

**Econ 4311 Strategic Economics of Multinational Enterprises**  
GTL 2022  
Class: TBA  
Office: TBA

## SYLLABUS

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Office Hours: TBA

### Course Objectives

This course examines the strategic decisions and operations of multinational enterprises (MNEs) in a fast-changing global environment. We examine theories of trade, foreign direct investment (FDI) and firm strategy and their implications for the growth of multinational firms. While our focus is on how multinational firms make strategic decisions from a microeconomic perspective, we also explore some key elements of the macroeconomic environment that impact the multinational firms' strategic decisions and growth. In addition to using economics concepts and models to analyze the strategies and behaviors of MNEs, we will also incorporate a transdisciplinary perspective into many of the issues we discuss in this course. Students in the class are typically from many disciplinary backgrounds, and I encourage you to share your varied perspectives on how to approach the problems we discuss.

### Learning Objectives

At the end of this class, you are expected to understand:

- The dynamics of global markets and foreign direct investment.
- The role of comparative advantage in MNE strategy operations.
- Theories of trade, FDI, and firm strategy, and their application to MNEs' strategic decision-making.
- The relationship between international trade, outsourcing and the strategic decisions of multinational firms.
- MNE strategic behavior and competition in global markets.
- How the regulatory environment affects multinationals' strategic decisions
- How exchange rates and international tax laws (transfer pricing) impact MNE decisions

### - Textbook

*Elements of Multinational Strategy*, by Keith Head, Springer is the required book for the class. Please verify from the library's website if this book is available online. The course will use this required book, other readings and lectures. Readings will either be posted on Canvas or I will provide links to the readings. I also expect you to keep up with current international economic issues discussed in outlets such as the Wall Street Journal, Fortune, Business Week, and Forbes. We will also discuss the impact of COVID-19 on trade and FDI.

Other books for reference: Charles Hill, International Business 12<sup>th</sup> ed.; World Investment Report, various volumes

### Lecture Format

We will have in-person classes. As a contingency plan, if health conditions mandate, lectures may be held synchronously over BlueJeans and/or will be available as PPT presentations/other media such as BlueJeans recordings.

### Grades

The total points for the course is 100. The course grade will be based on the following:

- (a) 3 in-class exams worth 35 points each, to be done **individually - no collaboration allowed**. **The best 2 grades out of these 3 exams** will count towards your course grade. This means that if you are satisfied with your grades for Exam 1 and 2, you can choose not do the Final Exam.

- (b) **2 individual** homework assignments are worth 7 points each for a total of 14 points - **no collaboration allowed**
- (c) 2 **group** assignments worth 7 points each for total of 14 points - **collaboration allowed**
- (d) That adds up to a total of 98 points or 98% of the total points for the course, since the total points for the class are 100. **So, what about the remaining 2 points?** If you submit all your assignments and homework in a timely manner, you get those 2 points (if you have late submissions, you will still get part of the 2 points, prorated).

You **cannot collaborate** on **individual** homework assignments or Exams. You **can collaborate** with your group for assignments that are designated as **group assignments**.

**EXAMS 1, 2 and 3 WILL BE DONE ONLINE USING CANVAS. EVERYONE SHOULD BRING A LAPTOP TO CLASS FOR THESE EXAMS. All homework assignments will be posted on Canvas and completed assignments must be submitted on Canvas.**

### **Group Assignments**

You have to form groups for your group assignments. Each group must have a minimum of 2 members and a maximum of 3 members. You can form a group on your own and email me with the details, or I can assign you to a group. As far as possible, I will honor your preferences, but if needed, I will ask you to switch groups. The group as a whole will receive the same grade for each group assignment, based on the assumption that each group member is a fully contributing member. Please certify and sign the front page of your group assignments to indicate whether all the group members participated or not. If any of the groups experience problems with participation, I will ask all the members of such groups to submit their individual contributions to the group assignments, and I will grade each person on that basis.

Grades will be assigned as follows:

90% of the total points and above	A
80% to less than 90% of the total points	B
70% to less than 80% of the total points	C
60% - to less than 70% of the total points	D
Less than 60% of the total points	F

If you are taking this class pass/fail, you need to attend all classes, take all the required exams, and obtain a letter grade C to pass the course. The exam schedule is will be announced in Spring 2022 and is subject to change if unforeseen circumstances should arise that warrants such change. If you have a valid reason for being absent such as illness or a family emergency (supported by appropriate documentation), you will be permitted to assign a higher weight to any subsequent exam that you will be taking in this class. You will have to decide which exam you want higher weights on, prior to the exam.

If you need to travel on GT business, please provide written documentation. You should let me know at least 2 weeks ahead of time if you have a conflict with one of the exams, and you should arrange to take the exam before your travel date. You will not be allowed to take the exam after the class takes the exam. If you have any exceptional circumstance, please contact me as soon as possible to discuss options.

### **Office hours**

Office hours will be announced during the first week of class. While I prefer in person office hours, if health conditions mandate, I will send you BlueJeans invitations for the office hours. In order make best use of the office hours, please come to the office hours with all your questions listed on a separate sheet

of paper. Please also be prepared to discuss how you initially approached the problem, and the difficulties you encountered.

### **Accommodations through Office of Disability Services**

Georgia Tech offers accommodations to students with disabilities. Please contact the Office of Disability Services (ODS) if you require such accommodation. If you already have a letter from the ODS approving specific accommodations, please be sure to email me a copy of that letter. Please also contact Ms. Corinne Guyot at GTL about providing you accommodations on your exam days and copy me on that email, so we are all on the same page. I will work with you to help you with the accommodations approved for you. If you need to speak with me, please email me.

### **Honor Code**

We will follow the Georgia Tech Academic Honor Code at all times. You can collaborate for group assignments. **For individual homework, group assignments and exams, you cannot google/use the internet, Chegg, or other resources similar to Chegg to find answers to the questions.** You can use the internet if you need to do any research for group assignments. All exams and individual homework are entirely individual efforts, so you cannot give help to or receive help from anyone inside or outside the class. You can find more information about the honor code at <http://honor.gatech.edu/content/2/the-honor-code>.

### **Student-Faculty Expectations Agreement**

At Georgia Tech we believe that it is important to strive for an atmosphere of mutual respect, acknowledgement, and responsibility between faculty members and the student body. See <http://www.catalog.gatech.edu/rules/22/> for an articulation of some basic expectation that you can have of me and that I have of you. In the end, simple respect for knowledge, hard work, and cordial interactions will help build the environment we seek. Therefore, I encourage you to remain committed to the ideals of Georgia Tech while in this class.

### **Reading Assignments and Approximate Schedule**

This is a tentative schedule and is subject to change. The homework and exam weeks/dates will be announced in March 2022. I may supplement the chapters from the text indicated below with handouts, journal articles, and other materials as appropriate. I will provide all extra readings/links to readings on Canvas. Additional topics may be included as appropriate during the presentations and discussions.

Week 1	Lecture; KH: Ch 1: Overview of International Business Introduction to Globalization and Drivers of globalizations FDI overview; introduction to global supply chains and MNE production and trade
Week 2	<b>Submit Group Information by email: TBA</b> Trade Theories and Gains from Trade KH: Ch 2;
Week 3	Trade Theories and Gains from Trade KH: Ch 3
Week 4	Ch 4; Trade Costs <b>Individual Homework 1: TBA</b>
Week 5	Ch 4; Trade Costs - continued Ch 5: Trade Rules <b>Exam 1: TBA</b>
Week 6	Ch 5: Trade Rules - continued
Week 7	Ch 8: Internalization – brief overview

Week 8	KH: Ch 9 Competitive Interactions <b>Group Homework 1: TBA</b> <b>Individual Homework 2: July 7, 2021 by 11.59 pm</b>
Week 9	KH: Ch 12: Transfer pricing <b>Exam 2: TBA</b> <b>Group Homework 2: TBA</b>
Week 10	KH: Ch 10: Exchange rates in the MNE world
Week 11	MNCs and sustainable investment Integration of ideas developed during the course <b>Exam 3: TBA</b>

The syllabus is tentative and may be revised before class starts if circumstances warrant a revision. All homework, group assignments and exams should be submitted through Canvas in a timely manner. All assignments, homework and exams must be in **Times New Roman, 12 font, 1.5 spaced.**

#### **Other class details**

**The best way to reach me is by email: [usha.nair@gatech.edu](mailto:usha.nair@gatech.edu).** I check my email regularly. If you don't hear from me within 24 hours during the work week, be sure to email me again. **Please write Econ 4311 in the subject line of your email whenever you email me.** I get a lot of emails, and I prioritize emails from my students and this is my way of identifying that the emails are from students in my class. If you need to speak with me urgently, please indicate Econ 4311 URGENT in the subject line of your email, and I will get back with you as soon as I can.

These are challenging times for all of us, some more than others. Let us be kind and considerate and support each other. If you need help, please contact me as soon as possible, so I can work with you and help as best as I can. Feel free to contact me even if you need help that is not related to Econ 2101, if you think I may be able to help. Please make your mental and physical well-being a priority. Take good care of yourselves, and stay safe.