

International Business Theories and Applications

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Descriptions and Objectives

Transnational or multinational enterprises are those who own or control value-added activities across national borders. The activities of transnational enterprises are one of the most important and intriguing facets of modern world economy. The past few centuries have witnessed the fast and growing trend of globalization in our modern societies, bringing forth profound and everlasting influence on human civilization and generating tremendous opportunities and challenges to individuals, companies, and governments around the world. It is accordingly imperative for business and public policy leaders to have a good understanding of the dynamics of global environment and their complicated impacts on individuals, companies, and governments around the globe.

This course is designed to review the current patterns and behavior of transnational enterprises, and to evaluate the key determinants influencing the ability and willingness of such enterprises to engage in cross-border value-added activities. More specifically, we seek *to examine the economic rationale, governance mode arrangements, and management of inter-organizational relationships underlying those cross-border activities*. Being interdisciplinary in its nature, international business studies need to comprehend and integrate various schools of thought that were originally developed for serving specific research purposes. The major objective of this course is then to provide you with an understanding of main currents of thought in a coherent and comprehensive fashion. Starting with an overview of the evolutions of international business studies, the class will then review several mainstream theories to examine the following themes: (1) *the nature of transnational enterprises* (e.g., the why, where, and how); (2) *governance mode arrangement or entry strategy* (such as wholly-owned foreign investment, joint venture, merger and acquisition, strategic alliances and network, innovative contractual arrangements); and (3) *governance mechanisms designed for managing such entry strategy or inter-organizational exchanges* (e.g., equity arrangement, legal contracting, relational contracting). The contents of this course are then organized as follows:

- Part I Evolution of International Business Studies*
- Part II Multiple Perspectives of Multinational Enterprises*
- Part III Governance Mode Choice and Entry Strategy*
- Part IV Managing Inter-Organizational Exchanges*

Grading and Requirements

The class focuses on *participant-centered learning*. A discussion-oriented class is a partnership in which students and instructor share the responsibilities and power of teaching, and the privilege of learning together. You will be graded based on the following:

Class Participation	30%
Presentation and Write-ups	40%
Final Project	30%

Class Schedule

1. A Journey to International Business Studies
2. Overview of Theoretical Developments of IB Studies
3. Market and Hierarchy Approach: Transaction Cost Economics
4. Governance and Contracting in Inter-Organizational Relationships
5. Internalization Approach: Control Mechanisms in MNEs
6. Network Arrangements: Neither Market nor Hierarchy
7. The Eclectic Paradigm
8. Strategic Alliance: Arrangement and Management
9. Legal Contracting and Relational Contracting: Role of Trust in Doing International Businesses