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**London  
South Bank  
University**

# Module Guide

## **Multinational Firms and Global Trade**

BBS-6-MFT

London South Bank Business  
School

Level 6

## Table of Contents

1.	Module Details .....	3
2.	Short Description.....	4
3.	Aims of the Module .....	4
4.	Learning Outcomes.....	4
	Knowledge and Understanding.....	4
5.	Assessment of the Module.....	5
6.	Introduction to Studying the Module .....	5
6.1	Overview of the Main Content.....	5
6.2	Overview of Types of Classes .....	5
6.3	Importance of Student Self-Managed Learning Time .....	6
6.4	Employability .....	6
7.	The Programme of Teaching, Learning and Assessment .....	7
8.	Student Evaluation .....	7
9.	Learning Resources .....	7
	Core Materials.....	7
	Optional Materials .....	7

## 1. MODULE DETAILS

<b>Module Title:</b>	Multinational Firms and Global Trade
<b>Module Level:</b>	6
<b>Module Reference Number:</b>	BBS-6-MFT
<b>Credit Value:</b>	20
<b>Student Study Hours:</b>	200
<b>Contact Hours:</b>	60
<b>Private Study Hours:</b>	140
<b>Pre-requisite Learning (If applicable):</b>	Level 4 Business Economics Level 5 Intermediate Macroeconomics or equivalent and Level 5 Intermediate Microeconomics or equivalent
<b>Co-requisite Modules (If applicable):</b>	None
<b>Course(s):</b>	4369 BSc (Hons) Economics 4667 BSc (Hons) Economics with Accounting 4668 BSc (Hons) Economics with Business Analytics 4670 BSc (Hons) Economics with Business Management 4671 BSc (Hons) Economics with Enterprise & Entrepreneurship 4672 BSc (Hons) Economics with Finance 4673 BSc (Hons) Economics with HR 4674 BSc (Hons) Economics with Law 4675 BSc (Hons) Economics with Marketing 4678 BSc (Hons) Economics with Project Management 4756 BSc (Hons) Economics with Econometrics
<b>Year and Semester</b>	Year Three; Semester One
<b>Module Coordinator:</b>	Christina Anderl
<b>MC Contact Details (Tel, Email)</b>	07595657790 <a href="mailto:anderlc2@lsbu.ac.uk">anderlc2@lsbu.ac.uk</a>
<b>Teaching Team &amp; Contact Details (If applicable):</b>	N/A
<b>Subject Area:</b>	
<b>Summary of Assessment Method:</b>	Group Assessment = 50% Individual Coursework = 50%
<b>External Examiner appointed for module:</b>	Dr Lotta Takala-Greenish

## 2. SHORT DESCRIPTION

This module forms part of the area of international economics and studies the role played by multinational firms in the global trading system. The course divides into two parts.

The first half is concerned with the global trading system, both the theories of how and why countries engage in trade and the role played by governments, regional trading agreements and international institutions in the regulation of trade. The second half is concerned with multinational companies, examining the growth of multinationals, the theories advanced to explain the growth of multinationals and the effects of multinationals on the countries where they operate.

The module provides an international perspective extension to macroeconomic and microeconomic theory in the context of economic integration of countries and trade and foreign direct investment behaviour of firms.

## 3. AIMS OF THE MODULE

- To describe and explain the process of globalisation taking place over the past two centuries, including both the growth of trade and international production
- To examine the determinants of trade, foreign direct investment and the growth of the multinational company and the theoretical explanations put forward in economics for these
- To examine the policies adopted by governments for the regulation of trade and foreign direct investment and the effects of different forms of government intervention
- To examine the role played by international and regional economic institutions (e.g. the GATT, WTO, EU, NAFTA, etc.) in the regulation of world trade, including the proliferation of regional trading agreements
- To survey the impact of multinational companies on home and host countries in which they operate and alternative arrangements for their regulation

## 4. LEARNING OUTCOMES

### Knowledge and Understanding

- To combine knowledge with understanding to make comparisons between alternative theories of trade and FDI, and their merits and demerits as explanations why countries specialise in particular industries and products
- To distinguish multinationals and transnationals from other forms of business organisation and account for their growth in the last half century
- To identify and account for new forms of international business activity that have become of growing importance in recent decades (e.g. international business networks, outsourcing and off-shoring, etc.)
- To identify the major forms of government intervention in international trade, their aims and objectives and the factors governing the choice made by governments between alternative instruments
- To describe and explain the role played by global economic institutions, such as the GATT and WTO and by regional trading agreements, such as the EU, NAFTA and APEC, in the world trading system

- To explain and discuss the major effects of inward and outward foreign direct investment (FDI) on both home and host countries, distinguishing between developed and developing countries
- To contrast assessment of empirical evidence in supporting or contradicting the predictions hypotheses against theoretical models to engage in abstract reasoning and deductive analysis of events, their causes and effect
- To collect and assemble relevant factual and statistical information from alternative sources in order to analyse and evaluate patterns of multinational expansion activity and trends in global trade

## 5. ASSESSMENT OF THE MODULE

The assessment has two components – one group project featuring an oral presentation worth 50% of the total mark and an individual report based on the group assignment worth the remaining 50% of the total mark.

## 6. INTRODUCTION TO STUDYING THE MODULE

### 6.1 Overview of the Main Content

- Global economic integration
- Patterns and theories of trade
- Protectionist policies
- Tariffs and non-tariff barriers
- Multilateral trade liberalisation
- Regional trade agreements
- Foreign direct investment
- Theories of FDI
- Effect of FDI on host and home countries
- Global production networks
- National competitive advantage

### 6.2 Overview of Types of Classes

The teaching of the module consists of a weekly two-hour **lecture** followed by a two-hour **seminar**.

**Lectures** will provide a formal presentation of the topic for the week. *Powerpoint* slides will be used in all lectures and are available on the Moodle site. All students are expected to take notes during the lecture and to support the lectures with the reading recommended in the teaching and learning programme below. Students are expected to arrive on time for all lectures and seminars and not to leave during the lecture. All classes will include a break in the middle.

**Seminars** will take the form of students working in small groups on a series of contemporaneous real cases and current issues relating to the topic covered in the lecture.

Regular attendance at all lectures and seminars is expected, except in the event of illness. If for any reason, you are unable to attend one of the classes, you are asked to inform the lecturer of your absence in advance. Attendance will be monitored.

### 6.3 Importance of Student Self-Managed Learning Time

Student responsibility in the learning and development process will be emphasised. Students are required to undertake directed self-study and prepare solutions/discussions to questions relative to various topic areas. Students will be encouraged to identify for themselves particular problems of difficulty and to use seminar discussions, where appropriate, for the resolution of these. Students must regularly access the Moodle site for this module. They should download the class/lecture material from the Moodle site, and do the recommended reading, before each lecture/class.

Where appropriate, students are also expected to download the relevant seminar questions and study them in advance of each seminar, in order to derive maximum benefit from seminar time. The programme of teaching, learning and assessment gives guidance on the textbook reading required for each week, the purpose of which is to encourage further reading both on and around the topic.

### 6.4 Employability

Students will find that successfully passing this module will prepare them well for work related to areas in international economics. This could be as a researcher or analyst for international economic institutions involved with trade and multinational activity, which requires knowledge of the topics covered in this module.

The content supports careers in the private sector and most areas of business, especially in working for a company with a strong international involvement. The latter is likely to be a domestically-owned or foreign-owned company which sells goods or services or other assets outside its home country, owns and manages subsidiaries/affiliates abroad and/or engages in international outsourcing or other contractual relationships or forms of cooperation with firms resident in other countries.

A student seeking a career as an analyst or economic consultant for businesses will find the module of special value. Public sector institutions, government bodies, charities, non-governmental organisations or not-for-profit organisations also benefit from employing staff with expertise in this area. Students with language skills and/or a desire to travel as part of their future employment are also likely to benefit from studying this module.

## 7. THE PROGRAMME OF TEACHING, LEARNING AND ASSESSMENT

1. Globalisation
2. Trade I
3. Trade II
4. Protectionism
5. Multilateralism
6. Regionalism
7. Multinational Firms and FDI
8. FDI Effects on Countries
9. Transfer Pricing
10. Global Production Networks

## 8. STUDENT EVALUATION

Students will be able to provide anonymous feedback towards the end of the module.

## 9. LEARNING RESOURCES

### Core Materials

- Krugman, P.R., Obstfeld, M. and Melitz, M.J., International Economics: Theory and Policy, 10<sup>th</sup> edition, Pearson Education, 2015
- Hill, C., 2008. International business: Competing in the global market place. *Strategic Direction*, 24(9).

### Optional Materials

- Salvatore, D., Introduction to International Economics, 3<sup>rd</sup> edition, John Wiley & Sons, 2012
- Piggott, J. and Cook, M. (eds), International Business Economics – a European Perspective, Basingstoke and New York: Palgrave Macmillan, 2006
- Navaretti, G.B. and Venables, A. J., Multinational Firms in the World Economy, Princeton, N.J and Oxford: Princeton University Press, 2006
- Grimwade, N., International Trade: New Patterns of Trade, Production and Investment, London and New York: Routledge, 2000