

Course Title

Global Economic Environment and Policy

Introduction

In an era of globalization, managers need to handle economic issues to remain competitive in the world market. Domestic market is no more limited by local players only. Similarly, sourcing of raw materials can be done from any part of the world. An expertise in being able to make sense of all that happens around us and to knit together seemingly fragmented diverse issues is a must for global business managers. Quality of environmental analysis, internal and external, helps to interpret the dynamics of business and industrial environment which in turn is essential to make strategic choices.

This course offers unique insights into the business environment and, in combination with other approaches to business studies, these can enhance business performance from the perspectives of both business practitioners and society as a whole, whose interests business must, ultimately serve.

Objective

The course Global Economic Environment and Policy will make participants informed about the development of economic issues and the role of geo-political dynamics in defining the economic environment. It will also give thrust on synergetic relationship among various macroeconomic issues including International Trade Policy, International Marketing, and International Business Strategy. This course may be seen as a tool kit that every business manager must possess to engineer and re-engineer the businesses and processes to draw upon the opportunities that are continuously thrown up or to minimize the uncertainties that businesses may encounter in unpredictable scenarios.

Pedagogy

The course is divided into modules and the teaching methodology is aimed at active class participation. Case analysis is an important pedagogical tool used for this course.

Course Instructor

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Coverage

- Globalisation and Related issues
- International Economic Environment of Business
- Policy Issues in Business Environment: Role of Fiscal and Monetary policies
- Trade and Investment Liberalisation
- Global Institutions and Economic Integration
- Market Structure of Services Sector

Learning outcomes

By the end of this course, students will be able to:

- Be aware of the role of business enterprise within the economy
- Apply basic economic principles to the analysis of decision-making
- Identify and relate the business performance and policies.

Recommended reading list

1. Core Textbook

Hill W L Charles and Jain K Arun (2009), *International Business*, Sixth Edition, Tata Mc Graw Hill Companies, Delhi

2. Supplementary Books

- Mishra, S K, and Puri V K (2010), *Economic Environment of Business*, 6th Ed., Himalaya Publishing House, Delhi.
- *International Business*: Czinkota, Ronkannen & Moffett (7th Edition) Cengage Learning
- *International Business* (10e); Daniels/Radebaugh/Sullivan, Prentice Hall

3. Newspapers

For any student of business it is very important to get into the habit of following current economic events, especially those which relate to business. A good policy would be to scan at least two 'quality' newspapers each day and take cuttings (or electronic printouts) of articles, thus building up a portfolio of useful 'applied' business information. After a short while you will have a collection of material which will be useful across all your modules, not merely economics.

e.g. **Economic Times, Business World, The Economist, Financial Times, Business Standard & Business Today.**

4. Economics Dictionaries

If you find any of the terms used difficult to understand (and unfortunately economists are rather famous for using jargon) then the following two economics dictionaries may be useful.

- Rutherford D (2002) *Routledge Dictionary of Economics*, 2nd ed, Routledge
- Pass C Lowes B and Davis L (2000) *Collins Dictionary of Economics*, 2nd ed, Harper Collins

5. Internet Sites

The following sites are very good gateways into the mass of resources available relating to economic issues

<http://www.economics.ltsn.ac.uk/interneteconomist>

<http://www.bized.ac.uk>

The first of these is the best starting point, and covers not just useful sites but also information about referencing internet sources and similar matters. The second contains links to a very large number of other sites and also links economic sources with more general business sites.

Session plan

This synopsis may be modified slightly as the course proceeds

Session 1-2

Globalisation and Related issues

Learning Outcomes:

- Globalisation Debate
- Economic Environment: Concepts, Country Differences in Political Economy
- Impact of cultural differences in business
- Globalisation and Growth, Trade Openness and Welfare

Readings:

- Hill W L Charles and Jain K Arun (2009), *International Business*, Sixth Edition, Tata Mc Graw Hill Companies, Delhi, pp 3-59.
- World Development and Human Development Report

Session 3-4

International Economic Environment: Strategic Issues in the context of the Indian Economy

Learning Outcomes:

- Economic Policy formulation and its impact on Business Environment
- Tools of Business Environment and Economic Policy Analysis
- Introduction to the Indian Economy
- Business Environment and Indian Economy
- Basic issues in the economy

Readings:

- Hill W L Charles and Jain K Arun (2009), *International Business*, Sixth Edition, Tata Mc Graw Hill Companies, Delhi, pp 493-590.
- Doing Business 2012, India. The International Bank for Reconstruction and Development / The World Bank, Washington. www.doingbusiness.org.
- The Market, Consumers and Consumption Patterns in India: The Strategic Implications in, *Doing Business in India*, Pawan S. Budhwar and Arup Verma Ed UK, Routledge, 2011, pp122-146.
- Economic Outlook for 2010/11: Economic Advisory Council to the Prime Minister, New Delhi, July 2010.

Case Discussion: “Economic Conundrums and Comeback of the Emerging economies” in Daniels, Radebaugh, Sullivan & Salwan (2010) *International Business*, First Impression, Pearson Prentice Hall, pp 139

Session 5

Policy Issues in Economic Environment: Role of Fiscal and Monetary policies

Learning Outcomes:

- To understand what fiscal policy and monetary policy is and why is it a very important tool for managing economic fluctuation
- Expansionary fiscal policy and Contractionary fiscal policy
- Why fiscal policy has a multiplier effect and how this effect is influenced by automatic stabilisers

Readings:

- Roy Shyamal (2009), *Macroeconomic Policy Environment*, Tata Mc Graw Hill Companies, Delhi, pp 99-189.
- Macroeconomic and Monetary Developments in 2010-11, RBI.

Case Discussion: “China's Monetary Policy: Lessons for India” in A commentary by Kalpana Kochar and Jahangir Aziz *Business Standard* July 5, 2007 accessed from www.imf.org/external/np/vc/2007/070507.htm .

Session 6

Trade and Investment Liberisation

Learning Outcomes:

- Definition Determinants of FDI
- Types & Characteristics of FDI
- Global trends of FDI & FII
- Indian policies on FDI
- Trends in FDI in India
- Regional Economic Integrations and Cooperative Agreements

Readings:

- Hill W L Charles and Jain K Arun (2009), *International Business*, Sixth Edition, Tata Mc Graw Hill Companies, Delhi, pp 297-323.
- Foreign Trade Policy, 27th August 2009 - 31st March 2014, Government of India, Ministry of Commerce and Industry, Department of Commerce, Website: <http://dgft.gov.in>

Case Discussion: “India to Allow FDI in Food Retail” in Hill & Jain (2009) *International Business*, Sixth edition, Tata McGraw Hill Companies, pp 304.

Session 7-8

Market Structure of Services Sector

Learning Outcomes:

- Business environment for Service sector
- Trade liberalization of services through Multilateral or regional commitment
- Services liberalization of India and potential sectors to increase exports

Readings:

- “Services in Regional Trade Agreements: Implications for

India” International Trade Research Series, Vol. Working Paper # 05-08, September, 2008.

Case Discussion: “Creating a Single European Market in Financial Services” in Hill & Jain (2009) *International Business*, Sixth edition, Tata McGraw Hill Companies, pp 357.

Session 9-10

Global Institutions and Economic Integration

Learning Outcomes:

- To understand the reasons behind the growth of these institutions.
- To understand the objectives
- To examine the developmental implications of the institution.
- To understand Business implications of India in the Regional Blocs

Readings:

- “Asian Integration Process and BIMSTEC”, *BIMSTEC-Japan Comprehensive Economic Cooperation: A Step in the Future* ISBN: 978-81-89640-53-8: 2008.

Case Discussion: Business Implications of Trade Agreements: Case of APTA

Evaluation

1. Class Participation:	10%
2. Project	50%
3. End-Term Examination	40%

(1) CLASS PARTICIPATION

Class participation points can be earned through preparation of the assigned readings and cases, contributing to the learning environment of the class, raising and responding relevant question in the class.

(2) PROJECT

Task:

To summarise the initial idea and provide a written proposal which answers several basic questions and provide a list of team members. This part of the assessment does not receive a mark but is either approved by the course tutor, or not approved, in which case it must be resubmitted.

Industry Sectors

1. Auto Components Industry
2. Automobiles Industry
3. Aviation Industry
4. Banking Industry
5. Biotechnology Industry
6. Cement Industry
7. Dairy Industry

8. Fertilizer Industry
9. Financial Services Industry
10. Food Industry
11. Gems and Jewellery Industry
12. Healthcare Industry
13. Information Technology Industry
14. Investment Industry

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15. Insurance Industry
16. IT enabled Services Industry
17. Media & Entertainment Industry
18. Metal Industry
19. Oil & Gas Industry
20. Paper and Pulp Industry
21. Petrochemical Industry
22. Pharmaceutical Industry

23. Real Estate Industry
24. Retail Industry
25. Semiconductor Industry
26. Steel Industry
27. Sugar Industry
28. Telecommunications Industry
29. Textiles Industry
30. Tourism & Hospitality Industry

- Deciding the topic/ subject of study for the study.
 - a. Select an industry from the above in which you belong to.
 - b. This will make your study specific and give you a direction to carry out further work.
 - c. Identify any specific issue concerning to the industry.

Your study broadly should include (one or more of the following):

1. Identification of the problem concerning to the industry
 2. Overview of the industry and relevance of the issue mentioned in the context of the study.
 3. Environmental Analysis affecting the growth of the sector.
 4. Global Presence of the sector and performance of the chosen industry.
 5. Recommendations drawn on the basis of the study carried out in terms of addressing the challenges.
- After completion of the report write Executive Summary of maximum one page which should appear in the beginning of the final report.

Format:

Writing for the final project should be preferably done in the following sequence;

- i. Table of Contents
- ii. Introduction - 1-2 pages
- iii. Objectives and Methodology – 1-2 pages.
- iv. Findings – No restriction on the number of pages but it should be clear and short (make use of tables, graphs, charts, etc. for better summarization and presentation)
- v. Recommendations – 1 to 1.5 pages
- vi. References, Bibliography.
- vii. Appendix and Annexures (if any) need to be put in.

You should **use** academic theory, concepts and frameworks to support your proposal, as appropriate. Validation of the results drawn from secondary research by primary survey would fetch better score of the industry sector.

Deadline: The deadline is till 5:00pm **Saturday February 18, 2012.**

Presenting coursework for assessment

Assignments must be presented in the following format:

- ☐ Word-processed in 12 Font Times New Roman and 1.5-spaced
- ☐ All pages must be numbered

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- ❑ The assignment must have a front cover stating:
 - Course name
 - Title of the assignment
 - Your individual name
 - Your student number
 - Submission date
 - Word count
- ❑ Margins must be as follows: Top and Bottom 1", Left and Right: 1".
- ❑ Headers and footers may be outside these margins. Footnotes should be included within the margins.
- ❑ The coursework report should simply be stapled - not in plastic wallets or bound.
- ❑ Graphs and other diagrams generated in MS Excel.
- ❑ The word count does not include title and contents pages and appendices.
- ❑ For academic purposes ALL secondary research material must be carefully referenced.
- ❑ Assignment reports not complying with this format will be returned to students unmarked. If in any doubt you should discuss this with the Course Instructors **before** submission.

Late submission of work

Coursework submitted after the deadline, but within two working days of that deadline will be awarded a maximum mark of 50% of the marks to be scored in that coursework.

All coursework submitted after two days will normally be awarded a Zero.

Extensions for medical reasons or extenuating circumstances must be agreed with the Course Instructor in advance of the deadline where possible and supported by medical evidence where appropriate.

Non-submission of Coursework

Any student failing to submit the coursework and/or failing to take the exam component (without medical reasons or extenuating circumstances agreed with the Course Instructor in advance of the deadline and supported by medical evidence where appropriate) will be awarded a Zero and no supplementary in such case will be given.

(3) END-TERM EXAMINATION

The End Term Exam Term will be at the end of the trimester and will cover the entire course. This will also be a 'closed book' test based on conceptual and application based real life questions/ problem(s)/ Case(s). No class notes, textbook or help-sheets should be in your possession or accessed illegally during the test. Any violation will result in disciplinary action as appropriate.