

Global Business and International Trade

Ing. Radek Čajka, Ph.D.

Faculty of International Relations

Department of International Trade

Room: NB 208

E-mail: radek.cajka@vse.cz

The purpose of this course is to provide students with deep understanding of international business and its importance in today's globalized world. Many aspects are presented and discussed using traditional structure of a lecture and a seminar. Practical skills are acquired through team discussions, projects and a large case study. Students are to understand the theoretical concepts of international trade and also its current developments with a special attention to the recent economic crisis. Legal and sociocultural aspects are given enough time, since they play an increasing role in doing business.

Methods of lecturing: lectures (all with a separate presentation), seminars (all with a separate presentation), discussions, teamwork, projects and case studies (many smaller ones and a large one).

Detailed content:

- *International trade theories*

Mercantilists, classical theories (the basic model, absolute and comparative advantages), theory of terms of trade, neo-classical theories (Heckscher-Ohlin model, Stolper-Samuelson theorem, the factor price equalization theorem), test of trade models (MacDougall's test of the classical model, Leontief's paradox, Balassa index), modern theories (human skills theory, product life cycle theory, similarity of preferences theory, intra-industry trade).

- *Current trends and historical patterns of international trade in goods and services*

Motives for engaging into international trade (pros and cons), functions of international trade, dynamics and structure of commodity structure and territorial structure, prices, terms of trade, developing countries in international trade, international trade position of Central and Eastern Europe, international trade in services. Impact of economic crisis on international trade, its recovery.

- *Global competitiveness*

Competitiveness of countries and companies in changing and globalized world. Definition of competitiveness and its measurement (quantitative and multidimensional approach). Global competitiveness report of WEF, examples. Case study on CEE countries.

- *International Trade Policy*

Framework of trade policy, trade policy as a system with internal and external links. Trade policy tools (tariffs and their deadweight loss, quotas, subsidies and other non-tariff barriers, safeguards). Development and current role of the WTO, arguments for trade protection and trade promotion as part of competitiveness of a country.

- *Legal aspects of international business, intellectual property rights*

International legal forces (rule of law, sources of international law, extraterritoriality). International dispute settlement and litigation process. Organizations dealing intellectual property. Forms of intellectual property (patents, trademarks and trade names, copyrights, industrial design and geographical indication). Intellectual property management.

- *Multinational corporations*

Brand value and its measurement. Definition of a multinational corporation (different approaches). Historical developments and current trends and importance in global economy. Advantages and disadvantages of multinational corporations.

- *Ways of doing business internationally*

Difference between domestic and international business. Methods of going international at early stage (importing, exporting). Indirect exporting and the role of the middleman (broker, agent, importer), main advantages and disadvantages. Licensing and franchising, main advantages and disadvantages. Investment, main advantages and disadvantages.

- *International investment*

Definition of FDI, theories of FDI (on macro level, on micro level, development theories, eclectic theories). Types of FDI and role of governments (attraction of investment). Recent trends and developments of FDI, flows by regions and type of capital, role of divestment.

- *Sociocultural aspects of international business*

Why is culture and society important for business? Definition of society and culture. Individual elements of culture and their impacts on how business is conducted. Examples of unsuccessful communication in foreign countries.

- *Corporate social responsibility*

Definition of CSR, brief history, reasons and the main principles (philanthropy, shared-value creation, benefiting from results and pressure from parent company). Main benefits and concerns. Examples and case studies on how CSR can change a company.

- *Globalization in World Trade and World Economy*

Macroeconomic aspects of the globalization, its influence on trade and capital flows, current situation in the global economy and its short-term forecast, effects of globalization on the microeconomic level, the emergence of global corporate networks, implications of the globalization for individual economic entities, entrepreneurial strategies in a globalizing world economy.

Reading materials:

- International business: competing in the global marketplace; Hill (2013)
- Geringer M., Minor M., McNett J.: M: International Business; McGraw Hill (2011)
- Husted S., Melvin M.: International Economics; Pearson (2010)

Assessment criteria and structure:

Attendance	20%
Case study	10%

Active participation	10%
Term paper	10%
Presentation	10%
Final test	40%