



ECON 5520/6520
Multinational Firms: International Trade and Investment
Summer 2023
Mondays and Wednesdays 6 – 9 pm
Interactive Video Class (IVC)

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Office Hours: By appointment via Zoom

Course Description

This course emphasizes the microeconomic and macroeconomic aspects of Multinational Enterprises (MNEs). It builds on real-world situations and addresses public policies in home and host countries. From the microeconomic perspective, the course covers MNEs' business objectives, market conditions, and decision-making under market structures of perfect competition, monopoly, monopolistic competition, and oligopoly. From the macroeconomic perspective, the topics covered include theories and factors behind Foreign Direct Investment (FDI) and the pros and cons of FDI including its impact on income distribution. We will also explore the most recent developments in global trade and examine the relationship between MNEs and international trade and between MNEs and investment.

Course Learning Outcomes

At the end of this course, students will be able to:

- Demonstrates how MNEs contribute to their home and host countries.
- Discuss profit maximization of MNEs under perfect competition, monopoly, monopolistic competition, and oligopoly.
- Discuss the pros and cons of FDI and its impact on income distribution.
- Analyze the relationship between MNEs and international trade and between MNEs and investment

Textbooks and Readings

We will rely primarily on the following textbooks as well as relevant readings and case studies listed in the syllabus.

- Caves, R. (2007). *Multinational Enterprise and Economic Analysis* (3rd ed.). Cambridge University Press. [Henceforth, Caves]
- Fisher, T. C. G., Prentice, D., & Waschik, R. (2010). *Managerial Economics, A Strategic Approach* (2nd ed.). Routledge. [Henceforth, Fisher]

You will be able to access the electronic version of the books or “**inclusive access**” through Canvas on the first day of class at a discounted price. The first two weeks of access to the digital content

are complimentary for you to utilize and explore. After the first two weeks, in order to retain access, simply do nothing; a charge will be conveniently billed to your tuition account. You will receive about three emails regarding how to access the textbooks or opt out of the program. Your main access to the books will be through the **“Bookshelf”** tab in the class Canvas site. You have the right to opt out of inclusive access and have the book fee refunded during the first two weeks. You will of course lose access to the text if you do that. Details can be found at <https://www.campusstore.utah.edu/utah/InclusiveAccess>.

Class Web Page

All course materials, communication, grades, and discussions can be found on the class Canvas site **ECON 5520-001 Summer 2023**.

Inclusivity Statement

It is my intent that students, regardless of their backgrounds and perspectives, deserve to be treated fairly and have equitable access to this course, that students' learning needs be addressed both inside and outside of class, and that the diversity that students bring to this course be viewed as a valuable asset, strength, and benefit. It is my intent to present materials and activities that respect diversity. Your opinions are encouraged and appreciated. Please let me know ways to improve the effectiveness of the course for yourself or other students.

University Policies

Please see the links on the **“Syllabus”** page in Canvas for updated information on university policies regarding disability accommodations, safety on campus, sexual misconduct, dropping or withdrawing from class, and academic dishonesty. You will also find links to resources relating to veterans' support, LGBT support, English as a second language, and personal wellness.

Teaching and Learning Methods

This is an IVC class, rather than a fully online class. This means that we have scheduled class meeting times on Zoom. You can access links to join the class video meetings in Canvas.

Grading

The final grade will be determined according to the following scale.

Grade	Scoring (%)	Grade	Scoring (%)
A	94 to 100	C	74 to < 77
A-	90 to < 94	C-	70 to < 74
B+	87 to < 90	D+	67 to < 70
B	84 to < 87	D	64 to < 67
B-	80 to < 84	D-	60 to < 64
C+	77 to < 80	E	0 to < 60

Evaluation

Your performance in this course will be evaluated by:

Required Work	Percent of Grade
Class Attendance and Participation	10%
Case Study	30%
Midterm Exam	30%
Final Exam	30%
Total	100%

Class Attendance and Participation (10%): Attendance as well as the frequency and quality of your contributions to class discussions and Canvas activities are key evaluation criteria. The purpose of this is to ensure that you receive the best possible experience in this course and to enhance your learning capacity. I reserve the right to provide unexpected class roll without prior announcement. **Everyone is permitted two excused absences** with prior or immediate notice. If there are exceptional circumstances that require you to miss more than two class sessions, please notify me as soon as possible.

Case Study (30%): Case study involves an in-depth investigation of real-world scenarios. The case method creates high-powered incentives for you to develop your critical thinking skills and apply the course material to the real world. Each student is required to work on one out of five case studies. A group of seven to eight students will study the same case, collaborate, debate, and share insights on Canvas discussion boards. Although this is an individual assignment, we will make this experience as collaborative as possible. You are encouraged to study materials both covered and not covered in class to solve and discuss the cases. Case instructions will be distributed in advance. On the day of your presentation, you will be required to submit an insightful analysis of your case. It is also expected that you participate in the discussion of other cases. I believe that discussion not only engages students from diverse backgrounds and experiences in thinking critically but also enables them to learn from one another, promoting a diversity of perspectives. Case study presentations are scheduled for after the midterm exam. The date of each presentation is outlined in the course schedule section of this syllabus.

Late Work Policy: Late work may be accepted if you notify me before the due date of the emergency you are having, you may get permission to submit the work up to **three days** late.

Midterm and Final Exams (30% each): Exams will consist of short-answer questions and essays and will take place during class time. Both of the exams will not be proctored and can be taken from your home computer using the resources available to you. All students must complete the exams independently – no collaboration is allowed during the exam period.

Makeup Exams: Makeup exams will be given without penalty only in the event of an excused absence when I have been notified before the exams are conducted.

Re-grade Policy: If you would like me to review graded work, I am more than willing to do so. All requests for re-grades must be submitted within one week of the graded work being returned. After requesting, please schedule an appointment with me to discuss your work and grade. Please allow me a minimum of 48 hours between your request for a re-grade and our meeting.

Instructor Expectations

- I will design the course to include lectures, readings, case studies, and other materials and will provide students with opportunities to learn and practice course content.
- I will interact with the class via announcements, virtual office hours, emails/Canvas Inbox, and feedback on assignments among other methods.
- I will respond to emails and posts with questions within 48 hours, including weekends and holidays.
- I will be available for individual consultation via virtual office hours, email, or phone. You will not be required to come to campus in order to meet with me.
- I will provide feedback on case studies, exams, and other assignments (if any) in a timely manner.
- I will follow all official University of Utah policies

Student Expectations

- Effective communication is essential for the success of this course, and you are encouraged to contact me via Canvas, email, or phone, to set up in-person or virtual appointments to discuss any questions and to reach out when the content or delivery is not working for you.
- You are expected to prepare by reading before class. When you read ahead of time, you are more likely to understand the lectures. You will also become familiar with new terms through your reading rather than hearing them for the first time.
- Active participation is expected. You are encouraged to answer questions, share opinions, and raise ideas. You will benefit most by committing yourself to total involvement in the subject. By actively pursuing learning activities and discussions, you will gain a solid understanding of this course.
- You are expected to log in to the course a minimum of 3 times per week.
- To do well in the IVC course, you are expected to be self-motivated, organized, and willing to stay on top of your schedule.
- You are expected to check course announcements regularly. The **Announcements** area is my official means of communication when distributing information to the entire class.
- You are expected to update your Canvas settings to ensure timely notifications from the course.

Netiquette

"Netiquette" is a term describing how to interact with others in an online environment, such as on a discussion board or in emails. I expect all of these guidelines to be followed by everyone in the course.

Respect Diversity: It is an ethnically rich and diverse, multi-cultural world in which we live. Use no language that is—or that could be construed to be—offensive toward others. Racists, sexist, and heterosexist comments and jokes are unacceptable, as are derogatory and/or sarcastic comments and jokes directed at religious beliefs, disabilities, and age. We all come with different perspectives, so please be respectful and resist the urge to tell anyone they are wrong. Understand they have had different life experiences and all of our world views are simply different.

No Yelling: Using bold uppercase letters is bad form, like stomping around and yelling at somebody.

Participate: This is a shared learning environment. So for discussions, do not lurk in the background. It is not enough to log in and read the discussion threads of others. For the maximum benefit to all, everyone is encouraged to contribute.

Remember, You Can't Un-Ring the Bell: Language is your only tool in an online environment. Be mindful. How others perceive you will be largely—as always—up to you. Once you have hit the send button, you have rung the bell. Review your written posts and responses to ensure that you have conveyed exactly what you intended. This is an excellent opportunity to practice your proofreading, revision, and rewriting skills—valuable assets in the professional world for which you are now preparing. Read your emails, posts, and assignments out loud before hitting the send button. This will tell you a lot about whether your grammar and sentence structure are correct, your tone is appropriate, and your contribution is clear or not.

Canvas Time Zone Information

To ensure you are viewing due dates and times correctly, as well as events in the calendar, set your student Canvas time zone to your current location by following this [guide](#). If you do not change your time zone, all due dates and times listed in Canvas default to Mountain Time. All written content in the course, including office hours written in the syllabus, is in Mountain Time unless stated otherwise.

Course Schedule (Subject to change)

May 15th: Introduction to Multinational Enterprises (MNEs)

- The MNE as an Economic Organization
- Comprehensive Data on MNEs and the Role of MNEs in Global Economy
- MNEs in Domestic Value Chains

Readings

- Caves Ch. 1
- OECD. (2018). *Multinational Enterprises in the Global Economy Heavily Debated But Hardly Measured*.
<https://www.oecd.org/industry/ind/MNEs-in-the-global-economy-policy-note.pdf>
- OECD. (2019). *Multinational Enterprises in Domestic Value Chains*. OECD Science, Technology and Industry Policy Papers March 2019 No.63.

May 17th: Economic Tools of the Firms

- The Manager and the Firm
- Monopoly and Perfect Competition
- Price Discrimination
- **Case Study** “Coca-Cola’s New Vending Machine: Pricing to Capture Value, or Not?”

Readings

- Fisher Ch. 2 – 4
- King, C. & Narayandas, D. (2000). *Coca-Cola’s New Vending Machine: Pricing to Capture Value, or Not?* Harvard Business School Publishing.

May 22nd: Game Theory and Strategic Interaction between Firms

- Game Theory
- Strategy in a Market with Two Firms
- Product Differentiation

Readings

- Fisher Ch. 5 - 7

May 24th: Public Policy and Product Life Cycle

- Public Policy
- The Product Life Cycle
- **Case Study** “Pricing Games: Sony PlayStation and Microsoft Xbox”

Readings

- Fisher Ch. 9 & 19
- Suslow, V. Y. & Lafontaine, F. (2011). *Pricing Games: Sony PlayStation and Microsoft Xbox*. William Davidson Institute Publishing.

May 29th: Memorial Day – No Class

May 31st: Midterm Exam

June 5th: Foreign Direct Investment (FDI)

- The MNE and Models of International Economic Activity
- Global Investment Trends and Prospects
- Recent Policy Developments and Key Issues
- **Student Presentation: Case Study** “Carrefour China and the Olympic Torch Relay: Managing Corporate Crisis Amid Evolving Expectations of Multinational Firms”

Readings

- Caves Ch. 2
- UNCTAD. (2022). *World Investment Report 2022*. United Nations Publications.
- Hung, K. & Pong-Wa Wai, C. (2009). *Carrefour China and the Olympic Torch Relay: Managing Corporate Crisis amid Evolving Expectations of Multinational Firms*. Asia Case Research Centre, The University of Hong Kong.

June 7th: Growth of MNEs

- Organization and Growth of MNEs
- Income Distribution and Labor Relations
- How Digital Multinationals are Transforming Global Trade and Investment
- **Student Presentation: Case Study** “Amazon Goes Global 2020”

Readings

- Caves Ch. 3 & 5

- UNCTAD. (2022). *How Digital Multinationals are Transforming Global Trade and Investment*. <https://unctad.org/news/how-digital-multinationals-are-transforming-global-trade-and-investment>
- Li, J. & Li, Y. (2020). *Amazon Goes Global 2020*. Ivey Publishing.

June 12th: MNEs in Developing Countries and Economies in Transition

- MNEs in Developing Countries and Economies in Transition
- Effects on Economic Development
- **Student Presentation: Case Studies**
 - (1) “Ethiopia: An Emerging Market Opportunity?”
 - (2) “IMPISA: Restructuring to Innovate with Existing Resources”

Readings

- Caves Ch. 9
- Quelch, J. & Yong, S. (2015). *Ethiopia: An Emerging Market Opportunity?* Harvard Business Publishing.
- Friel, D. (2018). *IMPISA: Restructuring to Innovate with Existing Resources*. Ivey Publishing.

June 14th: Financial Flows and Technology Transfer

- Investment Behavior and Financial Flows
- Technology and Productivity
- **Student Presentation: Case Study** “Tesco PLC: The Strategy for India”

Readings

- Caves Ch. 6 – 7
- Williams, C. & Chandrasekhar, R. (2014). *Tesco PLC: The Strategy for India*. Ivey Publishing.

June 19th: Juneteenth – No Class

June 21st: Final Exam

Some Important Dates:

May 18 th	Last day to add, drop (delete) classes
May 18 th	Last day to waitlist
June 2 nd	Last day to withdraw from classes
June 21 st	Classes end

Disclaimer

This syllabus is meant to serve as an outline and guide for our course. Please note that I may modify it with reasonable notice to you. I may also modify the course schedule to accommodate the needs of our class. Any changes will be announced in class and posted in Canvas under “Announcements.”