



Chandaria  
School of  
Business

## **IBA4010: INTERNATIONAL BUSINESS OPERATIONS**

**CREDIT:** 3 UNITS

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### **COURSE DESCRIPTION**

This course is an introduction to world business environments, financial transactions, and international marketing. The role of the multinational enterprises in international trade and Business will be explored, including emerging trends and issues related to International Business Operations.

*Prerequisite: BUS 1010*

### **COURSE OBJECTIVES**

- To familiarise the student with Multinational/Transnational Organisations and how they operate around the world.
- To impart to the student full knowledge of the International Business Operations
- Expose the student to the dynamics of International Business, Marketing and Management.

### **LINKS TO EXPECTED UNIVERSITY MISSION OUTCOMES**

Inline with the university mission outcomes this course will enable students to develop international and global understanding of the dynamics of the ever changing multicultural nature of international business operation, create awareness, knowledge, and appreciation of the impacts of both the diversity and commonality of world cultures to trade.

### **MEETING THE EXPECTED SCHOOL OF BUSINESS OUTCOMES**

By the end of the course, the student should be able to demonstrate practical knowledge, skills and understanding of the international business operations that are in line with the following school of business key outcomes.

- a) The ability to analyse international business situation (environments) and generate new ideas to solve business operational problems and to enhance international business growth of the organizations they work for.
- b) The ability to take initiative and present themselves confidently in international business contexts.

- c) To exhibit awareness and the ability to seek and exploit international business opportunities.
- d) Demonstrate practical knowledge of how international business operations contribute to the well being and happiness of the entire world community

### **LINKS TO THE IBA PROGRAM OUTCOMES**

To fulfil the IBAS programme expected outcomes, at the end of this course students will be able to

- a) Interpret legal, economic, and socio-cultural aspects of international; business operations
- b) Identify international business opportunities and develop viable business plans on how to enter and operate business in foreign target markets.

### **EXPECTED WEEKLY OUTCOMES AND COURSE CONTENT**

#### **WEEK 1: Introduction to International Business**

The objective of this week is to introduce the student to the international business phenomena. At the end of this week, the student is expected to able to define international business, trace the history of international business, identify the need for and benefits of international business and appreciate whether and how international business creates global linkages across culture and national boundaries. Topics of interest include:

- The International Business Perspective
- The Need for International Business
- A Definition of International Business
- Trends in Globalizations
- Global Linkages Today

#### **ASSIGNMENT ONE:**

Trace and summarize trends in globalization and their implications on International Business practice. Identify and discuss factors that played stimulus role in the growth of international business.

#### **READING ASSIGNMENT:**

M. Peng and K. Meyer, (2019) International Business 3e, 3rd Edition, Chapter 1

Czinkota, M. R., Ronkainen I. A., Moffett, (1996) “*Global Linkages Today*” In International Business, 4th edition, The Dryden Press 1996, PP. 7-20

#### **WEEK 2 & 3: The Theories of International Trade & Investment**

The main objective of these two weeks is to introduce the student to the relevant theories that form the foundation of the International Business discipline and to understand why firms fail or succeed in international markets and nations trade with each other.

At the end of this week, the student is expected to have sound understanding of the following trends, Classical and Modern theories of International Business, Trade and Investment:

- Resource Based View
- Institutional View
- Mercantilism
- The Theory of Absolute Advantage
- The Theory of Comparative Advantage
- The Theory of Factor Proportions
- The Leontief Paradox
- Overlapping Product Ranges Theory
- Product Cycle Theory
- Imperfect Markets & Trade Theory
- The Competitive Advantage of Nations

#### **READING ASSIGNMENT:**

M. Peng and K. Meyer, (2019) International Business 3e, 3rd Edition Chapters 2, 3, 4 &5

Czinkota, M. R., Ronkainen I. A., Moffett, (1996) “*The International Economic Activity of the Nation*” In International Business, 4th edition, The Dryden Press 1996, PP. 78-103

#### **WEEK 4: The International Economic Activity of the Nation**

The objective of this week is to introduce the student to the international economic activities of nations as they transact across national borders. Of particular concern to the student is how nations interact and settle accounts. Areas to be covered include:

- The Balance of Payments
- Fundamentals of Balance of Payments Accounting
- Defining International Economic Transactions
- BOP Accounting: Double Entry Book-keeping
- The Accounts of the BOP
- Kenya’s International Trade with other countries; East Africa countries, Africa Continent countries and the others, Balance of Trade and Balance of Payments.

#### **READING ASSIGNMENT:**

Carbough Robert J., 17th Edition (2019) International Economics, Cincinnati, Chapter 10

Czinkota, M. R., Ronkainen I. A., Moffett,(1996) “*International Monetary System: Principles and History*” In International Business, 4th edition, The Dryden Press 1996, PP. 103-135

## **WEEK 5 & 6: The International Monetary System Principles and History**

The objective of this chapter is to understand and appreciate both the history and the principles governing the international monetary systems. The student is expected to explore how the international monetary systems developed in the 20<sup>th</sup> Century, the emergence of multilateral institutions and the factors that necessitated their emergence. Topics of special interest to the course include:

- The purposes of exchange rates
- What is a currency worth?
- The law of one Price
- Qualities desired in an exchange rate
- The Gold Standard
- Fixed Exchange Parity Rates
- Restrictions on Money Supply Growth
- Automatic Balance of Payment Adjustment
- The Interwar Years, 1919-1939
- The Bretton Woods Agreement
- The Adjustable Peg
- The International Monetary Fund
- The International Bank for Reconstruction & Development
- The Experience Under Bretton Woods, 1946-1971
- Collapse & Transition, 1971 – 1973
- Floating Exchange Rates 1973 - present
- Fixed and Floating Currencies

### **READING ASSIGNMENT:**

Carbough Robert J., 17th Edition (2019) International Economics, Cincinnati, Chapter 10

Czinkota, M. R., Ronkainen I. A., Moffett, (1996) “*International Business Entry*” In International Business, 4th edition, The Dryden Press 1996, PP. 400-428

## **WEEK 7: International Business Entry**

The objective of this section is to prepare the student to explore the basic decisions that a firm contemplating foreign expansion must make: Which markets? When to enter and scale of entry?

The chapter will review the varying motivations for foreign market entry, the different modes of international market entry and the advantages and disadvantages of the different entry modes. The chapter will also cover the main concerns and problems associated with the strategic decision of going international. Specific areas are:

- The Role of Management
- Motivations to go Abroad
  - Proactive Motivations
  - Reactive Motivations

Alternative Entry Strategies

- Indirect Exporting and Importing
- Direct Exporting & Importing
- International Intermediaries
- Exporting management Companies
- Licensing
- Franchising
- Turnkey projects
- Joint Ventures
- Wholly owned subsidiaries

**READING ASSIGNMENT:**

M. Peng and K. Meyer, (2019) *International Business 3e*, 3rd Edition, Chapter 12

Czinkota, M. R., Ronkainen I. A., Moffett, M. H. (1996) “*Multinational Corporations*” In *International Business*, 4th edition, The Dryden Press 1996, PP. 432-464

**WEEK 8: MNCs: The Multinational Corporation Phenomenon**

This chapter defines and explores the various dimensions of the world’s Multinational Corporations. The student is expected to explore the MNC phenomena and compare arguments for and against MNCs and their impact on home and host-country economies.

- The Multinational Corporation Defined
- The World's Multinational Corporations
- Modes of Operations
  - Full Ownership
  - Inter-firm Cooperation

**READING ASSIGNMENT:**

M. Peng and K. Meyer, (2019) *International Business 3e*, 3rd Edition, Chapter 12

Czinkota, M. R., Ronkainen I. A., Moffett, M. H. (1996) “Foreign Direct Investment” In *International Business*, 4th edition, The Dryden Press 1996, PP. 437-452

## **WEEK 9: MNCs and Foreign Direct Investment**

The main objective of this chapter is to introduce the student to the theory of Foreign Direct Investment (FDI) and the role MNCs in the growth, direction and source of the global FDI. Further, the student is required to explore the reasons for and the costs and benefits of FDI to the nation state.

- The Theory of Foreign Direct Investment
  - What is FDI?
  - Reasons for Foreign Direct Investment
  - The costs and benefits of FDI
  - The Host-Country perspective
  - The Home-Country Perspective
  - Management of the Relationship
  - Implications for international business

### **READING ASSIGNMENT:**

M. Peng and K. Meyer, (2019) International Business 3e, 3rd Edition, Chapter 12

Carbough Robert J., 17th Edition (2019) International Economics, Cincinnati, Chapter 9

Czinkota, M. R., Ronkainen I. A., Moffett, M. H. (1996) “*Transfer of Technology*” In International Business, 4th edition, The Dryden Press 1996, PP. 452-454

## **WEEK 10: MNCs, Technology Transfer and Globalization**

The object of this chapter is to introduce the student to the concepts of technology transfer and globalization in relation to the cross-border activities of Multinational Corporations and other international business operations.

Areas of importance to the course include the role of MNCs in the transfer of technology and the role international business as the major driver of globalization.

- Transfer of Technology and Multinational Corporations
- Globalization and Multinational Corporations

### **READING ASSIGNMENT:**

M. Peng and K. Meyer, (2019) International Business 3e, 3rd Edition, Chapter 15

Czinkota, M. R., Ronkainen I. A., Moffett, M. H. (1996) “*International Marketing*” In International Business, 4th edition, The Dryden Press 1996, PP. 502-534

## **WEEK 11: International Marketing**

This chapter will explore the strategic market decisions that managers of international business have make: Identify markets; assess demand; develop product, pricing, distribution and promotional strategies on both global and local scale and deal with the challenges that result from variation in market factors:

- Target Market Selection
  - Identification and Screening
  - Concentration versus Diversification
- Marketing Management
  - Standardization versus Adaptation
  - Product Policy
  - Pricing Policy
  - Distribution Policy
  - Promotional Policy

**READING ASSIGNMENT:**

M. Peng and K. Meyer, (2019) International Business 3e, 3rd Edition, Chapter 17

Czinkota, M. R., Ronkainen I. A., Moffett, M. H. (1996) “The Cultural Challenge” In International Business, 4th edition, The Dryden Press 1996, PP. 296-320

**WEEK 12: The Cultural Challenge**

The purpose of this chapter is to define and demonstration the effect of culture’s various dimensions on international business. The student is required to understand and appreciate that substantial differences between societies arise from cultural differences and these differences impact on the design and operations of international business.

- Culture Defined
- The Elements of Culture
  - Language
  - Non-verbal language
  - Values and attitudes
  - Manners and customs
  - Material elements
  - Aesthetics
  - Social institutions
- Cultural Analysis
- Implications for international business management of differences among cultures
- Global Perspectives

**READING ASSIGNMENT:**

M. Peng and K. Meyer, (2019) International Business 3e, 3rd Edition, Chapter 16

Czinkota, M. R., Ronkainen I. A., Moffett, M. H. (1996) “*Economic Integration*” In International Business, 4th edition, The Dryden Press 1996, PP. 168-195

### **WEEK 13: Regional Economic Integration**

The object of this chapter is to introduce the student to the different levels of economic integration between nations and to explore the economic and political arguments for and against regional economic integration. The student is required to review the current status and scope of regional economic integration and to understand the implications for international business.

- The East African Community
- COMESA
- SADC
- ECOWAS
- EC
- NAFTA
- ASEAN
- MERCOSUR
- CARICOM
- APEC

### **WEEK 14: FINAL EXAMINATION**

#### **TEACHING METHODOLOGY**

- Lectures
- Cases and class discussions
- Individual and group project
- Research through written assignments and term paper

#### **COURSE TEXTS**

1. M. Peng and K. Meyer, (2019) *International Business 3e*, 3rd Edition, ISBN
2. Carbough Robert J., 17th Edition (2019) *International Economics*, Cincinnati
3. Czinkota Michael R.,(2009) *International Business*(European Edition)
4. Czinkota, Michael R.,(2005) *International Business*(7<sup>th</sup> Edition)

#### **READINGS**

1. Dlabay, L and Scott, J.C, *International Business*, 4th Edition, ISBN
2. Peng, M, *Global Business*, 4th Edition, ISBN
3. Woods, Margaret, *International Business* (Chaptman & Hall Press, 1995.)
4. Sundaram, A. K. *International Business Environment Text and Cases*, 1995
5. Shapiro, A. *Multinational Financial Management*, 1992
6. Dufey, G. *The International Money Market*, 1994.
7. Ansoff, H. I. *The New Corporate Strategy*, 1988.
8. Bergqmist, W. *The Postmodern Organization: Mastering the Art of Irreversible change*, 1993.
9. Vernon, Raymond. *Storm Over The Multinationals* (London: Mcmillan, 1977.)

10. Sampson, Anthony *The Arms Bazaar, Empires Of The Sky, The Money Lenders, The Seven Sisters*, ( London: Coronet Books, 1978.)

Selected Readings from International Business Journals such as:-

1. Journal of International Business Studies
2. Fortune 500
3. Transnational Corporations Journal
4. The Economist
5. Harvard Business Review

#### **COURSE EVALUATION**

|                              |             |
|------------------------------|-------------|
| ▪ Attendance & participation | 5%          |
| ▪ Assignments                | 15%         |
| ▪ Group Presentation         | 10%         |
| ▪ Term Paper                 | 15%         |
| ▪ Mid Term Exam              | 25%         |
| ▪ Final Exam                 | <u>30%</u>  |
| <b>Total</b>                 | <b>100%</b> |

#### **GRADING**

|       |   |     |    |
|-------|---|-----|----|
| 90    | - | 100 | A  |
| 87    | - | 89  | A- |
| 84    | - | 86  | B+ |
| 80    | - | 83  | B  |
| 77    | - | 79  | B- |
| 74    | - | 76  | C+ |
| 70    | - | 73  | C  |
| 67    | - | 69  | C- |
| 64    | - | 66  | D+ |
| 62    | - | 63  | D  |
| 60    | - | 61  | D- |
| Below | - | 59  | F  |