

**Sprott School of Business**

**BUSI 2701C - Fundamentals of  
International Business**

**Week 1 – Introduction**

# Introductions

Instructor: Alia El Banna

- M.B.A. , PH.D. (ABD): Sprott School of Business
- Research and teaching in International Business
- Entrepreneur and CEO of an Ottawa and California based consumer electronics company.
- Office hours: 919-2 DT , Thursdays, 12:00 - 13:00 p.m.
- Email: [alia.elbanna@carleton.ca](mailto:alia.elbanna@carleton.ca)

# Introductions

## Teaching Assistant (TA)

- If you have grading issues, go to the TA first.
- If you cannot reach resolution with the TA, I will re-grade your assignment. However, please note that the new grade, whether higher or lower, will stand.
- Name and email address will be placed on cuLearn when available.

# Course Approach

## Lecture / Discussion format

- This is difficult with large numbers of students but we will try
- Raise your hands and contribute to class discussions (questions, comments etc.)
- Students should monitor Business and General Press for IB related stories
- While there is no formal requirement for class participation; there is a 3% bonus mark to be added to the final grade for effective - active, ongoing, and substantive - class participation.

# How to Succeed in this Course

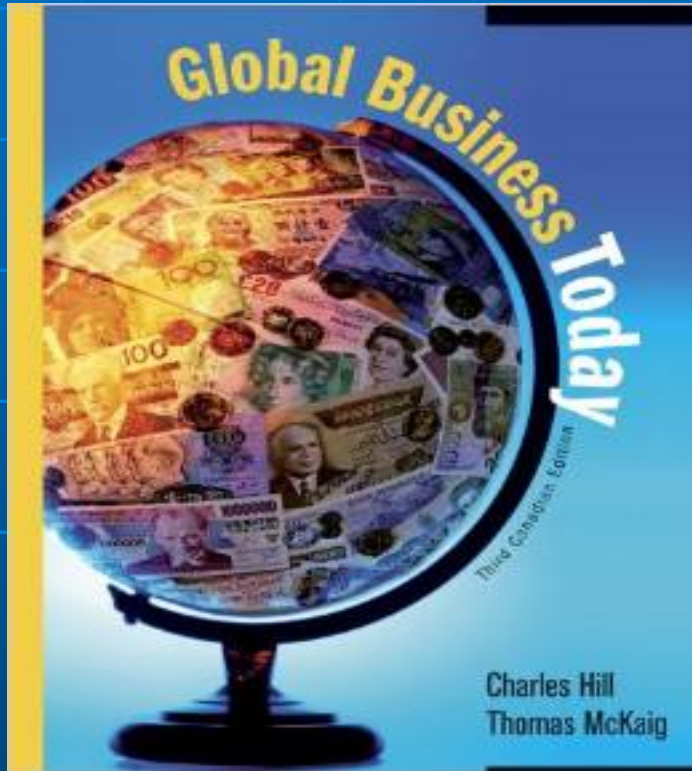
- Read the assigned readings before each class and think about the cases
- Attend class and be actively engaged in what is going on (i.e. be actively thinking about the material)
- Take notes
- Put solid effort into the assignments and studying for the exams

# Rules of Engagement

- Respect each other (e.g. be on time, cell phones off)
- Respect the various opinions that may be expressed by any and all
- The idea of academic discussion is not to convince the other person that they are wrong and you are right. It is to share ideas.
- Participate, share your opinions and ask questions

# Course Outline

# Text Book



- Global Business Today, 3<sup>rd</sup> Canadian edition, Charles Hill and Thomas McKaig Boston: McGraw-Hill Ryerson, 2012.

# Course Objectives

- Understand why countries and businesses engage in international trade.
- Understand the economic, legal, political and cultural aspects of the environments in which multinational businesses operate.
- Become familiar with regional economic organizations / agreements such as the European Union and the North American Free Trade Agreement, and International Trade Organizations such as the World Trade Organization.
- Understand how business functions (e.g. marketing) are affected when operations involve multiple countries and cultures.

# Grading Scheme:

All assignments are individual assignments

- Assignment #1 - 20% (Country analysis – details will be on cuLearn)
- Assignment #2 - 20% (Analysis of an IB Firm – details will be on cuLearn)
- Midterm Exam - 20%
- Final Exam - 40%
- **Total - 100%**

# Assignment # 1 – Country Analysis

- Choose a country from the list provided on cuLearn
- Submit your report in the electronic drop-box on cuLearn by 10:00 am on October 2<sup>nd</sup>
- Detailed requirements will be posted on cuLearn

# Assignment # 1 – Country Analysis

- Start right away and do the assignment over several weeks using the readings and lecture materials.
- The assignment material will be covered in the first 4 lectures (Text book: chapters 1, 2, 3 and 5).
- Use the rubric for headings, outline etc.

# Assignment # 2 – Company Analysis

- Choose a company from the list provided on cuLearn
- Submit your report in the electronic drop-box on cuLearn by 10:00 am on December 4<sup>th</sup>
- Detailed requirements will be posted on cuLearn

# Items of Note

## Late Assignment Policy

- Written assignments are to be submitted in the electronic drop-box on cuLearn by the date and time provided in the course outline
- To ensure fairness to all students, penalties will be applied to late assignments. Failure to submit an assignment on time will result in an initial penalty of ten (10) percentage points on the first day, followed by an additional five (5) percentage points per day thereafter. For example, an assignment that would normally merit a grade of 80% would receive a grade of 70% if submitted after the deadline on the due date, 65% if submitted the following day, and so on. Late papers will only be accepted for six (6) days after the due date.

# Items of Note

## Communications with Instructor:

- Please use instructor's email address ([alia.elbanna@carleton.ca](mailto:alia.elbanna@carleton.ca)).
- I can only answer student emails sent from Carleton connect accounts.  
I will simply hit – reply - on emails that are sent from non-Carleton accounts
- I will endeavour to answer all emails within 24 hours

# Items of Note

## Policy on Mobile Devices

- The use of mobile communications devices such as cellular phones is **NOT PERMITTED** in this class. It is disruptive to the instructor and class members. If you carry such a device to class, please make sure it is turned off.
- OK to use laptops for class related activity (i.e. slides, notes etc).

# Course Schedule

Lecture	Date	Topics/Agenda	Mandatory Pre-class Prep
1	04-Sep	Introduction & Course outline	
2	11-Sep	Globalization	<b>Read:</b> Text Ch. 1 - including cases
3	18-Sep	Macro environmental country differences: Political, Economic, Legal, Cultural	<b>Read:</b> Text Ch. 2,3 - including cases
4	25-Sep	International trade	<b>Read:</b> Text Ch. 5 - including cases
5	02-Oct	The international trading system <b>Assignment #1 due</b>	<b>Read:</b> Text Ch. 6 - including cases
6	09-Oct	Foreign direct investment	<b>Read:</b> Text Ch. 7 - including cases
7	16-Oct	Regional economic integration	<b>Read:</b> Text Ch. 8 - including cases
8	23-Oct	<b>Midterm Exam</b>	
	30-Oct	<b>Study break</b>	
9	06-Nov	The strategy of international business	<b>Read:</b> Text Ch. 11 (except pages 390-396) - including cases
10	13-Nov	Modes of entry (e.g. joint ventures)	<b>Read:</b> Text Ch. 12 plus pages 390-396 - including cases
11	20-Nov	Global marketing and R&D	<b>Read:</b> Text Ch. 14 - including cases
12	27-Nov	Global production and logistics	<b>Read:</b> Text Ch. 15 - including cases
13	04-Dec	Global human resource management <b>Assignment #2 due</b>	<b>Read:</b> Text Ch. 16 - including cases

# BUSI 2701

## Week 1

### Introduction

# What is a business?

The exchange of goods or services for money (or other goods or services) in an attempt to make a profit

# What Makes Up a Business?

- People and Organizational Structure
- Policies and Processes
- Technology
- Infrastructure
- Capital (i.e. money)

# Capital – The Lifeblood of a Business

What expenses does the company have?

- Payroll
- Facilities
- Operating expenses
- Equipment
- Production inputs

# Capital – The Lifeblood of a Business

Source of initial capital (i.e. money) to launch?

- Own money
- Angel investors / Venture capital
- Banks
- Government

# Capital – The Lifeblood of a Business

Source of capital once a company is established and successful?

- Profit
- Stock issue (i.e. IPO – Initial Public Offerings / ‘going public’)
  - equity
- Bond issue (taking a loan from bond investors)
  - debt
- Banks loans
  - debt

# Typical Business Firm



# What is a *Global* business?

*Global*: pertaining to the entire globe rather than a specific region or country

The exchange of goods or services for money (or other goods or services) in an attempt to make a profit .....

across national borders

# What is a *Global* business? (cont'd.)

Global business consists of transactions that are devised and carried out across national borders

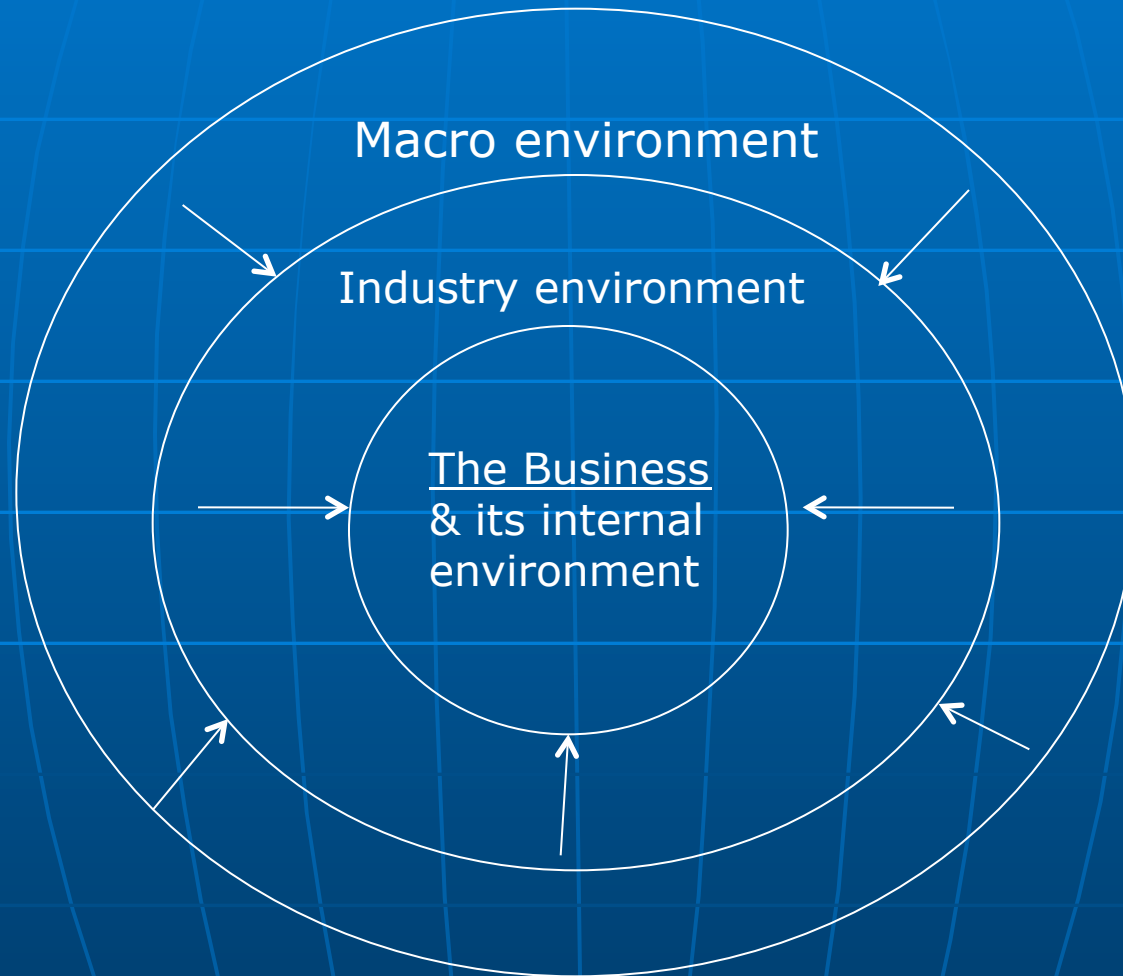
Transactions, e.g.:

- Export/import products and/or services
- International manufacturing and production processes
- Franchising and licensing
- Foreign Direct Investment

# Why do businesses go *global*?

- Competition
- Secure capital, manufacturing, market share
- Consumer needs
- New markets
  - The basic underlying premise of business:  
Supply and Demand
- Is Globalization a necessity or a luxury?

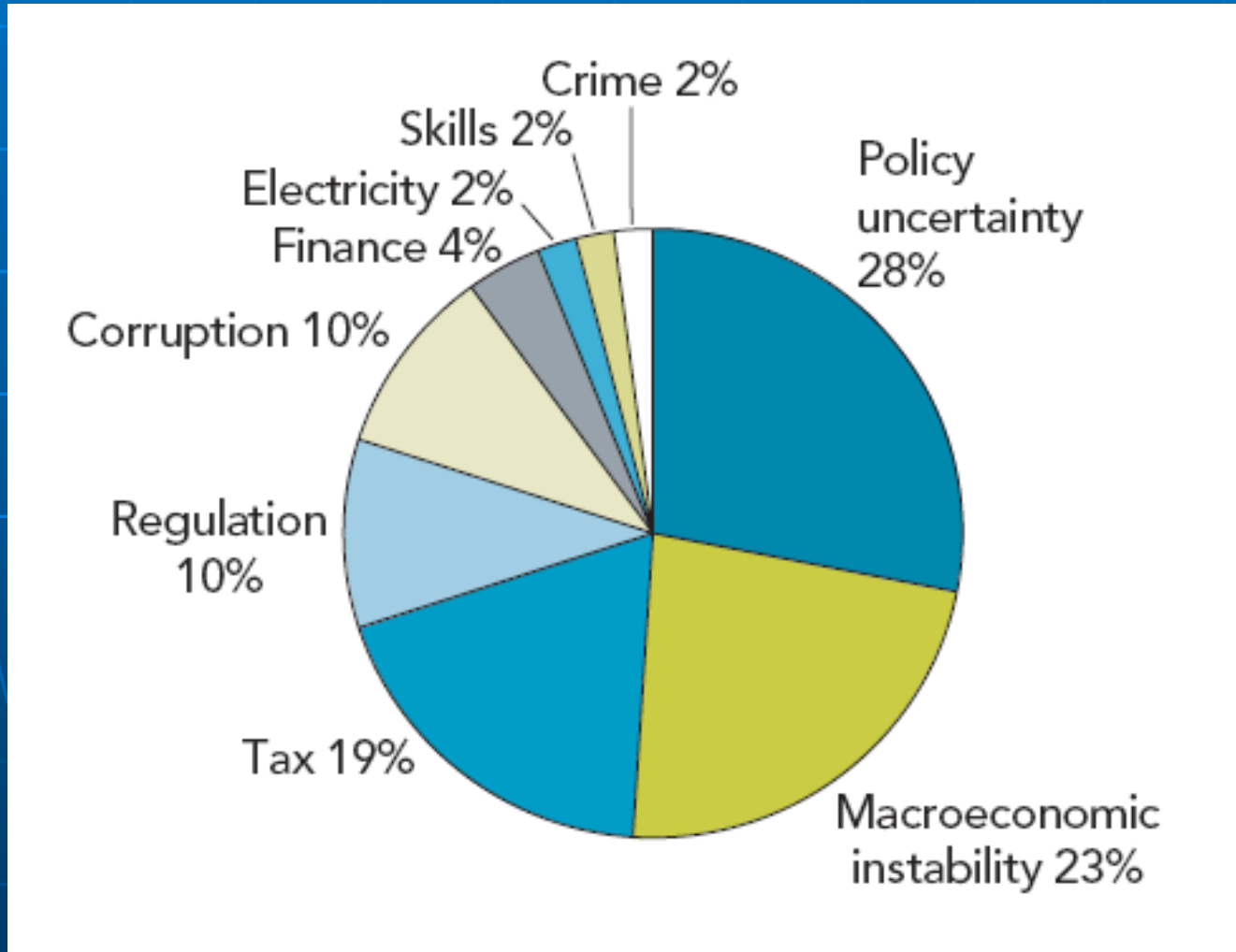
# Contextual Environment of a Business



- Challenges of conducting a business in an international context:
  - Political
  - Cultural
  - Legal
  - Economic

## ■ Political

### Investors' Predominant Concern: Policy Uncertainty



- Cultural

## IKEA airbrushes women off for Saudi Arabia



"Ikea apologises over removal of women from Saudi Arabia catalogue"; The Guardian (UK), online edition ([guardian.co.uk](http://guardian.co.uk)),

## ■ Cultural (continued)

Philippines-based fashion brand Bayo: advertising campaign, titled - What's Your Mix? - featured mixed-race Pilipino models identified by their ethnic makeup to link the models' mixed heritage to the practice of mixing clothing accessories



- Cultural (continued)

On the other hand, culture can benefit International business

A Jeweller promoting its brand through an ad showing a positive story about second marriage in India

<http://www.businessinsider.com/tanishq-jewelry-wedding-ad-scandalizes-india-2013-10>

## ■ Legal

### International disputes?

- Common Law – English Law (Canada except Quebec)
- Civil law – Quebec, France, Germany
- Islamic law – Saudi Arabia
- Commercial law
  - ROHS and WEEE certifications in EU
  - Comparative advertisements (prominent in US, frowned upon in Canada and many countries)

## ■ Economic

- Trade barriers (tariffs, boycotts, etc)
- Competition (local and international)
- Industry barriers (new technologies, threat of substitute products)
- Exchange rates (interest rates, inflation ---> fluctuation)

# Week 2

## Chapter 1: Globalization

**Opening case: The Global Grocer**

**Closing case: Tim Hortons**