

International Risk Analysis. Economic, Social, Political Environment.

Professor: Ramon Xifré

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Office hours: Monday, from 14 h to 15 h (prior appointment required)

Course Type: Compulsory

Credits: 3 ECTS

Term: 1st

1. COURSE PRESENTATION

Course Description

Introduction

The number of enterprises and individuals that, in one form or another, with more or less intensity, operate abroad is expanding quickly in most countries around the world. The reason is that the fundamentals that determine the business models and the business strategies of entire industries (like customers, suppliers, competitors and physical resources or available technologies) are becoming much more interrelated and, in particular, increasingly international and mobile. This gradual process of international integration generates both fresh opportunities and new risks, which are qualitatively different to the ones that appear in a more closed business environment. In these conditions, assessing and if possible controlling, or at least adapting optimally to, international business uncertainties is critical for companies, organizations and entrepreneurs to flourish.

Contents

The course is made up of three parts.

1. The first part introduces the main technical concepts and general mind frames

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to think about international business risks: the categorization of international business risks, the PESTLE analysis, an introduction to international finance and a brief summary of the leading accounts about globalization by the some of the most influencing experts

2. The second part reports some stylized facts and reviews a selected set of particularly well-credited sources of information about economic, political, social and environmental prospects. This block concludes with a synthesis section which identifies some relevant global challenges and risks
3. Finally, the third part of the course constitutes an application of the previous material to specific territories, the BRIC countries as well as other geographical areas of particular economic importance. The specific goal of this part is to provide course participants with a bird's-eye view of the regional particularities companies and organizations face when doing business in these areas.

Objectives

The objective of this course is to equip the participants with the analytical tools and make them familiar with the most authoritative information sources and concepts necessary to assess the international business environment. The course perspective on this far-reaching goal is manifold and it combines insights from economics, business strategy and geopolitics. By blending these approaches, the course aims to upgrade participants' ability to elaborate original and critical thinking in these complex, global issues.

Competences/Learning Objectives

BASIC COMPETENCES

CB7. That students know how to apply the acquired knowledge and their ability to solve problems in new or little-known environments within broader (or multidisciplinary) contexts related to their area of study.

CB9. That students know how to communicate their conclusions and their knowledge and reasons that support them to specialized and non-specialized audiences in a clear and unambiguous way.

CB10. That students possess the learning skills that allow them to continue studying in a way that will be largely self-directed or autonomous.

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GENERAL COMPETENCES

Instrumental skills

G1. Search, analysis, evaluation and synthesis of information. Managing the information acquired from its analysis, its assessment and the synthesis of that information.

G3. Communicate orally and in writing in English.

Personal generic competencies

G4. Leadership and management capacity of multicultural, interdisciplinary, competitive, changing and complex groups.

G6. Put into practice the essential elements to be able to carry out a negotiation.

Systemic generic competencies

G7. Understand an organization with a global perspective.

G9. Promote respect for multicultural values: equality, solidarity, commitment.

Competencies for applicability

G10. Make the knowledge and skills acquired effective in an advanced way.

G11. Apply quantitative criteria and qualitative aspects in decision making.

SPECIFIC COMPETENCES

E4. Analyze, synthesize and interpret the data and master its application in the analysis of the business potential of a country.

E5. Interpret the current and future situation of the international economic, legal, social, and political environment.

E6. Recognize and identify sources of information and international documentation (public and private) on the business potential of a country and a sector of economic activity.

E7. Evaluate and select the pool of countries with potential for the internationalization of the company, identifying the strategic fit of the company with the opportunity that each one represents.

LEARNING OUTCOMES

- Obtain basic knowledge in international economics

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- Show knowledge of world economic geography, as well as international institutions and organizations
- Knowing the main features of different cultures and civilizations, in addition to understanding the reason for current problems in the world and what causes and consequences have had or may have in the short or medium term the hottest issues of today
- Relate and analyze historical and current economic, social and political facts with knowledge of international economics and law
- Know the main sources of information and documentation at an international level
- Apply the knowledge acquired and the ability to relate political and economic events and the repercussions that these connectivities have in the globalized world
- Know the main concepts, institutions and rules related to intergovernmental cooperation and regional economic integration.
- Identify the economic, cultural, political, legal, demographic and technological environments that may represent opportunities and threats for the development of business activity at an international level.
- Recognize international economic institutions and assess their influence on economic growth, international trade and financial relations.

Related SDGs

SDG 1: No poverty

SDG 5: Gender equality

SDG 6: Clean water and sanitation

SDG 8: Decent work and economic growth

SDG 9: Industry, innovation and infrastructure

SDG 10: Reduce inequalities

SDG 13: Climate action

SDG 16: Peace, Justice and strong institutions

2. COURSE LEARNING PLAN

Methodology

Course participants are expected to participate actively and constructively in class. In order to be able to do so, it is compulsory that they read and browse regularly, and in advance, the recommended readings and information sources.

The professor will provide teaching notes, lecture slides, business cases and other documents.

Because of the very same nature of the course, the contents may be adapted by the instructor to cover large-scale, unexpected, global economic or political developments that arise during the course period.

NB. The competences, the learning outcomes, the assessment elements and the quality of the learning process included in this Teaching Plan will not be affected if during the academic trimester the teaching model has to switch either to a hybrid model (combination of face-to-face and on-line sessions) or to a complete on-line model.

Evaluation criteria

<i>Assessment element</i>	<i>Weight</i>
Individual participation	10 %
Cases and written assignments	20%
Group presentation on “Doing Business in”	10 %
Master Thesis Assignment	10 %
Final exam	50 %

Students shall work in cases and written assignments on their own or by groups. However, it is necessary that three (3) of these assignments are done individually.

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Retake conditions

Students that fail the evaluation of the course will have a retake exam opportunity that will be programmed in accordance with the academic calendar. If a student has to retake the exam, his **maximal grade for the course will be a 5,0 (out of 10,0)**.

General Issues

Students are required to attend 80% of classes. Failing to do so without justified reason will imply a Zero grade in the participation/attendance evaluation item and may lead to suspension from the program.

Students who fail the course during the regular evaluation are allowed ONE re-take of the evaluation, in the conditions specified above. If the course is again failed after the retake, the student will have to register again for the course the following year.

In case of a justified no-show to an exam, the student must inform the corresponding faculty member and the director(s) of the program so that they study the possibility of rescheduling the exam (one possibility being during the “Retake” period). In the meantime, the student will get an “incomplete”, which will be replaced by the actual grade after the final exam is taken. The “incomplete” will not be reflected on the student’s Academic Transcript.

Plagiarism is to use another’s work and to present it as one’s own without acknowledging the sources in the correct way. All essays, reports or projects handed in by a student must be original work completed by the student. By enrolling at ESCI UPF BSM Master of Science and signing the “Honor Code,” students acknowledge that they understand the schools’ policy on plagiarism and certify that all course assignments will be their own work, except where indicated, by correct referencing. Failing to do so may result in automatic expulsion from the program.”

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Content and learning activities

		Pre / post lecture workload	Home assignment workload
Part A	Concepts and mind frames		
Week 1	0. Course presentation and overview 1. Introduction: firms in international trade after Covid-19 1.1. International trade 1.2. Foreign Direct Investment 1.3. International business 1.4. The multinational enterprise	- / 2 h.	Case "Play It Safe at Home or Take Risk Abroad" (3 h.)
Week 2	2. Political risk and country risk 2.1. Three categories of risk 2.2. International business risk 2.3. Country risk and PEST analysis 2.4. Exchange rate risk	1 h. / 2 h.	Essay "Credit Rating Agencies" (3 h.)
Week 3	3. Globalization views, before and after Covid-19 3.1. Thomas Friedman - <i>The World is Flat</i> 3.2. Pankaj Ghemawat - <i>World 3.0</i> 3.3. D. Acemoglu and J. Robinson - <i>Why nations fail</i> 3.4. Dani Rodrik - <i>The Globalization Paradox</i> 3.5 Globalization post Covid-19	1 h. / 2 h.	Essay "Status of Globalization" (3 h.)
Part B	Facts, prospects and analysis		
Week 4	4. Global economic analysis 4.1. IMF - <i>World Economic Outlook</i> 4.2. The World Bank - <i>Global Economic Prospects</i> 4.3. The World Bank - <i>Doing Business</i> . A critical revision 4.4. OECD - <i>Going for Growth</i>	1 h. / 2 h.	Case "Chabros International Wood" (3h.)
Week 5	5. Global social and political analysis 5.1. WEF - <i>Global Risks</i> 5.2. Prospective studies 5.3. Political analysis: Foreign Affairs.	1 h. / 2 h.	Essay "Social and Political Issues" (3 h.)
Week 6	6. Global challenges post Covid-19 6.1. The World after the pandemic 6.2. Polarization and concentration (economic and social) 6.3 Debt	1 h. / 2 h.	Case "China Renminbi - 'Our Currency, Your Problem'" (3 h.)
Week 7	Wrap-up and Master Thesis Project Workshop	1 h. / 2 h.	Presentations

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Part C	Doing Business in...	
Week 8	7.1. Brazil and Russia 7.2. India and China	"Doing Business in..." presentation (3 h.)
Week 9	7.3. Africa and Eastern Europe 7.4. Latin America and the Gulf Economies	
Week10	Master Thesis Project presentation	(4 h.)
<i>Out-of-class workload in hours</i>		<i>20 h. 25 h.</i>

Student workload (including self-study) 75 hours

3. PROFESSOR

Ramon Xifré is Associate Professor of Economics at ESCI-UPF, Faculty at UPF Barcelona School of Management, and Policy Research Fellow in the Public-Private Sector Research Center at IESE Business School.

His main interest is the competitiveness of the Spanish and EU economies and the related policies and structural reforms on issues like business environment, internationalization, R&D&I and industrial policy. He has led and participated in numerous research projects on these areas, commissioned both by public and private organizations, and he has published one book and dozens of articles on these topics. He collaborates regularly with the ESCI-UPF UNESCO Chair in Life Cycle and Climate Change, FUNCAS and Fundación COTEC.

From January 2009 to December 2011, he was on leave serving as Senior Economic Policy Advisor at the Spanish Prime Minister Economic Bureau. He has been member of Board of Directors of ICEX and regularly addresses international audiences on investment climate and competitiveness issues for Spain and the EU.

He holds a BA from Universitat Pompeu Fabra, MSc from the London School of Economics, was "Marie Curie" Fellow at the University of Munich (LMU) and he received his Economics PhD from Universidad Carlos III de Madrid.

4. BIBLIOGRAPHY/RESOURCES/ READING MATERIALS

Main references

- Baldwin, R. (2016). The Great Convergence. Information Technology and the New Globalization. Introduction, chapter 2 and chapter 6.
- Barlett, Christopher A. and Paul W. Beamish (2014). Transnational Management. 7th edition.
- King, S. D. (2017). Grave New World. The End of Globalization, the return of history. Chapter 11.
- Economics in the Time of Covid-19 (2020). A Voxeu.org Book. CEPR Press. Editors: Richard Baldwin and Beatrice Weder di Mauro.

Supplementary references

- Antràs, P. (2016). Global Production. Firms, Contracts, and Trade Structure. Princeton University Press.
- Milanovic, B. (2016). Global Inequality. A New Approach for the Age of Globalization. The Belknap Press of Harvard University Press.
- Mian, A. and A. Sufi (2014). House of Debt. How They (and You) Caused the Great Recession, and How We Can Prevent It From Happening Again. The University of Chicago Press.
- Piketty, T. (2014). Capital in the Twenty First Century. The Belknap Press of Harvard University Press.
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- Reinert, K. A. and R. S. Rajan, eds. (2009). *The Princeton Encyclopedia of the World Economy*, vols. I and II. Princeton University Press.
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