

PEPPERDINE UNIVERSITY
THE GEORGE L. GRAZIADIO
SCHOOL OF BUSINESS AND MANAGEMENT

PROFESSOR ALFRED J. HAGAN

BSM 478.22

INTERNATIONAL BUSINESS

SPRING, 2005

TUESDAYS

6:00 PM – 10:00 PM

WEST LOS ANGELES GRADUATE CAMPUS

SYLLABUS

**INTERNATIONAL BUSINESS
BSM 478.22**

**Dr. Alfred J. Hagan
Course Syllabus**

**Tuesdays
West Los Angeles Graduate Campus
Spring, 2005**

Table of Contents

	<u>Page</u>
Course Description.....	2
Definitions.....	3
Course Procedures and Recommendations.....	3
I. Note Taking.....	3
II. Reading.....	3
III. Homework.....	4
IV. Format and Sources for Homework.....	5
V. Examinations.....	6
VI. Grading.....	6
VII. Class Participation.....	7
VIII. Class Courtesy.....	7
IX. Country Survey Presentations.....	8
X. Investment Project.....	8
XI. Guide for the Term Investment Project Report.....	9 - 11
Course Schedule.....	12 - 14

Any student missing the first class session without prior notice to the Professor
will be automatically dropped.

BSM 478 INTERNATIONAL BUSINESS
The Graziadio School of Business and Management
Pepperdine University Plaza
6100 Center Drive
Los Angeles, CA 90045

Course Syllabus - Tuesdays
Spring, 2005

Dr. Alfred J. Hagan

Preferred Contact Mode: alfred.hagan@pepperdine.edu

Plaza Messages: (310) 568-5500

Copyright 2004 Alfred J. Hagan

COURSE DESCRIPTION

This course will present to the beginning student of international business a panorama of the environment facing the firm in international business. It is designed to be a general course for those involved in major firms, where increasing proportions of the sales and profits are derived from international, if not global, activities. However, those with an interest in the entrepreneurial aspects of international business will also find the material useful.

This is not a course in importing and exporting. These functions can be done with no knowledge of anything "international." These functions are typically taught in technical schools where the level of technical complexity is with such topics as shipping costs by various shipping methods, flag vessels and their cost structure, import tariff structure, export promotion regulations and rebates, etc. These topics tend to get rather overwhelming for the non-specialist.

The emphasis here, therefore, will rest on those international activities that require a substantial investment in a foreign country. Since all such foreign investments require the consent of the recipient government, government-business relations will be an important part of this course. Consequently, we will be reviewing the investment attributes of several foreign countries. Additionally, elements of foreign trade policy, balance of payments, and foreign exchange will be treated with a view toward preparing the potential manager for effective decision-making regarding the international corporate options.

DEFINITIONS

Since all fields of study have their own terminology and specific definitions, an early effort will be made to encourage the learning of the common terms of the field.

COURSE PROCEDURES AND RECOMMENDATIONS

I. NOTE TAKING IS ESSENTIAL

A. Take everything down no matter how insignificant it may seem at the time.

B. It may be helpful to use two colors of ink to distinguish the "important" material -- as determined by you and your study group.

C. Review once a week with at least one other student -- preferably before each class.

D. Tape recorders are permissible.

E. Occasionally, visual contact with the professor is essential to complete understanding of the material. At such times, you will be asked to put down your writing implements and give your undivided attention. If, at that moment (or any other), you need time to catch up with your notes, a short delay will always be granted upon request.

F. Feel free at all times to ask questions concerning any relevant material.

II. READING

In this course there will be only one textbook (listed below), but there will be considerable assigned reading via the Internet and other, more traditional media.

International Business: The Challenge of Global Competition by Ball, McCulloch, et al., now in its 9th edition (2003), is one of the most useful texts in this field. The addition of mini cases at the end of each chapter is intended more as a technique for alerting students to the goals of the chapters than as a detailed, complex representation of a particular problem faced by a firm that requires the students to develop a specific solution. They should be read and will often be the groundwork for additional material to be presented in class. Detailed analysis of selected cases has been incorporated into the homework assignments. Please check the homework schedules in advance.

Economics of the Multinational Firm by Alfred J. Hagan is an online book provided by the professor during the first half of the course at no additional cost to students. The book serves as a basis for understanding both the theory and the mechanics of international business.

To have meaningful and active class participation, students should have read all assignments during the week before the class meeting. A re-reading after class and discussion of the class and reading material with colleagues will help to reinforce the learning experience and dramatically improve exam performance.

III. HOMEWORK

A. There will be 100 points available for each of ten homework assignments. The intent of the homework is to ensure that the student will become familiar with the sources of data and current thinking the managers of successful firms currently uses that in an ongoing fashion. It is unlikely that future managers will be using textbooks for assistance in the resolution of company growth problems. Up-to-date information regarding changes in the international business environment is critical to management and will be found in the current literature and sources of broad as well as specific macroeconomic data. Therefore, it is crucial that future managers learn to locate and use information (Library) resources. Hard copy material will be utilized, as will online databases, Internet sources and data, and other information resources.

B. Ten (10) homework assignments will take the following general form:

1. (60 points each)

1.1 ONE-PAGE SUMMARIES of articles on the following subjects:

- ONE article on risk analysis for the MNC
- THREE articles on the MNC overseas

1.2 TWO CASE STUDIES: Each student will write up an analysis of these cases using the questions at the end of the cases. Length is limited to a maximum of three, single-spaced, typewritten pages.

- John Higgins
- Office Systems Company

1.3 COUNTRY SURVEY RESEARCH: This research on countries can also be useful in the final group report. These should be group projects. Each member should turn in a copy of the group report with the individual's homework.

- ONE assignment on comparative economic and demographic data for 3 countries.
- ONE assignment to find recent 10 years' balance of payments for the same 3 countries and analyze.
- ONE assignment to find 10 years of U. S. trade data with your selected, final country.

1.4 ANALYSIS of Currency Fluctuations for the country of your project. This should be a group project. Each member should turn in a copy of the group report with the individual's homework.

2. (40 points each)

ONE short-answer essay question and answer for each chapter/article assigned in the reading.

C. Please word process or type all work on 8 1/2 by 11 paper.
Handwritten work will receive a 10% penalty.

D. Place your NAME, DAY OF WEEK class is held, and the ASSIGNMENT NUMBER (Homework Number, NOT Course Week Number, please) in the upper, left-hand corner of your work.

NAME:	Jane Student
DAY OF WEEK:	Tuesday
ASSIGNMENT NUMBER:	Homework 1. etc.

E. Homework for each week is due at the beginning of each class. Homework will not be returned to the student; Make a duplicate for future reference. The student should resolve any questions of grade assignment for homework in the following manner: First, check with your study group to see how they have fared and what possible hints they might have for you to do better. Second, if this fails to yield results, please contact me by e-mail. I can often point out what was wrong by return e-mail; if not, we can set a meeting time.

F. A 20% penalty will be assessed on that week's grade for any assignment or part of any assignment submitted late. You may not submit an assignment twice. In no case will homework be accepted two weeks past the due date. Nor will homework be accepted after the respective material has been covered on an exam.

G. Please staple the homework together. Staplers are always available in the Center Director's office area.

IV. FORMAT AND SOURCES FOR HOMEWORK

A. In addition to the one-page summary of the assigned articles, a copy of the article must be submitted. No cover page is required.

A one-page summary of a three-page article is not acceptable. Homework articles must be lengthier, scholarly, peer-reviewed journal articles which provide references upon which the research was built; news articles do not qualify (see below).

No articles from the following papers/magazines can be accepted for homework :

Barron's
Business Week
The Economist
Forbes
Fortune
Wall Street Journal

V. EXAMINATIONS

A. Mid-terms take one and one-half hours and are followed by lecture. If, due to an emergency, you are unable to take a mid-term when scheduled, please notify the professor prior to the giving of the exam. Failure to do so will result in a 5% course-grade penalty.

B. No make-up exams will be given. Scores for ALL other work will be pro-rated to compensate for a mid-term not taken. Only one mid-term may be missed.

C. Exam format is generally short-answer essay. Exam materials are provided ("blue books" are not required). All answers must be given in a dark color of ink. All proper names and foreign phrases must be spelled correctly.

D. There will be no pop-quizzes.

VI. GRADING

There will be a total of 6000 points available:

1000	Homework	
1000	Class Participation	(See Note VII, which follows)
1000	First Mid-Term Exam	(6th Class Meeting)
1000	Second Mid-Term Exam	(11th Class Meeting)
2000	Project	

A university scale will be used, i.e.:

94%-100%	= A
90%-93.9%	= A-
87%-89.9%	= B+
84%-86.9%	= B
80%-83.9%	= B-
77%-79.9%	= C+
74%-76.9%	= C
70%-73.9%	= C-
67%-69.9%	= D+
64%-66.9%	= D
60%-63.9%	= D-
<60%	= F

A "class curve" will not be used to determine or affect grades.

VII. CLASS PARTICIPATION

A. Every class has a few leaders whose conduct is a positive force in establishing the attitude and learning environment of that class.

Unfortunately, there are also, on occasion, some students whose behavior is obstructive. Usually a class will "tilt" toward the dominant group, and the subsequent difference in academic achievement can be dramatic. I request your cooperation in keeping the dominant mood positive for the benefit of the entire class's enhanced learning.

B. Leaders come to class prepared, FORM STUDY GROUPS, assist their peers, and look at education as an opportunity to expand their knowledge however it may be defined.

Obstructionists reject learning what they don't already know and have an endless supply of complaints such as:

"Why must we memorize for the exam?
Why do we have to use a dark pen on exams?
What does this subject have to do with my job?
How come you didn't tell us what was going to be on the exam?
It might have been in the readings but we didn't spend more than 15 minutes on it in class, why was it on the exam?"

Leaders light a candle, obstructionists curse the darkness.

C. At the end of the course, a sociogram will be completed by all students, thereby ranking each participant's influence on the class. The median of the class's scores for homework, exams, and projects will be determined to obtain a class benchmark. Scores at, above, or below this average will be assigned according to a student's ranking in the sociogram and case presentation/critique using standard deviations as a distribution medium.

D. The professor reserves the option to abandon this procedure if, in his judgment, the scores are unfairly punitive.

VIII. CLASS COURTESY AND CONDUCT

FOOD Many students complain about others eating in class. Issues of odor, noises from food packaging, chewing ice, etc., may seem petty but can detract from students' learning and cause student discomfort and conflict. Please demonstrate your respect for others by not eating in class.

CELL PHONES, PAGERS, ETC. Please show your respect for other students by not causing interruptions in class through the use of phones and beepers during class time.

CONDUCT. The University expects the highest standards of moral and ethical behavior from its students, faculty and staff. A full statement on conduct at the University may be found in the GSBM 2004-2005 Academic Catalog on pages 204-205.

IX. COUNTRY SURVEY PRESENTATIONS

To continue the Pepperdine tradition of group-cohesion and to advance learning and presentation skills, a group presentation of the important business-related aspects of the country your group will be studying for your research project will be required early in the course. This Country Survey will be a small part of your final Investment Project when completed.

This Country Survey is not a make-work assignment; it is the means by which you select the final country in which your project will reside. General background material on your country should be obtained and presented in both written and oral form to your colleagues and the professor.

The written Country Survey should be a summary of data of interest to businesses interested in opportunities in that country as opposed to one or more other viable countries. It need not be prose -- reserve that format for your project survey. Efficient data presentation is the key here. The summary should not exceed two, single-spaced, typewritten pages. A sufficient number should be prepared to give one to each class member and the professor.

The oral survey may vary between fifteen and twenty minutes of class time. All group members should participate to one degree or another.

If the country you select should happen to be the country in which you will be making your project investment, you will be able to use part of the Country Survey in up to two or three pages of the 25 pages in your project.

X. INVESTMENT PROJECT

This project requires that you make a serious investment in the final country of your choice. The investment should make suitable earnings for the U.S. investor, and part of these earnings will be expected as dividends in U.S. currency. The general intent of the project is to give you the practice of applying the principles learned in this course to the real world. Therefore, a substantial part of the course grade is assigned to this element of the course.

Please do not take the position that you will benefit from hiding the topic and its progress as long as possible. This frequently has produced disastrous results in the past. As a currently active international researcher and consultant, I can be of significant help to you in "shaking out" your project. I am more than willing to provide all the assistance I can -- within the bounds of fair and equal treatment to all groups. Please take advantage of this resource.

Groups are required. A minimum of two -- but preferably three -- people is required. A maximum of four -- but preferably three -- people will be permitted.

Each member of each group will evaluate the performance of the other members of the group to give credit for outstanding performers as well as to eliminate the "free rider" problem that is often a problem in group projects. This evaluation is required for a grade in this course. Each evaluation must be signed by the evaluator to credit the evaluator and to avoid more than one evaluation per group member.

B. Initially, topics should be broad in scope. The tendency will be to narrow them down as more is learned about the project. Please consult with the professor on any changes. Last-minute changes in the project cannot be accepted.

XI. GUIDE FOR THE TERM INVESTMENT PROJECT REPORT

The term project is a pre-investment analysis, complete with a business plan, of a consumer product investment in a foreign country. It is necessary that there is a significant U.S. dollar investment in the country. The project is to be designed for a non-U.S. consumer market, with substantial proportions of the value added in the product manufactured overseas.

Foreign market analysis, including gathering, analyzing, and forecasting of foreign consumer demographics, channels, promotion, pricing, and product design is expected, and labor and other input markets should be analyzed. A business plan treatment of the finance mode, products, markets, organization, profitability, etc., is expected as part of the project.

At every stage, there should be a forecast that extends the production, market and financial status of the project's variables. The country economic, demographic, social, political, and competitive variables are essential to the project's success. The project should present near-term profitability through a spreadsheet format that is justified by analysis, not merely a spreadsheet with initial figures multiplied by some fixed value from period 1 to period N . You should be thinking about and working on this project throughout the entire course. A number of the homework assignments were designed to help you get started on this project.

Getting started: Pick an industry your group is interested in and a country suitable for that industry. Alternatively, pick an area of the world (Asia, Latin America, Europe, Africa) and, from two or three potential countries in that area, justify the country that your group favors and then pick an industry suitable to the country. Good research will help you identify a suitable country and industry. Do this early in the course so that you can be thinking about the project in all your outside work.

For a successful project, the group should make a major effort to establish the reasons why their group firm decided on this investment country and region as opposed to other countries that might have offered acceptable sites (i.e., did you do a survey of opportunities for your firm, or just grab one at random?).

The text of the papers must not exceed 25 pages of double-spaced typing with sensible margins. That is, from the introduction to the conclusions, it must not exceed 25 pages (excluding appendices). The paper also would probably not work well with fewer than 15 pages.

Any charts, tables, or figures not essential to the profitable reading of the text but valuable to the understanding of the general content should be placed in an Appendix. Those tables, charts, etc., included within the text should be on separate pages unless they are very short: One-quarter page or less. Tables and charts on separate pages should be numbered as the previous page, with the addition of a letter; i.e., page 14-A, not page 15. Use charts at every opportunity. They are much clearer than tables of the same material.

This is a research paper and evidence of research is expected. Expect to provide a substantial number of references. For the sources you reference throughout your paper, make an alphabetic list of their citations and place the list at the end of the paper as a separate page entitled, "References." Within the paper, where citation is required, reference the author, followed by a comma and the date of publication (#1). For direct quotes, add a page number to the citation, as follows (#2).

1. For a database-retrieved journal article:

a. In your paper, following cited material, add the following parenthetical reference:

(Fournier, deRidder, & Bensing, October, 2003, p. 34)

b. In your bibliography, provide the following citation:

Fournier, M., de Ridder, D., & Bensing, J. (October, 2003). Direct marketing to Malaysia. Asian Journal of Commerce, vol. 22, 33-45. Retrieved March 15, 2005, from the Factiva database.

2. For a chapter of a source with no author: (e.g., EIU Country Profile)

a. In your paper, following quoted material, add this parenthetical reference.

(External sector, 2003, p. 7)

b. In your bibliography, provide the following citation:

External sector. (2003). Country Profile. Chile. New York: Economist Intelligence Unit. Retrieved February 18, 2005, from the Business Source Premier database.

Managers reading research reports may want to know your sources so that they can do some more research, cover themselves as they present your report, etc. Good references are a benefit, not a detriment. I would suggest that 15 to 20 sources would be normal for a paper of this type. It is pointless to simply list the various sources that might relate to the topic: They are probably endless. Please list only those sources that you have used in your paper. The number of references is a function of your needs in producing a useful paper, but should normally exceed the number of source items.

In this research paper, you are not supposed to be writing something entirely new; this is not a creative writing exercise. The point of this project is to inform your reader (i.e., your supervisor) what is going on regarding the topic that would be useful to the firm as background for discussion with foreign national leaders or businessmen. It is probably best to imagine that the professor is the authorizing and funding source for this project and that each group is the project management group. The funding authority will require sensible projections of return on the investment in U.S. dollars. Therefore, care should be taken to analyze the balance of payments history of the country of choice.

This is the culmination of the course. Your efforts here really pull together any loose ends that have not been tied through class and group efforts. Toward that end, I am available at any time for your questions. I will give you my general schedule and e-mail address when we first meet. Please leave e-mail messages if you can't find me and I will reply. **Please use E-MAIL, not the telephone. E-mail avoids playing phone tag with each other and gives each of us a record of what went on.**

It is very important that you not wait until the last minute to do your research!

This paper should require approximately one month of effort from topic selection to final draft. You can't possibly do it right in a week --no matter how much help you get from me or anyone else.

Papers must be submitted in a format that guarantees the reader that they will not come apart in the reading. No elaborate binding is required or desired. No three-ring binders, please.

COURSE SCHEDULE

The course will be scheduled around the homework and exam schedules. Please review the homework assignment schedule a week in advance. Lectures and class participation should closely follow these assignments.

Texts: Ball & McCullough (B&M), Hagan (Hagan)

<u>Meeting</u>	<u>Date</u>	<u>Activity</u>
1	4 Jan	<u>Course Introduction</u> Review of economics Introduction to international business Introduction to web chapters (Hagan) B&M Ch 1: The Rapid Change of Global Business Guest lecturer to present country research resources and databases
2	11 Jan	<u>International Business -- The Numbers & the Environments</u> Hagan Ch 1: Why Study International Business? Hagan Ch 2: Historical Antecedents to International Business Hagan Ch 3: Trade and Paying for Trade B&M Ch 1: The Rapid Change of Global Business B&M Ch 2: Trading and Investing in International Business <u>Homework #1 due</u>
3	18 Jan	<u>Economic Theories and Dynamics of International Business</u> B&M Ch 3: Economic Theories of International Business B&M Ch 4: The Dynamics of International Organizations <u>Homework #2 due</u>
4	25 Jan	<u>The International Monetary System and Financial Forces</u> B&M Ch 5: Understanding the International Monetary System B&M Ch 6: Financial Forces: Influencing International Business <u>Homework #3 due</u> Group Leaders: <u>Member list with country and topic due.</u> Assignment of Country Survey Schedule

<u>Meeting</u>	<u>Date</u>	<u>Activity</u>
5	1 Feb	<u>Economic, Social, Physical and Environmental Forces</u> B&M Ch 7: Economic and Socioeconomic Forces B&M Ch 8: Physical and Environmental Forces <u>Homework #4 due</u>
6	8 Feb	FIRST EXAM (H): Chs 1 - 3 + (B & M): Chs 1 - 8
7	15 Feb	<u>Sociocultural and Political Forces</u> B&M Ch 9: Sociocultural Forces B&M Ch 10: Political Forces <u>Homework #5 due</u>
8	22 Feb	<u>Legal and Labor Forces</u> B&M Ch 11: Legal Forces B&M Ch 12: Labor Forces <u>Homework #6 due</u>
COUNTRY SURVEYS DUE: Handouts and Class Presentations		
9	1 Mar	<u>Competitive and Distributive Forces</u> B&M Ch 13: Competitive Forces B&M Ch 14: International Strategy, Org Design and Control <u>Homework #7 due</u>
10	8 Mar	<u>Marketing Internationally</u> B&M Ch 15: Assessing and Analyzing Markets B&M Ch 16: Marketing Internationally B&M Ch 17: Export and Import Practices <u>Homework #8 due</u>
11	15 March	SECOND EXAM (B & M): Chs 9 - 17

After exam: B&M Ch 18: Human Resource Management

<u>Meeting</u>	<u>Date</u>	<u>Activity</u>
12	22 Mar	<u>Human Resource and Financial Management</u> B&M Ch 18: Human Resource Management B&M Ch 19: Financial Management <u>Homework #9 due</u>
13	29 Mar	<u>Global Operations Management and Strategic Planning</u> B&M Ch 20: Global Operations Management: The Third Industrial Revolution <u>Homework #10 due</u>

14	5 April	GROUP INVESTMENT PROJECT REPORTS
----	---------	---

15	12 April	GROUP INVESTMENT PROJECT REPORTS <u>WRITTEN + ORAL IN-CLASS PRESENTATIONS DUE</u>
----	----------	--