONMENT

INDIVIDUAL ESSAY TOPICS

Please prepare a short essay on *one* of the following topics. Essays should be approx 1,500-2,000 words in length. Please make sure that the essays are written in your own words. Pay particular attention to referencing issues and avoid any hint of plagiarism.

“The study of international business is fine if you are going to work in a large multinational corporation, but it has no relevance for individuals who are going to work in small firms.” Evaluate this statement.

Who are the main protest groups demonstrating at meetings of the WTO, IMF and World Bank? Why exactly are they demonstrating against these organisations?

A democratic political system is an essential condition for sustained economic progress. Discuss.

If a Hong Kong manager goes to work for a Hong Kong firm in another country then he/she has the right to expect that ‘host country’ employees will conform to Hong Kong management methods and behaviours. Discuss

“China’s membership of the WTO is good for the country, but bad for the masses.” Discuss.

In practical terms how relevant is the theory of comparative advantage? What use does understanding of the theory have for business-people today?

Given the arguments relating to the new trade theory and strategic trade policy, what kind of trade policy should the Hong Kong government adopt?

“Inward FDI is bad for developing economies and should be subjected to strict controls.” Discuss.

Asia should have its own Regional Trade Area just as Europe has the EU and the Americas have NAFTA. Discuss.

Group Project and Presentation (20%)

Your Group Assignment is practical in nature and requires you to apply many of the concepts from the course to a 'real-life' business situation. You will be marked on the following:

Presentation

A group needs to make a professional **20-minute presentation** outlining its analysis and providing the reasons for its choice.

Report

A group should present a written report of its analysis. Reports should be **about 4,000 words** in length although its format varies with use of tables, charts etc.

Your team is working as management consultants for a Hong Kong manufacturing company. The organization sells 40% of its products in Asia, 30% in North America and 30% in Europe. At present the firm has one manufacturing facility in Hong Kong but is looking to build a larger more modern plant in another country, you expect to employ about 1,500 workers there. The firm has already done some preliminary work and has come down to a choice between two countries in which to site this new facility. You are required to advise the firm on which of these countries may be the most appropriate manufacturing location for the firm. Goods produced in the new facility will be exported worldwide and are not intended for the 'local' market.

In order to advise the firm you will need to consider the business environments in each of the countries that have been suggested. In particular you will need to consider;

- X Standards of living, wage levels and other relevant economic background of each country
- X Tax rates and investment incentives offered in each country.
- X Availability of labour with the necessary skills in each country.
- X Natural factor conditions in each country, infra-structure development and availability of relevant supporting industries.
- X Legal environment in each of the countries regarding labour laws, environment laws etc.
- X Membership of Regional Trade Agreements of each country and other trade-related considerations
- X Cultural considerations and ability of Hong Kong management team to work with local employees
- X Political risk considerations in each country.
- X Any other factors you consider relevant.

At the end of your analysis you **must** make a choice of which country the firm should locate in and provide a summary of the main reasons for your choice.

(Note that Investment Promotion bodies of many countries will be able to help provide you with this information, check the Internet to find links to these bodies. You may also wish to contact the commercial arms of local Consulates in order to speak with a Commercial Officer involved in Investment Promotion activities).

In-Class Learning Activities

Note: ‘Chapters’ refer to the set text ‘Charles Hill – Global Business Today 6th/E’

Week	Topics Covered	Learning Activities	Ch
1	Course Introduction Globalization	<u>The Great Globalization Debate</u>	1
2	National Differences in Political Economy Assessing Country and Market Attractiveness		2
3	Differences in Culture	<u>LIBRARY VISIT:</u> How to search for information on global business environment (MB 202)	3
4	International Business Ethics	<u>ICAC TALK:</u> Handling ethical dilemma via legal knowledge & practical skill	4
5	International Trade Theory New Trade Theory	<u>Video Presentation:</u> “China in the WTO”	5
6	The Political Economy of International Trade	<u>Discussion:</u> Does current account deficit matter?	6
7	Foreign Direct Investment	<u>Investment Proposals:</u> Discussion	7
MID-TERM TEST (23/10 Friday 6:30 -7:30pm in MBG06)			
8	Regional Economic Integration	Presentation Skills and Preparation	8
9	Foreign Exchange Market	<u>F/X Exercises</u>	9
10	International Monetary System	<u>RMB: Present & Future</u>	10
11	Project Presentations – Groups 1 and 2	Project Presentations – Groups 3 and 4	
12	Project Presentations – Groups 5 and 6 Entering Foreign Markets		12
13	Exporting, Importing and Countertrade	<u>Entry Mode Case Study:</u> KFC Franchising Submit Group Projects	13
14	End of Course Review and Exam Preparation	Submit Individual Essays Group and Individual Feedback Sessions	

Assessment

Continuous Assessment as follows:

50%

5% Attendance and Participation

10% Individual essays or “Global Business Ethics” course

15% Mid-term Test

20% Group Project and Presentation

Final Examination

50%

Total

100%

Students shall be aware of the University regulations about dishonest practice in course work and the possible consequences as stipulated in the Regulations Governing University Examinations.