

**FAR WESTERN UNIVERSITY**  
**Faculty of Management**

Course Title: **International Business**

Total Marks: 100

Course Code: **MGT 354**

Pass Marks: 45

Nature of course: Theory

Time per period: 1 hr.

Semester: Fifth

Total periods: 45

Level: BBA

Credit hours: 3

**1. Course Introduction:**

The shift of local market to global market and formation of more multinationals have made the management education to shift its focus towards global management. The purpose of this course is to lay the knowledge base for producing the global managers in future. The course deals in the globalization issues, trade theories, development of WTO and finally the formulation of business strategies at the firm level

**2. Course Objectives**

- To understand the context of globalization and how international business operates within the globalization
- To understand the evolution of the trade theories leading to the current state of free trade
- To understand why and how government controls trade and international business
- To understand the evolution of world trading system and regional economic integration
- To understand the different business strategies applicable for global business

**3. Specific Objectives and Contents**

Specific Objectives	Contents
<ul style="list-style-type: none"> <li>• To understand globalization, forces leading to globalization and current debates in globalization</li> </ul>	<p><b>Unit I: Globalization and globalization debates (4)</b></p> <p><b>1.1 Globalization</b></p> <p>1.1.1 What is globalization</p> <p>1.1.2 Globalization of market and production</p> <p>1.1.3 Drivers of globalization</p> <p>1.1.4 Globalization debate (issues of jobs /income, labor policies and environment, national sovereignty, and world's poor)</p>
<ul style="list-style-type: none"> <li>• To make the students understand the features of international business and how it differs from domestic business</li> </ul>	<p><b>Unit II: International Business (3)</b></p> <p>2.1.1 Introduction to International Business;</p> <p>2.1.2 Distinguishing aspects of International</p> <p>2.1.3 Reasons behind companies engaging in international business</p> <p>2.1.4 Difference between domestic and international business</p>

<ul style="list-style-type: none"> <li>To make the students aware of the contribution of different theories leading to the growth of international trade</li> </ul>	<p><b>Unit III: International Trade Theory (6)</b></p> <p><b>3.1 Trade theories</b></p> <p>3.1.1 Mercantilism  3.1.2 Absolute cost advantage theory  3.1.3 Comparative cost advantage theory  3.1.4 Heckser Ohlin Theory  3.1.5 International Product life cycle theory  3.1.6 National Competitive advantage(Porters diamond)</p>
<p>To make the students aware of the contribution of different theories leading to the growth of cross country investment</p>	<p><b>Unit IV:Theories of International Investment (3)</b></p> <p>4.1.1 Monopolistic Advantage;  4.1.2 Cross Investment,  4.1.3 Internalization,  4.1.4 Dunning’s Eclectic Theory.</p>
<p><b>To help the students to understand the different forms of FDI and their cost and benefit to home and host country</b></p>	<p><b>Unit V: FDI and trend of FDI (4)</b></p> <p>5.1.1 Meaning and forms of FDI(Green field vs Acquisition, Horizontal vs vertical)  5.1.2 Cost and benefit to host country  5.1.3 Cost and benefit to home or souce country  5.1.4 Global trend of FDI and FDI inflow to Nepal(source website)</p>
<ul style="list-style-type: none"> <li>To explain the different trade control mechanism by state and the rationale behind them</li> </ul>	<p><b>Unit VI: Instruments and arguments of trade policy (5)</b></p> <p>6.1.1 Tariff, subsidies, import quotas , voluntary restraints, Local content requirement and administrative policies  6.1.2 Arguments for government intervention</p>
<p>To understand how the evolution of world trading system and regional economic integration affects the international business</p>	<p><b>Unit VII: World trading system &amp; Regional Integration (7)</b></p> <p>7.1 The development of world trading system  7.1.1 GATT and formation of WTO(The World Trade Organization)  7.2 Regional Economic Integration (REI)  7.2.1 Meaning and level of economic integration  7.2.2 Economical and political case for integration  7.2.3 Impediments to integration  7.2.4 The effects of REI – Dynamic, Static, Trade Creation, Trade Diversion  7.3 Evolution of major trading groups:  5.2.1 Brief introduction to The European Union (EU), NAFTA , SAFTA, BIMSTEC, ASEAN</p>
<ul style="list-style-type: none"> <li>To discuss the working of foreign exchange</li> <li>To explain why companies deal in foreign exchange</li> <li>To describe the working of foreign exchange</li> </ul>	<p><b>Unit VII: International Monetary System (7)</b></p> <p><b>6.1 Determination of Exchange Rates</b></p> <p>6.1.1 Failure of gold standard system , Bretton woods agreement and formation of IMF  6.1.2 Emergence of Floating rate regime and managed fixed rate regime  6.1.3 Causes of Exchange Rate Fluctuations – (Purchasing</p>

market	<p>Power Parity, Supply and Demand of a Currency, Fisher Effect, Monetary and Fiscal Policies);</p> <p><b>6.2 Foreign Exchange Risk Management</b></p> <p>6.2.1 Translation exposure</p> <p>6.2.2 Transaction exposure</p> <p>6.2.3 Economic exposure</p>
<ul style="list-style-type: none"> <li>• To make the students understand the different international business strategies of a business</li> </ul>	<p><b>Unit VII: International Business Strategies (5)</b></p> <p><b>7.1 Pressure of Cost reduction versus Local Responsiveness</b></p> <p><b>7.2 Choosing a Strategy</b></p> <p>7.3.1 International strategy</p> <p>7.3.2 Multi-domestic strategy</p> <p>7.3.3 Global strategy</p> <p>7.3.4 Transnational strategy</p> <p><b>7.3 Basic entry modes</b></p> <p>7.4.1 Export, Licensing, Franchising, Subsidiaries</p> <p>7.4.2 Selecting an entry mode</p>

#### 4. Prescribed Books

1. International Business, Competing in Global Marketplace; Charles W L Hill, Arun Kumar Jain; Tata McGraw-Hill (Eighth edition)
2. **International Business: the challenges of global business**, Donald A. Ball, Wendell H. McCulloch and others, McGraw-Hill Irwin, Eleventh Edition (2010).

#### Reference books

International Business, Environment and Operations;  
John D. Daniels, Lee H. Radebaugh, Daniel P. Sullivan; Pearson Education