
International Business Research

Course No: 02814720

Credit: 2

Prerequisite: Intermediate microeconomics

Program: Postgraduate

Instructor: 武常岐

Semester: 2015Spring

Instructor's resume/brief introduction(Within 500 words) :

Professor Changqi Wu is the Executive Director, Research Institute of International Business and Management, Peking University. Before joining the faculty of Peking University, he was on the faculty of School of Business and Management at the Hong Kong University of Science and Technology for over ten years. Professor Wu was a visiting scholar at the J.L. Kellogg Graduate School of Management, Northwestern University (1997) and a visiting professor at the Catholic University of Leuven (1998) and the University of Hong Kong (2012-2014).



Professor Wu received his degree of Bachelor of Economics from Shandong University, China (1982). He earned his degree of Master of Business Administration with distinction (1986) and his Doctorate in Applied Economic Sciences (1990) from the Catholic University of Leuven, Belgium. Professor Wu was a recipient of the 1991 Young Economist Essay Competition Award from the European Association for Research in Industrial Economics. He specializes in industrial economics, management strategy, and international business. He has published a number of scholarly books and his research appears in leading academic journals in the fields of economics and management, including *Rand Journal of Economics*, *International Journal of Industrial Organization*, *Review of Industrial Organization*, *Journal of Management Studies* and *Journal of World Business*. Presently, he is the principle investigator of the key research project: "China's Outward Foreign Direct Investment and Cross-Border Mergers and Acquisitions" funded by the National Science Foundation of China. He is the leader of the research group on Economic, Industrial and Strategic Analysis of the National Major Science and Technology Programs, China.

Professor Wu has served on the editorial boards of the *European Management Review* and *Journal of World Business*. He is the Chairman of China Chapter of Academy of International Business. He serves as an expert consultant to the National Development and Reform Commission, Ministry of Commerce and Ministry of Science and Technology of China. Professor Wu has been invited to deliver executive seminars to major corporations, international organizations and government agencies around the world. He is a member of the strategic development committee of China Telecom Co. and sits on the boards of a number of listed companies including Qingdao Haier Co. Ltd.

Please see <http://www.gsm.pku.edu.cn/faculty/topdog.html> for detailed information.

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Program Learning Goals and Objectives

- 1 **Learning Goal 1** Graduates will be thoroughly familiar with the specialized knowledge and theories required for the completion of academic research.
 - 1.1 Objective 1 Graduates will have a deep understanding of basic knowledge and theories in their specialized area.
 - 1.2 Objective 2 Graduates will be familiar with the latest academic findings in their specialized area and will be knowledgeable about related areas.
 - 1.3 Objective 3 Graduates will be familiar with research methodologies in their specialized area, and will be able to apply them effectively.
- 2 **Learning Goal 2** Graduates will be creative scholars, who are able to write and publish high-quality graduation dissertation and research papers.
 - 2.1 Objective 1 Graduates will write and publish high-quality graduation dissertation and research papers
 - 2.2 Objective 2 Graduates will be critical thinkers and innovative problems solvers.
- 3 **Learning Goal 3** Graduates will have a broad vision of globalization and will be able to communicate and cooperate with international scholars
 - 3.1 Objective 1 Graduates will have excellent oral and written communication skills
 - 3.2 Objective 2 Graduates will be able to conduct efficient academic communication in at least one foreign language
- 4 **Learning Goal 4** Graduates will be aware of academic ethics and will have a sense of social responsibility.
 - 4.1 Objective 1 Graduates will have a sense of social responsibility.
 - 4.2 Objective 2 Graduates will be aware of potential ethical issues in their academic career.
 - 4.3 Objective 3 Graduates will demonstrate concern for social issues.

Course Overview

Built upon contemporary scholarly work on international economics, economics of multinational enterprises, and international management, this course presents a set of tools, concepts, and perspectives that help you analyze the key issues in international business and management and nurture your ability to carry independent research.

Course Objectives

After finishing this course, you should be able:

- (1) to have a good understanding of the current literature on international business;
- (2) to identify important research questions in the field;
- (3) to carry out independent studies to address these questions.

Detailed Course Plan

Session 0

Introduction to International Business Research

Readings:

1. Buckley, P. J. 2002, Is the international business research agenda running out of steam? *Journal of International Business Studies* 33(2): 365.
2. Peng, Mike W. 2004. Identifying the big question in international business research. *Journal of International Business Studies*, 35(2): 99-108.
3. Griffith, D. A., S. T. Cavusgil and Xu, S. 2008. Emerging themes in international business research. *Journal of International Business Studies*, 39(7): 1220-1235.
4. Cheng, Joseph, 2007, Critical issues in international management research: An agenda for future advance, *European Journal of International Management*, 1(1), 23-38.

Part I. International Trade

Session 1

Topic: Theories of International Trade

Readings:

1. Krugman, Paul, Maurice Obstfeld, Chapters 3 and 4.
2. Krugman, Paul, 1983, New theories of trade among industrial countries, *American Economic Review*, 73(2), 343-347.
3. Helpman, Elhanan, 2006, Trade, FDI and the organization of firms, *Journal of Economic Literature*, 44, 589-630
4. Rauch, James, 2001, Business and social networks in international trade, *Journal of Economic Literature*, 39, December, 1177-1203.

Session 2

Topic: Recent Developments in Trade Research and Implications to IB

Readings:

1. Bernard, A. B. and J. B. Jensen, 2004, Why some firms export, *Review of Economics and Statistics* 86(2): 561-569.
2. Bernard, Andrew B., J Bradford Jensen, Stephen J. Redding, and Peter K. Schott, 2007, Firms in international trade, *Journal of Economic Perspectives*, 21(3) 105-130.
3. Hummels, David, 2007, Transportation costs and international trade in the second era of globalization, *Journal of Economic Perspectives*, 131-154.
4. World Trade Organization, 2013, Trade patterns and global value chains in East Asia: From trade in goods to trade in tasks, Geneva.

Part II. Foreign Direct Investment and Multinational Enterprises

Session 3

Topic: Economics of Multinational Enterprises

Readings:

1. Hymer, Stephen, 1970, The Efficiency (contradictions) of multinational corporation, *American Economic Review*, 60(2) 441-448).
2. Vernon, Raymond, 1966, International investment and international trade in product cycle, *The Quarterly Journal of Economics*, 60(20), 199-207
3. Dunning, John, 1988, The Eclectic Paradigm of International Production: A Restatement and Some Possible Extensions, *Journal of International Business Studies* 19(1): 1-31.
4. Kogut Bruce and Udo Zander, 1993, Knowledge of the firm and evolutionary theory of multinational enterprises, *Journal of International Business Studies*, 24, 625-645.
5. Kostova, T., K. Roth and M. Dacin (2008). Institutional theory in the study of Multinational Corporations: A Critique and New Directions. *Academy of Management Review* 33(4): 994-1006.

Session 4

Topic: Foreign Market Entry Mode

Readings (Required):

1. Meyer, K. E., S. Estrin, S. K. Bhaumik and M. W. Peng (2009). Institutions, resources, and entry strategies in emerging economies. *Strategic Management Journal* 30(1): 61-80.
2. Puck, J. F., Holtbrugge, D., & Mohr, A. T. 2009. Beyond Entry Mode Choice: Explaining the Conversion of Joint Ventures into Wholly Owned Subsidiaries in the People's Republic of China. *Journal of International Business Studies*, 40(3): 388-404.
3. Brouthers, K. D., & Hennart, J. F. 2007. Boundaries of the Firm: Insights from International Entry Mode Research. *Journal of Management*, 33(3): 395-425.

Readings (Optional):

4. Pan, Y. G., & Tse, D. K. 2000. The Hierarchical Model of Market Entry Modes. *Journal of International Business Studies*, 31(4): 535-554.
5. Canabal, A., & White, G. O. 2008. Entry Mode Research: Past and Future. *International Business Review*, 17(3): 267-284.

Session 5

Topic: Location Choice

Readings (Required):

1. Nachum, L., S. Zaheer and S. Gross (2008). "Does it matter where countries are? Proximity to knowledge, markets and resources, and MNE location choices." *Management Science*, 54(7): 1252-1265.
2. Guler, I., & Guillen, M. F. 2010. Home Country Networks and Foreign Expansion: Evidence from the Venture Capital Industry. *Academy of Management Journal*, 53(2): 390-410.
3. Holburn, G. L. F. and B. A. Zelner (2010). "Political Capabilities, Policy Risk, and International Investment Strategy: Evidence from the Global Electric Power Industry." *Strategic Management Journal* 31(12): 1290-1315.

Readings (Optional):

- Ramos, M. A. and J. M. Shaver (2009). Value creation and appropriation through geographic strategy: evidence from foreign direct investment. *Advances in Strategic Management*. J. A. Nickerson and B. S. Silverman. 29: 383 - 406.
- Dunning, J. H. 1998. Location and the Multinational Enterprise: A Neglected Factor? *Journal of International Business Studies*, 29(1): 45-66.
- Dunning, J. H. 2009. Location and the Multinational Enterprise: John Dunning's Thoughts on Receiving the Journal of International Business Studies 2008 Decade Award. *Journal of International Business Studies*, 40(1): 20-34.

Session 6

Topic: Managing Global Operations

Readings (Required):

- Miller, S. R. and L. Eden, 2006, Local density and foreign subsidiary performance." *Academy of Management Journal* 49(2): 341-355
- Feinberg, Susan and Anil Gupta, 2009, MNC Subsidiaries and Country Risk: Internationalization as a Safeguard against Weak External Institutions. *Academy of Management Journal*, 52 (2), 381-399.
- Belderbos, R., & Zou, J. L. 2009. Real Options and Foreign Affiliate Divestments: A Portfolio Perspective. *Journal of International Business Studies*, 40(4): 600-620.

Readings (Optional):

- Buckley, P. J., & Casson, M. C. 1998. Models of the Multinational Enterprise. *Journal of International Business Studies*, 29(1): 21-44.
- Jing Li. (2007). Real options theory and international strategy: A critical review. *Advances in Strategic Management*, 24, 67-101.
- Tong, T. W., & Reuer, J. J. 2007. Real Options in Strategic Management. In Ingram, P. & B. Silverman, editors, *Advances in Strategic Management*. Amsterdam: Elsevier.
- Zaheer, S. 1995. Overcoming the liability of foreignness. *Academy of Management Journal*, 38(2): 341-363.
- Chan, C. M., Isobe, T., & Makino, S. 2008. Which Country Matters? Institutional Development and Foreign Affiliate Performance. *Strategic Management Journal*, 29(11): 1179-1205.
- Henisz, W. J., & Zelner, B. A. 2005. Legitimacy, Interest Group Pressures, and Change in Emergent Institutions: The Case of Foreign Investors and Host Country Governments. *Academy of Management Review*, 30(2): 361-382.
- Peng, M. W., D. Y. L. Wang and Y. Jiang (2008). "An Institutional-based view of international business strategy: A focus on emerging economies." *Journal of International Business Studies* 39(5): 920-936.
- Li, J. T., Yang, J. Y., & Yue, D. R. 2007. Identity Community, and Audience: How Wholly Owned Foreign Subsidiaries Gain Legitimacy in China. *Academy of Management Journal*, 50(1): 175-190.
- Heather Berry, MFG, and Nan Zhou. "An Institutional Approach to Measuring Cross-National Distance." *Journal of International Business Studies*, forthcoming.
- Collinson, S., & Rugman, A. M. 2008. The Regional Nature of Japanese Multinational

Session 7

Topic: Foreign Direct Investment and Political Strategy

Readings (Required):

1. Hillman, A. J., & Wan, W. P. 2005. The Determinants of MNE Subsidiaries' Political Strategies: Evidence of Institutional Duality. *Journal of International Business Studies*, 36(3): 322-340.
2. Vaaler, P. M. 2008. How Do MNCs Vote in Developing Country Elections? *Academy of Management Journal*, 51(1): 21-43.
3. Spencer, J., & Gomez, C. 2010. MNEs and Corruption: The Impact of National Institutions and Subsidiary Strategy. *Strategic Management Journal*, 32: 280-300.
4. Rodriguez, P., K. Uhlenbruck and L. Eden (2005), Government corruption and the entry strategy of multinationals, *Academy of Management Review*, 30(2): 383-396.

Readings (Optional):

5. Hillman, A. J., Keim, G. D., & Schuler, D. 2004. Corporate Political Activity: A Review and Research Agenda. *Journal of Management*, 30(6): 837-857.
6. Svensson, J. 2005. Eight Questions about Corruption. *Journal of Economic Perspectives*, 19(3): 19-42.

Part III Knowledge Creation and Diffusion

Session 8

Topic: Innovation of Multinationals

Readings (Required):

1. Phene, A. and P. Almeida, 2008. "Innovation in multinational subsidiaries: The role of knowledge assimilation and subsidiary capabilities." *Journal of International Business Studies*, 39(5): 901-919.
2. Lewin, A. Y., S. Massini and C. Peeters, 2009. "Why are Companies Offshoring Innovation? The Emerging Global Race for Talent." *Journal of International Business Studies*, 40(6): 901-925.
3. Govindarajan Vijay and Ravi Ramamurti, 2011, Reverse Innovation, Emerging Markets and Global Strategy, *Global Strategy Journal*, 1(3-4), 191-205.
4. Zhao, M. 2006. Conducting R&D in countries with weak intellectual property rights protection. *Management Science* 52(8): 1185-1199.

Readings (Optional):

1. Ahuja, G., C. M. Lampert and V. Tandon, 2008. "Moving Beyond Schumpeter: Management Research on the Determinants of Technological Innovation." *Academy of Management Annals*, 2: 1-98.
2. Almeida, P. and A. Phene, 2004. Subsidiaries and knowledge creation: The influence of the MNC and host country on innovation." *Strategic Management Journal*, 25(8-9): 847-864.
3. Bell, G. G., & Zaheer, A. 2007. Geography, Networks, and Knowledge Flow. *Organization*

Science, 18(6): 955-972.

Session 9

Topic: Technology Flow within MNCs

Readings (Required):

1. Gupta, Anil K. and Vijay Govindarajan, 2000, Knowledge Flows within Multinational Corporations, *Strategic Management Journal*, 21, 473-496.
2. Monteiro, L. F., Arvidsson, N., & Birkinshaw, J. 2008. Knowledge Flows within Multinational Corporations: Explaining Subsidiary Isolation and Its Performance Implications. *Organization Science*, 19(1): 90-107.
3. Alcácer, Juan and Minyuan Zhao, Local R&D Strategies and Multi-location Firms: The Role of Internal Linkages.

Readings (Optional):

1. Inkpen, A. C. and E. W. K. Tsang 2005, Social Capital, Networks, and Knowledge Transfer, *Academy of Management Review* 30(1): 146-165.
2. Zhao, Z. J., & Anand, J. 2009. A Multilevel Perspective on Knowledge Transfer: Evidence from the Chinese Automotive Industry. *Strategic Management Journal*, 30(9): 959-983.
3. Martin, X. and R. Salomon (2003). "Knowledge transfer capacity and its implications for the theory of the multinational corporation." *Journal of International Business Studies* 34(4): 356-373.
4. Driffield, N., J. H. Love and S. Menghinello, 2010. The multinational enterprise as a source of international knowledge flows: Direct evidence from Italy. *Journal of International Business Studies*, 41(2): 350-359.

Part IV Special Topics

Session 10

Topic: MNEs from Emerging Markets and Globalization of China's Enterprises

Readings (Required):

1. Guillen, M. and E. Garcia-Canal, 2009, The American model of the multinational firm and the new multinationals from emerging economics, *Academy of Management Perspectives*, 23 (2), 23-35.
2. Witt, M. A. and A. Y. Lewin, 2007, Outward foreign direct investment as escape response to home country institutional constraints, *Journal of International Business Studies* 38(4): 579-594.
3. Luo, Y. and R. L. Tung, 2007, International expansion of emerging market enterprises: A springboard perspective, *Journal of International Business Studies*, 38(4): 481-498.
4. Mathews, John A., 2006, Dragon multinationals: New players in 21st century globalization, *Asia Pacific Journal of Management*, 23, 5-27.

Readings (Optional):

1. Yamakawa, Y., M. W. Peng and D. L. Deeds, 2008, What drives new ventures to internationalize from emerging to developed Economies? *Entrepreneurship: Theory and*

Practice 32(1): 59-82.

2. Luo, Y., Q. Xue and B. Han (2010). "How Emerging Market Governments Promote Outward FDI: Experience from China." *Journal of World Business*, 45: 68-79.
3. Buckley, P., A. R. Cross, H. Tan, H. Voss and X. Liu, 2008, Historic and emergent trends in Chinese outward direct investment, *Management International Review* 48(6): 715-748.

Final Exam :

- (1) A close book exam.

Teaching Methods

The course consists of lectures, readings and class discussions. I will pass out assignment sheets that include assigned readings and discussion questions on those readings. We also use the class time to discuss the classic and contemporary research work of leading scholars in the field. Before coming to the class, you are expected to read those assigned readings that will serve as the basis of class discussion. Prepare a page of summary for each required reading identifying the key arguments, concepts, variables used, model specifications, findings and conclusions and bring it to the classroom. In addition to the regular class sessions, you are required to attend those seminars on related topics organized by the Department.

IT tools to be used in the classroom

Computer and Projector

Textbooks

Dunning, John H. and Sarianna M. Lundan, 2008, *Multinational Enterprise and the Global Economy*, 2nd edition, Edward Elgar Publishing.

References & Readings

Required readings:

1. A package of journal articles and readings.

Reference materials (optional):

3. Forsgren, Mats, 2008, *Theories of the Multinational Firm. A Multidimensional Creature in the Global Economy*. Edward Elgar.
4. Krugman, Paul, Maurice Obstfeld, 2009, *International Economics*, 8th edition, Addison Wesley.
5. Wu, Changqi, 2014, *Internationalization Strategy of Chinese Enterprise: Theoretical Exploration and Empirical Evidence*, in Chinese, Peking University Press.
6. *Journal of International Business Studies*
7. *Journal of Global Strategy*

Videos, CD-ROMs and other adjunct learning resources used

None

Rules students must follow

Students are expected to read the pre-assigned readings before coming to the class. The class time is used to discuss those readings and

Course Assessment

Grading is based on 3 components:

- (1) Class participation, which will count 50% in your final grade;
- (2) A research proposal, which counts 30%;
- (3) A close book final exam, which counts 20% of the final grade.