Course Syllabus

January 6, 2016

University of Hawai‘i at Mānoa

Shidler College of Business

Bus 313: Economic and Financial Environment of Global Business

Professor David McClain

Section 004

TR 10:30 – 11:45 a.m.

Shidler Room E-202

Office: BusAd C304

Phone: 808-956-2535

Email: mcclain@hawaii.edu

Spring 2016

Office Hours: after class, and by appointment.

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Learning Objectives Assessed in BUS 313 Pages 13-14
Goals and Objectives of the Course:

BUS 313 is part of the core curriculum for the Bachelors of Business Administration degree. The Learning Goals of the BBA Curriculum are for students to be able to:

1. Communicate effectively in writing and oral presentations
2. Manage and use technology in a business setting
3. Demonstrate an understanding of global business with an emphasis on the Asia Pacific region
4. Identify and analyze ethical issues.
5. Effectively apply skills in a functional specialization

Goal #3, in turn, has four objectives; the first three are assessed in BUS 313:

1. Students will describe the common principles that characterize global business. [Assessed in BUS313]
2. Students will identify and describe various comparative national risks within the context of analysis of Asia-Pacific settings. [Assessed in BUS313]
3. Students will demonstrate knowledge of the Asia-Pacific region [Assessed in BUS313]
4. Students will describe how national cultures influence business practices and relationships [Assessed in BUS 345]

The Traits for each of the Objectives assessed in BUS 313, and the Rubrics measuring the extent to which each Trait is mastered, are listed on pages 13-14.

Text for the Course:


**Course Philosophy and Approach:**

This course aims to improve your understanding of, and to enhance your skills in analyzing, international economic and financial forces, particularly in the Asia-Pacific region, that will influence you both personally and professionally.

I will measure and assess your progress via your class participation; a quiz on Asia-Pacific countries, capitals, and levels of economic development; a mid-term exam and a final exam; and a course project.

1. **Class Participation:**

   It will quickly become evident to you that in this course the classroom experience is central to the learning process. All students should prepare the assigned chapter from the textbook and material from other sources posted on Laulima in advance.

   About once a week, student pairs will present information about key economic institutions in the United States and around the world (e.g., the Federal Reserve, the International Monetary Fund, APEC); presentations should be limited to about 15 minutes. Student assignments to presentation pairs will be posted on Laulima.

   Class members' individual contributions to these presentations and their participation in class discussions and activities will strongly influence class participation grades.

   *Attending all classes and participating actively in class discussions and exercises is essential, and directly related to your class participation grade.*

2. **Quiz on Asia-Pacific countries, capitals and levels of economic development.**

Learning Objective 3 for this course requires that students demonstrate knowledge of the Asia-Pacific region. Parts 3a. and 3b. state that students can find the countries of the Asia-Pacific region on a map, and can categorize countries of the Asia-Pacific region by their stages of development (i.e. developed, developing, LDC).

To assess your capability in meeting this objective, a quiz on Asia-Pacific countries, capitals and levels of economic development is given. The quiz is scheduled for February 2.

3. **Mid-Term and Final Exams:**

Learning Objective 1 states that students will describe the common principles that characterize global business. Your progress toward this objective is measured via the mid-term and final exams.

The Mid-Term is scheduled for March 3. It will cover all material presented or discussed in the course between the first class on January 12 and March 1.
Our final examination is scheduled for Tuesday, May 10, from 2:15 to 4:15 p.m. The final is comprehensive, covering all material presented or discussed in the course.

Both the mid-term exam and the final exam will consist of a combination of multiple choice and short answer questions, along with several analytical problems. Questions will reflect the assessment goals mentioned above and on pages 13-14 of this syllabus. Problems will be similar to problems covered in the lectures and review sessions scheduled throughout the course.

The exams are closed book & closed notes, but necessary formulas will be provided.

You must have a written medical excuse to be absent from an exam. Beware that make-up exams are generally harder than the regular exam.

4. Country Profiles Course Project

Learning Objective #2 for this course states that students will identify and describe various comparative national risks within the context of analysis of Asia-Pacific settings. Learning Objective #3c states that, as part of demonstrating knowledge of the Asia-Pacific region, students will, given research on an Asian-Pacific country or region, be able describe the business conditions and practices of the country or region. Your progress toward these objectives is measured via the Country Profiles Course Project.

This semester’s Country Profiles Course Project involves creating a 12-14 page “profile” assessing and comparing the business environments of one of four pairs of countries in Southeast and South Asia: India & Indonesia; Malaysia and Vietnam; Thailand and the Philippines; and Singapore and Hong Kong, S.A.R.

The project can be done individually, or in two-person teams. By January 28, each student will need to register (a) their choice of country pair, and (b) whether they’re doing the project alone or – if not – identify the person they’re partnering with. More details about the Country Profiles Course Project are on pages 10-12 of this syllabus.
Grading

Your course grade will be based **ON A CURVE** over the total points earned via class participation, and on the quiz, the mid-term exam, the course project, and the final exam, weighted as follows:

- **Class Participation** 25 points
- **Quiz on Countries and Capitals and Levels of Economic Development** scheduled for February 2 5 points
- **Mid-Term Exam, scheduled for March 3** 20 points
- **Country Profiles Course Project (Political Analysis due February 18; Economic and Financial Conditions Analysis due March 29; General Market Conditions Analysis due May 3 Project Recommendation due May 3)** 25 points
- **Final Exam, scheduled for May 10** 25 points

Total points = 100 points

Grades received will reflect the following spectrum of mastery of topics and their application.

A = outstanding
B = above-average
C = average
D = below average; inadequate
F = grossly inadequate

Plus or minus grades will be used to distinguish performance within letter grades.
How to earn a good grade in this class

1. Attend class. It will give you another exposure to the concepts, in a more active learning mode than studying at home. And not everything on the exams is in the text or the accompanying Powerpoints -- the What's New(s) feature of each lecture contains current events that are often the subject of exam questions.

2. Without fail, do all the segments of the course project, and do them on time. This is the 25% of your grade that you have the most control over.

3. Ask questions in class when you don't understand a concept or explanation. You'll benefit, and your classmates will be grateful (if only for slowing me down :))

4. Come to see me during my office hours. You get 1 on 1 attention on a topic that you're having difficulty understanding.

5. Do the homework assignments on MyEconLab. They'll give you good practice in testing your understanding.

6. Keep up with our schedule. The material in BUS 313 is too difficult to absorb and comprehend in an all-nighter before the exam.

7. Get plenty of rest before our exams!
Expectations

The University expects students to maintain standards of personal integrity that are in harmony with the educational goals of this institution; to respect the rights, privileges, and property of others; and to observe national, state, and local laws and University regulations.

The UH System Student Conduct Code is contained in Executive Policy E7.208. This policy, and the procedures which implement this policy on the UH Mānoa campus are located at http://studentaffairs.manoa.hawaii.edu/policies/conduct_code/

The following are examples of the types of behavior that conflict with the community standards that the UH values and expects of students. Engaging in, or attempting to engage in, any of these behaviors subjects a student to the disciplinary process and sanctions on each campus. Acts of dishonesty include, but are not limited to, the following:

The term "cheating" includes, but is not limited to: (1) use of any unauthorized assistance in taking quizzes, tests, or examinations; (2) use of sources beyond those authorized by the instructor in writing papers, preparing reports, solving problems, or carrying out other assignments; (3) the acquisition, without permission, of tests or other academic material belonging to a member of the UH faculty, staff or student (4) engaging in any behavior specifically prohibited by a faculty member in the course syllabus or class discussion.

The term "plagiarism" includes, but is not limited to, the use, by paraphrase or direct quotation, of the published or unpublished work of another person without full and clear acknowledgement. It also includes the unacknowledged use of materials prepared by another person or agency engaged in the selling of term papers or other academic materials.

Class Notes and Assignments: This syllabus can be downloaded from Laulima. Lecture presentation notes will be posted in advance on Laulima, as will weblinks to videos and articles referenced in class. Students are encouraged to download lecture presentation notes and bring them to class, to facilitate note-taking and comprehension of the material presented.

Students with Disabilities: A student who has a documented disability and requires accommodations should contact the KCKUA Program located in QLCSS 013, or contact Ann Ito, KOKUA Program Director, at 956-7511.

Alternate Site: The alternate site for our class meetings in the event of disruptions before or during class is the Shidler parking lot off University Avenue.
**Schedule of Class Meetings:** This schedule is provisional, in that it is subject to minor changes depending on progress made during the course. Readings and video weblinks will be assigned throughout the course, and along with lecture presentations should be reviewed when preparing for exams. T= Tuesday, and R = Thursday.

<table>
<thead>
<tr>
<th>Date and Day</th>
<th>Topic</th>
<th>Notes / Text Chapters</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 12, T</td>
<td>Course Introduction; Course Project Requirements Levels of Economic Development</td>
<td>Chapter 1; Chapter 11, pp. 369-372</td>
</tr>
<tr>
<td>January 14, R</td>
<td>Europe and the West in Asia: Historic Roots and Current Realities</td>
<td>Chapter 11, pp. 398-401</td>
</tr>
<tr>
<td>January 19, T</td>
<td>Keeping Score: National Income Accounting;</td>
<td>Chapter 2 January 19 is the last day to drop with no W on transcript.</td>
</tr>
<tr>
<td>January 21, R</td>
<td>The Balance of Payments; The Sectoral Balance Identity</td>
<td>Chapter 2</td>
</tr>
<tr>
<td>January 26, T</td>
<td>Course Project Background; The World Economic Forum Competitiveness Rankings</td>
<td></td>
</tr>
<tr>
<td>January 28, R</td>
<td>Course Project Registration Due Comparative Advantage and the Basis for Trade; Barriers to Trade</td>
<td>February 1 is the last day to drop a class with a W</td>
</tr>
<tr>
<td>February 2, T</td>
<td>Review and Quiz: Countries, Capitals, and Levels of Economic Development;</td>
<td></td>
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<tr>
<td>February 4, R</td>
<td>Multilateral Trade Negotiations and Regional Trading Agreements</td>
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<tr>
<td>February 11, R</td>
<td>Exchange Rates and the Foreign Exchange Market</td>
<td>Chapter 3</td>
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<tr>
<td>February 16, T</td>
<td>Exchange Rates and the Foreign Exchange Market (continued)</td>
<td>Chapter 3</td>
</tr>
<tr>
<td>February 18, R</td>
<td>Course Project Political Analysis Due Money, Interest Rates and Exchange Rates</td>
<td>Chapter 4</td>
</tr>
<tr>
<td>February 23, T</td>
<td>The Money Supply Process in Depth</td>
<td></td>
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<tr>
<td>February 25, R</td>
<td>Money, Interest Rates and Exchange Rates (continued)</td>
<td>Chapter 4</td>
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<tr>
<td>Date</td>
<td>Topic</td>
<td>Notes</td>
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<tr>
<td>March 1, T</td>
<td>Review of Material Covered to Date</td>
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<tr>
<td>March 3, R</td>
<td>Mid-Term Exam</td>
<td>Covers Classes from January 12 to March 1</td>
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<tr>
<td>March 8, T</td>
<td>Price Levels and the Exchange Rate in the Long Run</td>
<td>Chapter 5</td>
</tr>
<tr>
<td>March 10, R</td>
<td>Price Levels and the Exchange Rate in the Long Run (continued)</td>
<td>Chapter 5</td>
</tr>
<tr>
<td>March 15, T</td>
<td>Output and the Exchange Rate in the Short Run</td>
<td>Chapter 6</td>
</tr>
<tr>
<td>March 17, R</td>
<td>Output and the Exchange Rate in the Short Run (continued)</td>
<td>Chapter 6</td>
</tr>
<tr>
<td>March 21-25</td>
<td>Spring Break</td>
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<tr>
<td>March 29, T</td>
<td>Course Project Economic and Financial Analysis Due</td>
<td>Chapter 7</td>
</tr>
<tr>
<td>March 31, R</td>
<td>Fixed Exchange Rates and Foreign Exchange Market Intervention</td>
<td>Chapter 7</td>
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<tr>
<td>April 5, T</td>
<td>International Monetary Systems: An Historical Overview</td>
<td>Chapter 8</td>
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<tr>
<td>April 7, R</td>
<td>International Monetary Systems: An Historical Overview (continued)</td>
<td>Chapter 8</td>
</tr>
<tr>
<td>April 12, T</td>
<td>Financial Globalization</td>
<td>Chapter 9</td>
</tr>
<tr>
<td>April 14, R</td>
<td>Financial Globalization (continued)</td>
<td>Chapter 9</td>
</tr>
<tr>
<td>April 19, T</td>
<td>Optimum Currency Areas and the Euro</td>
<td>Chapter 10</td>
</tr>
<tr>
<td>April 21, R</td>
<td>The European Financial Crisis</td>
<td>Chapter 10</td>
</tr>
<tr>
<td>April 26, T</td>
<td>Developing Countries: Growth, Crisis and Reform</td>
<td>Chapter 11</td>
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<tr>
<td>April 28, R</td>
<td>Inequality Revisited: Causes and Consequences</td>
<td>Chapter 11</td>
</tr>
<tr>
<td>Last Day of</td>
<td>Conditions Analysis and Project Recommendation Due</td>
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<tr>
<td>Class</td>
<td></td>
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<tr>
<td>May 10, T</td>
<td>Final Examination</td>
<td>Comprehensive: Covers all classes January 12 – May 3</td>
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<td>2:15 – 4:15 p.m. (Location TBA)</td>
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Country Profiles Course Project

The Setting:

You are to create a 12-14 page “profile” assessing and comparing the business environments of one of four pairs of countries in Southeast and South Asia: India & Indonesia; Malaysia and Vietnam; Thailand and the Philippines; and Singapore and Hong Kong, S.A.R.

You can do the project alone, or in partnership with another student.

Both the content of the materials you submit as well as the style of presentation will be the basis for your grade.

Work submitted after each segment deadline (see below) will lose the equivalent of one letter grade for each week (or portion thereof) late. NO WORK WILL BE ACCEPTED AFTER THE LAST DAY OF CLASS.

What You Need to Do, and When:

1. Register your intentions; by the start of class on January 28, you need to let me know via email or hardcopy (a) which country pair you will be analyzing and (b) whether you’re doing the project alone or in partnership with another student (and you need to identify the student). Both members of a partnership must register their plans with me.

2. Assess the political environment of each country by answering these questions:
   a. What are the natures of their respective political systems – that is, how is each country governed?
   b. What are the roles of the executive, legislative and judicial branches?
   c. Which are the main political parties, and how strong is each one?
   d. Who are the current political leaders, and how long have this person or these persons been in charge?
   e. Is there a high or low level of corruption? (See transparency.org)
   f. Is there a high or low level of economic “freedom”? (See heritage.org)
   g. Is there a high or low level of political stability?
      (See http://info.worldbank.org/governance/wgi/index.aspx#home)
   h. How would you summarize your findings on the political environments of the two countries?

Due to me in at most a 4-page paper no later than start of class February 18. This section of the project is worth 7% (7 points) of your course grade.
3. Assess the economic and financial conditions of each country by answering the following questions: USE GRAPHS FOR QUESTIONS (a), (b) and (c)
   a. Compare the levels of inflation, unemployment, and economic growth over the past 5-10 years (not longer, not shorter) in each country.
   b. Compare their stock markets’ recent performance over the last five years.
   c. How has each country’s currency exchange rate against other major currencies been doing over the last five years?
   d. Compare the “soundness” of the governments’ fiscal and monetary macro-economic policies; have these policies addressed the countries’ challenges, or made them worse?
   e. Compare the two countries’ level of international reserves
   f. Compare the two countries’ credit ratings.
   g. How “open” (that is, how “welcoming”) are each country’s policies to trade and foreign investment, as measured by various international organizations? How do the countries rank globally?
   h. How would you summarize your findings on the economic and financial conditions of the two countries?

Due to me in at most a 4-page paper no later than the start of class March 29.
This section of the project is worth 7% (7 points) toward your course grade.

4. Assess each country’s general market conditions by answering these questions. FOR ALL QUESTIONS EXCEPT (c), BE SURE TO GIVE EACH COUNTRY’S GLOBAL RANK FOR THE CONCEPT IN QUESTION.
   a. How large is each country in terms of population?
   b. How large is each country in terms of GDP?
   c. How well established is the middle class in each country?
   d. How striking are disparities between rich and poor?
   e. What key natural resources does each country have?
   f. What is the life expectancy for each country?
   g. What is infant mortality for each country?
   h. How would you summarize your findings on the general market conditions of the two countries?

Due to me in at most a 4-page paper no later than start of class May 3.
This section of the project is worth 7% (7 points) of your course grade.

5. What is your overall assessment of the relative attractiveness of your two countries as business locations? Which is better?

Due to me in at most a 2-page paper no later than the start of class May 3. This section is worth 4% (4 points) toward your course grade.
Elements of Style: Keep the following in mind:

- Write the report in prose form. Use tables and charts to make the data easier to read and to illustrate what you are saying.

- Cross reference these tables and charts in the text of the report and integrate them into the text.

- Page numbering must be used.

- Heading and sub-headings must be used to make it easier to understand the coverage and topics. Use the topics of the questions asked as the headings, followed by responses for each country, as follows:

  Question 1
  Answer for Country 1
  Answer for Country 2

  Question 2
  Answer for Country 1
  Answer for Country 2

  Etc.

- All assertions, data, charts, and tables need to have a source cited in the text of the report and listed among the references. The report must include a list of references used in case I want to follow up.

- Tables, charts, citations of sources and the list of references do not count as part of the page total.

Sources of Information:

Pay particular attention to the country competitiveness analyses performed by the World Economic Forum (weforum.org). Also have a look at the websites for the World Bank (worldbank.org), the Asian Development Bank (adb.org), the Inter-American Development Bank (iadb.org), APEC (apec.org), and the International Monetary Fund (imf.org). National central bank websites can be accessed through the “Central Bank hub” button on the Bank of International Settlements website (bis.org). Media websites you may wish to consult include The Economist (economist.com), the New York Times (nytimes.com), and the Financial Times (ft.com). Useful websites within the U.S. government are those of the U.S. Central Intelligence Agency (cia.gov), the U.S. Department of State (state.gov), and the U.S. Special Trade Representative (ustr.gov). Other global organizations include Transparency International (transparency.org), the Heritage Foundation (heritage.org), Freedom House (freedomhouse.org), the Fraser Institute (fraserinstitute.org), and Trading Economics (tradingeconomics.com).
**Learning Objectives Assessed in BUS 313**

**BBA Learning Goal #3: Demonstrate an understanding of global business with an emphasis on the Asia Pacific region.**

**Objective 1:** Students will describe the common principles that characterize global business.

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<tr>
<th>Traits</th>
<th>Rubrics</th>
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<tbody>
<tr>
<td>Identify the role of key aspects relevant to national macroeconomic</td>
<td>0 = Failed to identify key aspects</td>
</tr>
<tr>
<td>performance (i.e. dynamic relationship of supply and demand, role of</td>
<td>1 = Identified most significant aspects</td>
</tr>
<tr>
<td>government regulation, market imperfections.)</td>
<td>2 = Identified a comprehensive set of relevant aspects in the context of</td>
</tr>
<tr>
<td></td>
<td>global business</td>
</tr>
<tr>
<td>Describe how economic factors are consistent across countries, but</td>
<td>0 = Failed to describe key factors</td>
</tr>
<tr>
<td>subject to cultural variations.</td>
<td>1 = Good analysis of factors</td>
</tr>
<tr>
<td></td>
<td>2 = Comprehensive analysis of factors</td>
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</tbody>
</table>

**Objective 2:** Students will identify and describe various comparative national risks within the context of analysis of Asia-Pacific settings.

<table>
<thead>
<tr>
<th>Traits</th>
<th>Rubrics</th>
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<tbody>
<tr>
<td>Identify country specific socio-political risk factors relative to</td>
<td>0 = No identification of socio-political risk factors</td>
</tr>
<tr>
<td>businesses</td>
<td>1 = Identification of major national risks and implications for business</td>
</tr>
<tr>
<td></td>
<td>2 = Comprehensive analysis of country specific socio-political risks and their impairments for businesses</td>
</tr>
<tr>
<td>Identify national financial-economic risks (i.e. Investment risk,</td>
<td>0 = No or incorrect identification of national risks</td>
</tr>
<tr>
<td>debt levels, foreign exchange risk, banking risk, nonperforming loans)</td>
<td>1 = Identification of major risks</td>
</tr>
<tr>
<td></td>
<td>2 = Comprehensive identification of risks and demonstrated understanding of implication for businesses</td>
</tr>
</tbody>
</table>
| Identify interdependencies among environmental risk factors and business practices | 0 = No or incorrect identification of interdependencies  
1 = Identification of major interdependencies  
2 = Comprehensive identification of interdependencies and implications for businesses |

Objective 3: Student demonstrates knowledge of the Asia-Pacific region

<table>
<thead>
<tr>
<th>Traits</th>
<th>Rubrics</th>
</tr>
</thead>
</table>
| Student can find the countries of the Asia-Pacific region on a map | 0 = Can identify fewer than half of the countries  
1 = Can identify 50% to 80% of the countries  
2 = Can identify more than 80% of the countries |
| Student can categorize countries of the Asia-Pacific region by their stages of development (i.e. developed, developing, LDC) | 0 = Categorizes less than half the countries of the Asia-Pacific region correctly  
1 = Categorizes a majority of countries of the Asia-Pacific region correctly  
2 = Categorizes most of the countries of the Asia-Pacific region correctly |
| Given research on an Asian-Pacific country or region, can describe the business conditions and practices of the country or region. | 0 = Missing key aspects of the country/region  
1 = Identifies major characteristics of the country/region  
2 = Identifies a comprehensive set of characteristics of the country/region |