

COURSE OUTLINE - DO NOT LOSE!!!!
2005-IBUS402-1/3

SCHOOL OF MARKETING AND INTERNATIONAL BUSINESS

IBUS 402
Multinational Corporations in the Global Business Environment
[15 points]

COURSE CO-ORDINATOR:

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OFFICE HOURS:

Monday 11.30am - 12.30pm RH 1110
Other times by appointment

LECTURE TIMES AND ROOMS:

Wednesday 1.30-4.20pm

PREREQUISITES:

The prerequisite for this paper is IBUS 301.

PAPER OBJECTIVE:

This course examines the role, scope and impact of multinational corporations (MNCs) in the global economy, with particular emphasis on current issues and impact in the global business environment. Critique and extension of existing theories of the MNC are developed in light of these issues.

The principal objective of this course is to investigate the impact of multinational enterprises (MNCs) on the world economy. It starts from recognition that MNCs are a very significant force in the world economy and through foreign direct investment (FDI) interact with governments, multilateral organisations and a diverse range of interest groups. The power of MNCs has led to a concern regarding the exercise of such power and the danger that the actions of MNCs may not always be in the best interests of the world economy as a whole. Such issues are investigated through a balanced analysis of the extent of MNC activity, the motives for the spread of international production and likely impacts in a range of areas. Consideration is given to a number of competing perspectives on the MNC and the interests of both developed and developing economies. Special attention is paid to the New Zealand experience of FDI.

LEARNING OUTCOMES:

At the Honours level you are encouraged to take responsibility for your own learning, to develop an independent research orientation, and exhibit a degree of intellectual independence. Through a mixture of lectures, student-led discussions, seminars, critiques and reviews of the literature, students who complete this course should:

- be able to think critically about the issues relating to MNCs in the world economy;
- be able to critically evaluate others' research based on other work in the area;
- have an in-depth knowledge and understanding of at least three key areas in the course through preparing a critique, a seminar, and literature review;
- develop independent research capability, and be able to pursue an area of research from setting initial research questions to making conclusions;
- enhance their ability to participate in class discussion and debate and be able to draw on existing ideas as well as those presented in the course to support your arguments;
- develop reasoning ability in order to ascertain the important issues in today's international business environment; and
- be able to deal with new information systematically and be able to use it to develop ideas and projects.

COURSE STRUCTURE:

This course is student centred. The three hours per week are typically divided into two parts. The first part will be devoted to a discussion and critique of the readings assigned for that week, and any wider issues of interest. From week three, this discussion will be led by a student(s) from the class in the form of a interactive seminar. The second part will be used to provide an overview of the topic under discussion. This will be in a lecture format led by the course coordinator, with opportunities for student discussion and comment.

COURSE READINGS:

Readings for this course are available in your 'Student Notes'.

These readings should be considered as the starting point for wider reading in preparation for seminars and the literature review. Students are encouraged to make use of the library databases, books and periodicals, as well as web resources (below) to obtain further readings relevant to this course.

WEB RESOURCES:

IBUS Web Site: The website for international business resources can be found at www.vuw.ac.nz/ibresources

This site will suggest resources and web links to help you prepare your assignments.

Comments, suggestions and additions for the website should be sent to the course co-ordinator at joanna.scott-kennel@vuw.ac.nz

ASSESSMENT:

The paper will be assessed on the basis of 100% coursework. It is required that students obtain at least 50 % (C grade) overall to obtain a pass grade for this course.

The course work comprises of weekly one-page critiques (best eight out of ten) (20% of the final mark), class participation (10%), critique (20%), seminar (20%), literature review and presentation (30%). Details of each of these assessments are given below.

NOTE: The seminar and the literature review should be based on different subject areas within the course.

Weekly Critiques

In preparation for each session, you are required to read and critique the readings that have been assigned for that week. Typically, there will be three readings assigned per week, depending on the topic. To do your weekly critique, you should first read and try to understand the assigned readings. You might like to prepare a brief summary of each one for your own use, including purpose and research gap, seminal or theoretical literature, methodology, key findings, limitations and future areas for research.

The critique itself should not include your summaries, but should comment on the group of papers as a whole. What are the similarities/differences of the papers? Do they have a common purpose, for instance, looking at a similar issue but from different perspectives? What issues do these papers raise, and how successfully do you think they address them? What limitations, in terms of scope, methodology or research design, and results, are apparent?

Due dates for weekly critiques

Wed 1.30 pm

The length of your critique should be one page, single-spaced, and it should be typed in Times New Roman 12 point font.

Seminar & Leading Class Discussion

In week one you will be assigned a topic and date for your seminar. Seminars are held at the beginning of each lecture session, starting from week three. You may either prepare your seminar individually or be assigned a partner from the class. You should aim for the seminar to take approximately 1 to 1½ hours (max), including class discussion time.

Due date for the seminar

TBA

The purpose of the seminar is twofold. First, it encourages you to read more widely, and report back on a specific topic relating to MNCs in the global economy. Hence you will be expected to not only cover the assigned readings for that week, but also to read more widely into the topic (you should aim to read and review at least 6 new readings in preparation for the seminar). You will then be expected to report your findings back to the class. Your seminar should attempt to address the issues raised by the discussion questions, but you may also like to develop your own line of enquiry – and are encouraged to do so. The objective is for you to provide the class with an in-depth perspective on the selected topic, and to be able to develop your own research, reporting and presentation skills.

You are also required to prepare an annotated bibliography of 6 key references. Each annotation should be approximately 150-200 words long and should briefly summarise the paper, concentrating on the paper's strengths, weaknesses, and contribution to the literature.

The way you present the seminar is over to you, but it should include the following:

- A brief summary of the assigned readings,
- Class discussion on the readings (see weekly critiques above),
- An in-depth review of the subject area, perhaps focussing on a specific topic, and
- A 1000 word (written) synopsis, plus an annotated bibliography are to be submitted on the chosen seminar date. These are to be photocopied and distributed to the other class members prior to the presentation.

You might like to be creative with your class discussion, for example assigning activities or 'quizzes' to draw out key points, stimulating debate, or facilitating small group discussion around specific questions.

NOTE: In the week prior to the seminar, the student(s) presenting should make a time to meet with the course lecturer to discuss how they will lead the session.

The marking schedule for the seminar is given on the following page.

IBUS 402 Multinational Corporations in the Global Business Environment
Seminar Marking Criteria

(these marks cover both the oral presentation and the written synopsis)

Name: _____ Date: _____
Topic: _____ Grade: _____

Delivery

Audible/speed, continuity and confidence,
clarity of communication of ideas /10

Effective use of visuals, class interaction and
interest and understanding, style and effective
presentation skills, provision of notes to class /10

Presentation

Logical flow and development of reasoning,
persuasiveness of argument or useful presentation of
the facts, attention to structure /10

Content

1. IDENTIFICATION of issues/key facts/objectives of seminar /5
2. Addressing the issues/objectives, in-depth discussion and
reasoning, ability to stick to the topic /20
3. EXTENT of supporting material, depth and breath of
ideas or concepts in the relevant areas, background
knowledge /10
4. TYPE of supporting material, use of academic material,
facts and statistics, non-academic material, supporting
case/country studies, examples /5
5. Logical presentation of the material/argument,
structured around key points or academic arguments /5
6. Acknowledgement of limitations, future issues,
complexities within the argument(s) /5
7. Annotated bibliography /20

Mark out of _____ /100

Comments

Critique of an Article

Each student will prepare and submit a critique of **one** article. A selection of articles will be given in due course. You should give your critical evaluation of an article, which demonstrates your familiarity with the topic, your understanding of the methodology used, and your assessment of the contribution that the author makes in the topic area. The length of the critique should be about 2000 words.

Due date for the Critique of an Article

23 March

The main purpose of the critique is to indicate where and how improvements to the research/article could be made and why. In light of this purpose, you should comment on the strong aspects or contributions of the article, but focus on its weaker aspects or limitations, perhaps suggesting how the article might have been improved. This requires you to:

- Critically evaluate the article's contributions and limitations within the context of broader literature in the area,
- Evaluate and comment on the research method or approach used,
- Comment on the readability and structure of the critique (is it clear, concise, logical or confusing and poorly structured? How well does the author communicate ideas, how persuasive is the argument?).
- Do NOT focus on re-writing the article or summarising it!

A suggested structure for your critique, and the issues that you should address are as follows:

Introduction Introduce the topic and scope of the article, its purpose and your principal areas of criticism.

Literature Review Your discussion should address the following questions:

- How has the author approached the literature?
 - Has s/he given a useful overview of literature specific to the area/ topic?
 - Does the article mention other key studies?
 - Does the article follow logically from the review?
- (i.e. does it fill a gap, or just rewrite/revisit something that has been done before?)

Objectives What are the objectives (purpose) of the article? Are they clearly stated?

- How well are these objectives operationalised by the research problem/questions/hypotheses?
- Does the study fulfil its objectives?
- Does it state the limitations of achieving the objectives in the study?
- Does the article acknowledge where more research is needed?

Methodology or research approach Comment on the type, suitability and correct usage of the methodology. If it is a conceptual paper, comment on the coverage and articulation of the research area. If it is empirical, can the study be replicated by another researcher? i.e. Can this method be applied to other cases or used in different situations?

Results Do the results/discussion follow from the objectives? How persuasive is the author's argumentation?

- Do these empirical results or conceptual development make a contribution to the literature? What are the key contributions?
- Has the author adequately explained the significance of the results? (i.e. Why they are important, the implications for stakeholders).

Conclusions Briefly sum up the key points of your critique. You may also suggest what aspects might be improved, or possible future streams of research that might address the limitations or extend the contributions of your chosen article.

Literature Review

Each student is required, after consultation with the course lecturer, to select, research and submit a literature review dealing with an aspect related to the course. Topics selected must be interesting and non-trivial. Work must be based on existing secondary literature in that area. You will be encouraged to choose your topic early in the course, and are required to submit a research question and potential literature streams for investigation, for consideration and approval by the course lecturer by:

Literature Review Proposal

no later than 13th April

Due date for the Literature Review

18 May

The literature review will establish the broad context of topic under investigation (seminal works, classic theories), examine the extent of research to-date (empirical and conceptual work), with a view to explaining how the existing literature addresses the research question/issue you have posed to guide the literature search. You should also examine the reasons why the literature does not adequately address the specific research question(s) or research issue posed. The objective of the literature review is to provide a background for future research, by identifying the 'research gap' and justifying need for the new area of research. The focus, therefore, should be on reviewing, synthesizing and critiquing existing literature relevant to your research question.

Length should be approximately 4000-5000 words.

Students will be given more detail as to how to prepare a literature review in class.

Literature Review Presentation

Each student will be required to present the findings of their literature review to the course coordinator and members of the class on the last week of course.

The objective of the presentation is to present in a formal seminar style setting the findings of your literature review, including your synthesis of information gathered, and its implications for further research.

Thus, the focus of your presentation should be on three key elements:

1. Synthesis of the key findings of the literature review (which are based on your research question(s))
2. Identification and justification of a particular research gap that you have identified, and
3. A brief outline on the research approach that you might take should you be asked to investigate this research gap. This approach should include setting a research question, and a brief exploration of possible methodologies that you see as appropriate to address this question.

In addition, you are required to prepare a one page summary of the above three elements of the presentation, in the form of a research proposal. Key readings should be given in an annotated reference list, and be attached to the summary.

The presentation should take no longer than 20 minutes, plus an additional 5 minutes will be allowed for questions and comments from the audience. You will be expected to address informatively questions raised by the audience on the material presented. The marking sheet for the presentation is given below:

IBUS 402 Multinational Corporations in the Global Business Environment
Literature Review Presentation Marking Criteria

(these marks cover both the oral presentation and the written synopsis)

Name:

Date:

Topic:

Grade:

Delivery

Audible/speed, continuity and confidence,
clarity of communication

/5

Effective use of visuals, presentation style and delivery,
provision of synopsis to class

/5

Presentation

Ability to synthesize findings,
persuasiveness of argument (research gaps and approach),
ability to answer questions from audience

/10

Content

Identification and synthesis of the key findings of the literature review

/20

Identification and justification of research gap(s)

/10

Suggested approach for future research:

 Ability to concisely and accurately pose key research question

/5

 Explanation of possible methodologies (1 or 2) to address research question

/5

 Identification of limitations or complexities of these approaches

/5

Responses given to questions posed by audience

/5

Synopsis

Coverage of key points of presentation

/15

Appropriate citation of supporting references in text

/5

Annotated bibliography (key academic readings only)

/10

Mark out of

/100

Comments

GUIDELINES FOR WRITTEN ASSIGNMENTS:

Students are encouraged to use the 'SMIB Guidelines for Written Material and Referencing' for information as to how to present, submit, organize and reference their work. These guidelines, including examples, of appropriate essay, report, and academic research formats are available on-line at www.vuw.ac.nz/ibproject/referencing.htm In addition, students at Honours level are encouraged to use ENDNOTES software for referencing.

GRADING OF ASSIGNMENTS:

As a general guide the grading of assignments follows the criteria set out below:

A A well written, logically structured piece of work. Makes an original contribution or develops new relationships between existing ideas. Demonstrates breadth of knowledge. Generally free from error and well written.

B Competent. Well structured. Understands the issues and shows evidence of reasoning ability. Generally free from error.

C Generally weak piece of work. Below Part 4 standard.

SUBMISSION OF ASSIGNMENTS:

Assignments are due on Wednesdays at 1.30pm, and are to be handed in at the beginning of the lecture.

Assignments can be handed in late with the following penalties applying:

<u>Day</u>	<u>Time</u>	<u>Penalty</u>	<u>Place</u>
Wednesday	1.40am - 4pm	5%	RH 1121
Thursday	9am - 4pm	10%	RH 1121
Thursday	After 4pm	Will not be accepted	

All work handed in must have title and topic of the assignment, your name, ID number and a WORD COUNT.

Extensions **must be applied for in advance** - they will only be considered if a written application is made at least 24 hours prior to the due date, except where the student has a medical certificate, a note from the student counsellor, or some exceptional circumstance exists. Application for an extension must be made to the course coordinator.

Work where EXTENSIONS HAVE BEEN GRANTED and is LATE should be handed in to the SMIB Office RH 1121.

RETURN OF ASSIGNMENTS:

Where possible assignments will be returned to students in class, or by the lecturer at a pre-arranged time and place. All uncollected assignments will be held by the SMIB office (RH 1121) for three months following the end of term, and then disposed of.

LINKS BETWEEN TEACHING AND RESEARCH:

The staff involved in delivering this paper are involved in ongoing research or study in the area of international business. Joanna Scott-Kennel has been teaching and researching in the area of international business for ten years. Her PhD thesis examined the role of foreign direct investment in New Zealand industry. In addition, she has published several book chapters, articles and conference papers in the areas of foreign investment, industry development, privatisation, investment policy issues in New Zealand, business networks, and the internationalisation of small to medium sized firms. She has been involved in course development and teaching at the University of Waikato and the Open University of Hong Kong.

WORKLOAD:

You should expect to spend at least 12 hours per week on this paper (including class contact hours).

LECTURE OUTLINE:

The course schedule is as follows.

Part I – MNC Activity in the Global Business Environment

1. Extent and pattern of FDI by MNCs

Part II – Theories of International Production

2. Motives for and Theories of International Production (part one)
3. Theories of International Production (part two)

Part III – The Impact of the MNC

4. Assessing the impact of MNCs on the world economy (part one)
5. Assessing the impact of MNCs on the world economy (part two)
6. MNCs, Nation States and Global Governance
7. MNCs in New Zealand
8. MNCs in Developing (or Transitional) Countries
9. MNCs, Employment and HRM
10. MNCs and Trade
11. MNCs and Global Concerns (ie. the environment, or ethics and corporate responsibility).
12. Research Presentations (schedule to be announced in class).

IBUS 402 Lecture and Seminar Outline				
Week	Date	Topic	Presenters	Due*
1	23 Feb	Extent and Pattern of FDI	Joanna	
2	2 March	Motives & Theories (pt 1)	Joanna	
3	9 March	Theories continued (pt 2)		
4	16 March	Impact of MNCs (pt 1)		
5	23 March	Impact of MNCs (pt 2)		Critique
		<i>28 March - 10 April Study Break</i>		
6	13 April	Nation States		Lit. Review Proposal
7	20 April	MNCs in NZ		
8	27 April	MNCs in Developing Countries		
9	4 May	MNCs & Employment		
10	11 May	MNCs & Trade		
11	18 May	Global Concerns		Lit. Review
12	25, 26, 27 May	Research Presentations	Schedule to be advised in class	

*Note that weekly critiques are due every week.

IBUS 402 Week 1. Extent and Pattern of MNC Activity

Content: This session provides an introduction to the course and to the area of international production and associated trade by MNCs. In particular, the first part of the discussion centres on identifying the leading outward investors, the leading inward investors and the sectoral composition of international investment. The second part of the discussion introduces some of the leading explanations of MNC activity; including both seminal works and more recent theories.

Objective: This session introduces the first key theme of this course, namely; the activities of the MNC, as well as the theories that explain these activities.

Task: To prepare for this session you should:

1. read and briefly summarise the key points of the following articles, and
2. be prepared to address the discussion questions in class.

Readings:

UNCTAD (2004). *World investment report 2004: The shift towards services*. New York and Geneva, United Nations Conference on Trade and Development, chapter 1.

Morgan, R. E. and C. S. Katsikeas (1997). "Theories of international trade, foreign direct investment and firm internationalization: a critique." *Management Decision* 35(1): 68-78.

Sethi, D., S. E. Guisinger, S. E. Phelan and D. M. Berg (2003). "Trends in foreign direct investment flows: A theoretical and empirical analysis." *Journal of International Business Studies* 34: 315-326.

Discussion questions:

What are the major trends in foreign direct investment flows? Which are the principal source nations, recipient nations and key sectors?

What are the key factors influencing foreign direct investment flows? How well have these factors been captured by existing literature?

What drives international trade? Do the theories of foreign direct investment and trade overlap?

IBUS 402 Week 2. Motives and Theories of Foreign Production (part one)

Content: The second session looks at theories of foreign production as a strategic choice and the specific motives behind foreign investment decision. We then look at the theories of international production from an historical perspective and discuss how these theories evolved in response to changes in the business environment.

Objective: Introduction to key theories of FDI, with specific focus on motives and determinants of international production by the MNC.

Task: To prepare for this session you should:

1. read the following articles,
2. prepare your 1 page critique of the articles, and
3. be prepared to address the discussion questions in class.

Discussion Questions:

1. Critically discuss one of the key theories of the MNC (or FDI). What changes in the (external) international business environment or the (internal) operations of the MNC have caused this theory to become less (or more) relevant to the study of international business?
2. Rugman argues for internalisation as a general theory of FDI, and highlights the limitations of other literature in explaining the FDI phenomenon. However, taking a critical perspective on Rugman's arguments, what are the limitations of internalisation theory?
3. In his article, 'Location and the multinational enterprise: A neglected factor?', Dunning refers to 'sticky places within slippery space'. In your opinion, what is the author referring to in regard to the study of FDI? Using the readings from week 1, find an example of a 'sticky place' in the global economy.
4. Table 1 in Dunning's article 'Location and the multinational enterprise' shows variables that influenced the location of MNC value added activities in the 1970s and in the 1990s. What do you think might be the key influencing factors in the future? (2005-2020).
5. 'As interest rates rise relative to offshore locations, we can expect to see a rise in the stock of foreign investment.' Criticise this statement, explaining why it might be misleading or even inaccurate.

Readings:

*Dunning, J.H. (1993) Introduction: The Nature of Transnational Corporations and their Activities, in J.H. Dunning (ed) *The Theory of Transnational Corporations*, The United Nations Library on Transnational Corporations, Routledge, London and New York.

Rugman, A. M. (1980) 'Internalisation as a General Theory of Foreign Direct Investment: a Reappraisal of the Literature' *Weltwirtschaftliches Archiv Review of World Economics* 116, 2, 365-379.

Dunning, J. H. (1998). Location and the multinational enterprise: A neglected factor? *Journal of International Business Studies* 29(1): 45-66.

Hennart, J.-F. (2001). Theories of the multinational enterprise. *The Oxford handbook of international business*. A. Rugman and T. Brewer. Oxford, Oxford University Press.

IBUS 402 Week 3. Theories of Foreign Production (part two)

Content: This session reviews work by John Dunning in the area of the eclectic paradigm. In particular, we consider the relevance of the eclectic paradigm in a changing global environment. We also consider how the turbulent global business environment and the flexible responses taken by MNCs in response to this environment might be captured in the future international business research agenda.

Objective: The objective of this session is to understand the OLI or eclectic paradigm, specifically its usefulness as an explanation for FDI and MNC activity.

Task: To prepare for this session you should:

1. read the following articles,
2. prepare your 1 page critique of the articles, and
3. be prepared to address the discussion questions in class.

Readings:

Dunning, J.H. (1993) 'Trade, Location of Economic Activity and the Multinational Enterprise: A Search for an Eclectic Approach' in J.H. Dunning (ed) *The Theory of Transnational Corporations*, The United Nations Library on Transnational Corporations, Routledge, London and New York.

Dunning, J. H. (2000). "The eclectic paradigm as an envelope for economic and business theories of MNE activity." *International Business Review* 9(2): 163-191.

Buckley, P. J. and M. C. Casson (1998). "Models of the multinational enterprise." *Journal of International Business Studies* 29(1): 21-44.

Discussion/Seminar Questions:

1. Critically explain and discuss the eclectic theory of international production proposed by John Dunning. Does the theory explain the rationale and process of foreign investment by MNCs better than previous theories? Why or why not?
2. What is Dunning trying to achieve in his article 'The eclectic paradigm as an envelope for economic and business theories of MNE activity'? Do you think he achieves this? What are his strongest (and weakest arguments)? Do you think the author is being too ambitious?
3. What challenges for theory building do you think are presented by the changes in the global economy? Specifically, how might theory incorporate the 'dynamic agenda' proposed by Buckley and Casson?

IBUS 402 Week 4. The Impact of MNCs on the World Economy (part one)

Content: The role of MNCs in the contemporary world economy is examined in this session. Specifically, a number of alternative assessment paradigms that attempt to measure the impact of foreign investment and trade activities on home and host countries are put forward. Finally, we explore the potential links between inward and outward FDI based on current theory and evidence, and focusing on the Investment Development Path (IDP).

Objective: Introduce the history and theory development behind the impact of MNCs, especially on host countries, and to explore the IDP concept.

Task: To prepare for this session you should: 1. read the following articles, 2. prepare your 1 page critique of the articles, and 3. be prepared to address the discussion questions in class.

Seminar/Discussion Questions:

- 1 'MNCs do not simply respond to changes in the international business environment, but are themselves, key determinants of these changes'. Discuss this statement with regard to world economic welfare and development.
- 2 MNCs have been accused of exploiting indigenous labour and resources and MNCs are also viewed as a vehicle for the transfer of complementary assets (including capital) and competences to a host country. Which view, in your opinion, is most correct in the 1990s? Contrast this with the historical perceptions of MNCs and suggest how the MNC is likely to be viewed in the future. Use an example of a developed or developing host country to discuss your view.
- 3 Using the 'clippings' on Singapore (to be given out in class) and the article by Dunning and Narula (1996), try to identify Singapore's current stage of the IDP, and the key characteristics associated with earlier stages.

Readings:

Dunning, J.H. (1994) 'Re-Evaluating the Benefits of Foreign Direct Investment' *Transnational Corporations* 3, 1, February 23-51.

Dunning, J.H. and Narula, R. (1996) 'The Investment Development Path Revisited: Some Emerging Issues' in J.H. Dunning and R. Narula (eds) *Foreign Direct Investment and Governments: Catalysts for Economic Restructuring*, Routledge, London and New York.

Jenkins, R. (1987) 'Theoretical Perspectives on the Transnational Corporation' *Transnational Corporations and Uneven Development* Methuen, London and New York 17-37.

IBUS 402 Week 5. The Impact of MNCs on the World Economy (part two)

Content: Building on last week's discussion, this session looks at how MNCs might impact the development of host country industry. We focus on the indirect impact of MNCs on host countries, specifically the extent and pattern of inter-firm (foreign-local) linkage formation and the resulting efficiency and spillovers that may occur. We also discuss the determinants and necessary conditions for linkage formation and spillover effects, with reference to the development of Singapore's electronics industry. Finally, we consider how linkages in offshore markets might be used strategically by MNCs.

Objective: To evaluate the linkage and spillover induced effects of MNCs on host countries.

Task: To prepare for this session you should: 1. read the following articles, 2. prepare your 1 page critique of the articles, and 3. be prepared to address the discussion questions in class.

Seminar/Discussion Questions:

- 1 Why is it important to consider the indirect linkage effects of MNCs in host countries?
- 2 Discuss the reasons why the Singaporean electronics industry has not maximised the benefit from MNC linkages and spillovers.
- 3 If you were to design a research project aimed at measuring the extent of spillovers from MNC activity, how might you resolve the issue of micro-level (firm) impact versus macro-level (industry, economy) measures?

Readings:

Brown, R. (1998). 'Electronics foreign direct investment in Singapore: A study of local linkages in "Winchester City".' *European Business Review* 98(4): 196-210.

Chen, H. and T.-J. Chen (1998). "Network linkages and location choice in foreign direct investment." *Journal of International Business Studies* 29(3): 445-467.

*UNCTAD (2001). *World investment report 2001: Promoting linkages*. New York and Geneva, United Nations, chapter IV.

* Note this material is intended as background material only and should be used to help critique the other articles listed.

IBUS 402 Week 6 MNCs, Nation States and Global Governance

Content: This week we discuss the activities of MNCs from the perspectives of the nation state and global governance. We look at the key issues of concern for host and home economies, such as the perceived threats to national sovereignty and culture. We consider the key issues for strategy and policy for MNCs and nation states respectively, and review alternative approaches to modelling the MNC-Nation State bargaining relationship.

Task: To prepare for this session you should: 1. read the following articles, 2.in place of a critique this week you should write up a one page response to any one of the four discussion questions given below, and 3. be prepared to address the discussion questions in class.

Discussion/Seminar Topics

- 1 How are MNC-government relations changing in the 21st Century? How do these differ from past relations and across different country and regions of the world? Are relations becoming more cooperative or conflictual? (Questions adapted from Eden and Lenway, 2001).
- 2 In your opinion, how well can the issues raised by Eden and Lenway (2001) be incorporated into the models presented by Rugman and Verbeke (1998). Are there issues (or authors) that these authors have overlooked?
- 3 Eden and Lenway (2001) describe the world as a chessboard on which corporations compete. Using the Intel into the State of Israel as your example, set up the 'game' (see Agmon, 2003). (ie. identify the rules of the game, the players and their objectives, strategic moves or intentions, the barriers to play, and the possible outcomes).
- 4 Critically examine the view that MNCs lead to the erosion of national sovereignty, subservience to foreign capital, loss of industry jobs and national wealth.

Readings:

- Rugman, A. and A. Verbeke (1998). "Multinational enterprises and public policy." *Journal of International Business Studies* 29(1): 115-137.
- Eden, L. and S. Lenway (2001). "Introduction to the symposium Multinationals: The Janus face of globalization." *Journal of International Business Studies* 32(3): 383-.
- Agmon, T. (2003). "Who gets what: the MNE, the nation state and the distributional effects of globalization." *Journal of International Business Studies* 34: 416-427.

Other useful articles on this topic (from IBUS 401):

Vernon, R. (1991). 'Sovereignty at bay: Twenty years after.' *Millennium* 20: 191-96.

Eden, L. (1991) 'Bringing the Firm Back in: Multinationals in the International Political Economy' *Millennium, Journal of International Studies*, 20, 2, 197-224.

IBUS 402 Week 7 MNCs in New Zealand

Content: This topic looks specifically at the MNCs that operate in the New Zealand economy, and includes current statistics on the extent and pattern of foreign investment in our economy. The majority of the session is spent assessing the impact of MNCs on the New Zealand economy, in the areas of capital, technology, human resources and output. We then consider appropriate policy responses with a view to maximising the benefits from inward foreign investment.

Task: To prepare for this session you should: 1. read the following articles, 2. prepare your 1 page critique of the articles, and 3. be prepared to address the discussion questions in class.

Discussion/Seminar Questions:

- 1 Inward foreign investment can, in time, lead to outward foreign investment by indigenous firms. Explain this process, discussing the direct and indirect impacts of inward (or outward) investment on New Zealand firm(s) or industry(s).
- 2 According to Enderwick (2003), inward foreign direct investment is a necessary, but not sufficient condition for growth. What other factors are important? Why?
- 3 New Zealand is perhaps, the most open economy in the world and has become more internationally competitive under free trade and investment policies. Yet, there is opposition to foreign investment in New Zealand by political parties, foreign investment 'watch dogs' and xenophobes. Should certain industries or strategic assets be 'off-limits' to foreign investors? Should there be more control over foreign investors in New Zealand or should foreign investors have the same rights in all areas as domestic investors? Contrast the possible implications of 'freer' investment policies according to FDI opponents and proponents.

See <http://canterbury.cyberplace.org.nz/community/CAFCA/>

Readings:

Akooie, M. (1996). New Zealand: The economic development of a resource-rich economy. *Foreign direct investment and governments: Catalysts for economic restructuring*. J. Dunning and R. Narula. London and New York, Routledge.

Enderwick, P. (2003). *Inward foreign direct investment and economic performance: explaining the paradox of New Zealand*, working paper presented to The New Zealand Treasury, 20 May.

Scott-Kennel, J. (2004). 'Foreign Direct Investment: A Catalyst for Local Firm Development?' *European Journal of Development Research* 16(3).

Other readings:

Enderwick, P. (ed.) (1998). *Foreign direct investment: The New Zealand experience*. Palmerston North, Dunmore Press.

IBUS 402 Week 8 MNCs in Developing (or Transitional) Countries

Content: In this week's session, we consider the role of MNCs in Developing Countries. Our discussion on the impacts of inward FDI into developing countries revisits some of the issues raised in weeks 4 and 5; specifically the impact of MNCs on growth, trade, technology, human capital, competition and enterprise development. The objective of this session, however, is to explore the reasons why these impacts seem to be more extreme (either positive or negative) in developing countries. We also consider the role that outward investment from developing countries might play in enterprise development, drawing on the experience of the NIEs.

Task: To prepare for this session you should: 1. read the following articles, 2. prepare your 1 page critique of the articles, and 3. be prepared to address the discussion questions in class.

Discussion/seminar questions:

1 The relationship between FDI and economic welfare in developing countries is often characterised by either a vicious cycle or a virtuous cycle. Using a country (or region) as an example, explain how and why this has occurred. What role does policy have in contributing to these two alternate trajectories?

2 How might developing countries benefit from using similar asset-seeking outward investment strategies to those employed by companies based in the newly industrialising economies (NIEs)? (see Makino et al., 2002). What might be the major constraints faced by companies from developing countries that seek to employ these strategies?

3 Critically evaluate the issues for future research presented by Lall (1996, p.65). Do you think these are worthy areas for research? Why or why not? What methods or approaches could be used to address each of these issues? Why do you think these issues have not been addressed adequately in the existing literature?

Readings:

Lall, S. (1996). Transnational corporations and economic development. Chapter three in *Transnational corporations and world development*, Geneva: UNCTAD, 44-72.

Makino, S., C.-M. Lau, and R.-S. Yeh. (2002). Asset-exploitation versus asset-seeking: Implications for location choice of foreign direct investment from newly industrialized economies. *Journal of International Business Studies*, 33(3): 403-421.

OECD (2002). *Foreign direct investment for development: maximising benefits, minimising costs*. Paris: Organisation for Economic Co-Operation and Development: 1-32.

Other readings:

Narula, R. and J. H. Dunning (2000). Industrial development, globalization and multinational enterprises: New realities for developing countries. *Oxford Development Studies*, 28(2).

UNCTAD (2003). *World investment report 2003: FDI policies for development: National and international perspectives*. New York and Geneva, United Nations Conference on Trade and Development.

De Mello, L., R. Jr (1997). Foreign direct investment in developing countries and growth: A selective survey. *The Journal of Development Studies*, 34(1): 1-34.

Week 9. MNCs, Employment and Labour Practices

Content: This week's discussion centers on cross-border employment by MNCs. Specifically, we examine the impact of human resource management on host-country nationals, and ethical issues of outsourcing labour internationally, using the Nike case as an example of poor international labour practices. We also consider the so-called 'new' global job shift that has seen the transfer of high-skilled jobs from developed, to developing countries.

Task: To prepare for this session you should: 1. read the following articles, 2. prepare your 1 page critique on the **Jain et al. (1998) article only**, and 3. be prepared to address the discussion questions in class.

Discussion/Seminar Topics:

1 The theme of Jain et al. (1998) is the nature and impact of MNC human resource management practices on host-country nationals employed in subsidiaries. If you were to comment on this article as a literature review of research in this area, what suggestions would you make for improvement?

2 International outsourcing of labour and foreign production are two strategies increasingly used by MNCs to reduce costs. Using the Nike case, as an example, what ethical issues relating to employment may arise as a result of this strategy? What is a 'fair' wage in Vietnam?

3 Globalisation is driving a new international division of labour. Compare and contrast the impact of the new global job shift on both home and host countries.

Readings:

*Dunning, J. H. (1993). MNEs, Employment and Human Resource Management. In *Multinational enterprises and the global economy*. Wokingham, England, Addison-Wesley Publishing Company, 349:383.

Jain, H. C., J. J. Lawler, and M. Morishima. (1998). Multinational corporations, human resource management and host-country nationals. *The International Journal of Human Resource Management*, 9(4): 553-566.

Bartlett, C., S. Ghoshal, and J. Birkinshaw. (2004). Case 2-3 Hitting the wall: Nike and International Labor Practices. In *Transnational Management: Text, cases, and readings in cross-border management*, Boston: McGraw-Hill/Irwin, 136-153.

Engardio, P., A. Bernstein, and M. Kripalani. (2003). The new global job shift. *Business Week*, Feb 3(3818): 36-45.

* Note this chapter is background material only.

Other Readings:

UNCTC (1994) 'Transnational Corporations and Employment' Chapter IV in *World Investment Report 1994: Transnational Corporations, Employment and the Workplace* UNCTC, New York and Geneva.

Enderwick, P. (1996) 'Transnational Corporations and Human Resources' in UNCTAD *Transnational Corporations and World Development* ITBP, London.

Week 10. MNCs, Trade and REI

Content: This session investigates the international transactions of MNCs, specifically in the form of trade. It considers the extent of trade and FDI linkages in international production, in light of the growth of regional economic integration (REI). Intrafirm trade is estimated to account for one third of all trade worldwide, and total MNC trade (including intrafirm trade) at two thirds.

Task: To prepare for this session you should: 1. read the assigned readings, 2. prepare your 1 page critique on the **Buckley et. al. (2001)** article only (see question 3 below), and 3. be prepared to address the discussion questions in class.

Discussion/Seminar questions:

- 1 Regional economic integration has taken different forms in different regions (ie. the Americas, Europe and Asia). Compare and contrast these different approaches, outlining the implications for international business (trade and FDI).
- 2 Is regional economic integration trade creating or trade diverting? In your opinion, do trade blocs act as 'building blocks' or 'road blocks' to trade?
- 3 Review the paper by Buckley et. al. (2001), outlining key contributions, research method, results, limitations and suggestions for addressing limitations or future research.

Readings:

Gray, H. P. (1996) 'The role of transnational corporations in international trade' in UNCTAD *Transnational Corporations and World Development* ITBP, London.

Sopiee, N., H. Yonosuke & T. Toshinori. (2004). Three views of East Asian integration, *Japan Echo*, 31(2): 29-34.

Buckley, P. J., J. Clegg, N. Forsans & K. T. Reilly. (2001). Increasing the size of the 'country': Regional economic integration and foreign direct investment in a globalised world economy, *Management International Review*, 41(3): 251-274.

Other Readings:

Robson, P. (1996) 'Transnational corporations and regional economic integration' in UNCTAD *Transnational Corporations and World Development* ITBP, London.

Markusen, J.R. (1995) The boundaries of multinational firms and the theory of international trade, *Journal of Economic Perspectives* 9, p169-189.

Dunning, J.H. (1995) What's wrong - and right - with trade theory, *The International Trade Journal* IX, 2, Summer p163-202.

IBUS 402 Week 11. MNCs and Global Concerns

Content: This session considers the controversial aspects of the MNC, with particular focus on current global issues, such as impact of MNC activity on the environment, globalisation and exploitative practices. Global concerns can be defined as activities and events that affect, are caused by and are beyond the control of, any one nation state, MNC or individual person. The session includes class discussion on a number of concerns relating to the global activities of the MNC.

Objective: To gain an appreciation of the costs of international business activity upon country and citizen welfare.

Task: To prepare for this session you should: 1. read the assigned readings, 2. find one academic article relating to a 'global concern' relating to the activities of the MNC and prepare your 1 page critique on your chosen article, and 3. be prepared to address the discussion questions in class and to present a brief summary of the issues raised in your chosen article.

Readings:

Discussion/seminar questions:

- 1 Evaluate Kobrin's arguments relating to the four criticisms of globalization and the MNC on pp.15-16 (Kobrin, 2001). How well does he present these arguments? What are your opinions regarding these four accusations?
- 2 Who do you think should be held responsible for the Union Carbide disaster? Make a case against one of the parties in Shrivastava's (1997) case study.

Readings:

Shrivastava, P. (1997) Union Carbide Corporation: Industrial Plant Accident (Bhopal India) in L. Calingo (ed) *Strategic Management in the Asian Context* John Wiley, Singapore and New York.

Kobrin, S. (2001) *Our resistance is as global as your oppression: Multinational corporations, the protest movement and the future of global governance*, Paper presented at the 2001 Meeting of the International Studies Association, Chicago, February.

Extra readings (optional):

UNCTAD (1996) World Investment Report 1996: *Investment, Trade and International Policy Agreements* UNCTAD New York and Geneva, ChapVI.

Mikesell, R. (1993) 'The Selebi-Phikwe nickel/copper mine in Botswana: lessons from a financial disaster' in B. McKern (ed) *Transnational Corporations and the Exploitation of Natural Resources* The United Nations Library on Transnational Corporations, Routledge, London and New York.

McKern, B. (1993) 'Introduction: Transnational corporations and the exploitation of natural resources, in B. McKern (ed) *Transnational Corporations and the Exploitation of Natural Resources* The United Nations Library on Transnational Corporations, Routledge, London and New York.

GENERAL UNIVERSITY POLICIES AND STATUTES

Students should familiarise themselves with the University's policies and statutes, particularly those regarding assessment and course of study requirements, and formal academic grievance procedures.

Student Conduct and Staff Conduct

The Statute on Student Conduct together with the Policy on Staff Conduct ensure that members of the University community are able to work, learn, study and participate in the academic and social aspects of the University's life in an atmosphere of safety and respect. The Statute on Student Conduct contains information on what conduct is prohibited and what steps can be taken if there is a complaint. For queries about complaint procedures under the Statute on Student Conduct, contact the Facilitator and Disputes Advisor. This Statute is available in the Faculty Student Administration Office or on the website at: www.vuw.ac.nz/policy/StudentConduct.

The policy on Staff Conduct can be found on the VUW website at: www.vuw.ac.nz/policy/StaffConduct.

Academic Grievances

If you have any academic problems with your course you should talk to the tutor or lecturer concerned or, if you are not satisfied with the result of that meeting, see the Head of School or the Associate Dean (Students) of your Faculty. Class representatives are available to assist you with this process. If, after trying the above channels, you are still unsatisfied, formal grievance procedures can be invoked. These are set out in the Academic Grievances Policy which is published on the VUW website:

www.vuw.ac.nz/policy/AcademicGrievances.

Academic Integrity and Plagiarism

Academic integrity is about honesty – put simply it means no cheating. All members of the University community are responsible for upholding academic integrity, which means staff and students are expected to behave honestly, fairly and with respect for others at all times.

Plagiarism is a form of cheating which undermines academic integrity. Plagiarism is prohibited at Victoria.

The University defines plagiarism as follows:

Plagiarism is presenting someone else's work as if it were your own, whether you mean to or not.

'Someone else's work' means anything that is not your own idea, even if it is presented in your own style. It includes material from books, journals or any other printed source, the work of other students or staff, information from the Internet, software programmes and other electronic material, designs and ideas. It also includes the organization or structuring of any such material.

Plagiarism is not worth the risk.

Any enrolled student found guilty of plagiarism will be subject to disciplinary procedures under the Statute on Student Conduct (www.vuw.ac.nz/policy/studentconduct) and may be penalized severely. Consequences of being found guilty of plagiarism can include:

- an oral or written warning
- suspension from class or university
- cancellation of your mark for an assessment or a fail grade for the course.

Find out more about plagiarism and how to avoid it, on the University's website at: www.vuw.ac.nz/home/studying/plagiarism.html.

Students with Disabilities

The University has a policy of reasonable accommodation of the needs of students with disabilities. The policy aims to give students with disabilities an equal opportunity with all other students to demonstrate their abilities. If you have a disability, impairment or chronic medical condition (temporary, permanent or recurring) that may impact on your ability to participate, learn and/or achieve in lectures and tutorials or in meeting the course requirements, then please contact the Course Coordinator as early in the course as possible. Alternatively you may wish to approach a Student Adviser from Disability Support Services to confidentially discuss your individual needs and the options and support that are available. Disability Support Services are located on Level 1, Robert Stout Building, or phoning 463-6070, email: disability@vuw.ac.nz. The name of your School's Disability Liaison Person can be obtained from the Administrative Assistant or the School Prospectus.

Student Support

Staff at Victoria want students' learning experiences at the University to be positive. If your academic progress is causing you concern, please contact the relevant Course Co-ordinator, or Associate Dean who will either help you directly or put you in contact with someone who can.

The Student Services Group is also available to provide a variety of support and services. Find out more at www.vuw.ac.nz/st_services/ or email student-services@vuw.ac.nz.

VUWSA employs two Education Coordinators who deal with academic problems and provide support, advice and advocacy services, as well as organising class representatives and faculty delegates. The Education Office is located on the ground floor, Student Union Building, phone 463 6983 or 463 6984, email education@vuwsa.org.nz.