

Foreign Direct Investment and Digital Trade

Spring 2024

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Class Time: Tue. 2:00 – 5:00 pm

Classroom: 140-2 #202

Office Hours: by appointment

Course Description

Understanding globalization has become very important in almost every aspect of business. While international trade served as the primary tool for globalization, foreign direct investment (FDI) has taken on greater importance in today's business landscape, as it proves more useful for firms and countries in achieving specific strategic objectives. In the expanding digital world, digital trade and Foreign Direct Investment (FDI) have demonstrated a complementary relationship as tools of internationalization. This course aims to help students with a comprehensive understanding of FDI and the diverse patterns of overseas investment pursued by multinational corporations (MNCs) from both developed and developing nations. Beyond exploring the key aspects of FDI, the course will delve into the formulation of competitiveness-building strategies for both firms and nations, considering the dynamic global business environment and emerging issues such as anti-globalization policies, reshoring, CSR/ESG (Corporate Social Responsibility/Environmental, Social, and Governance), and the internationalization strategy of digital firms.

The course is structured into two main segments.

- Part 1 (Classes 2 to 7) delves into the theoretical foundations of FDI studies, encompassing both conventional and unconventional viewpoints.
- Part 2 (Classes 9 to 14) explores FDI practices and topics such as the attractiveness of host countries for FDI, clustering, CSR/ESG, and the rise of digital firms.

Designed as an advanced course, it aims to provide students with various perspectives and in-depth understanding on the paradigm shift of competition and MNCs' relevant global business strategies. Both theories and practices will be rigorously analyzed to help students build analytical skills, conduct rigorous research, and make professional presentations.

Grading Policy (1)

- **Grading [total 100%]**
 - Professionalism: Attitude, attendance, and participation: 25%
 - Weekly summary of readings for each class: 25%
 - Group presentations: 25%
 - Final exam: 25%
- **Professionalism (25%)**
 - Students should attend all classes. Those who miss more than two classes may not receive a grade. Tardiness and class disturbances may be reflected in the grade.
 - Students are also required to know the Honor Code and apply it to all work and behavior in the class.
- **Weekly summary (25%)**
 - Students are required to submit a half-page summary based on assigned each class readings (Classes 3-14). Summaries should be submitted via eTL at least 24 hours before class (by 2:00pm on Monday).
 - The weekly summary should (i) discuss the most interesting points in the readings, and (ii) your thoughts. The half-page summary should be approximately 200 to 250 words in length.
 - The presentation group is exempt from submitting the weekly summary for the class in which they present.

Grading Policy (2)

- **Group presentations (25%)**

- In the first session of each class, each group will give class presentations of important points from the class readings with related information and research.
- The group should submit the presentation PPT file via email (wenyanyin@snu.ac.kr) at least 24 hours before the class of its presentation, thereby no later than Monday 2:00pm before the group's presentation.
- Intra- and inter-group evaluation

- **Final exam (25%)**

- Students will take the exam via email from 2:00 pm to 5:00 pm on June 11th (Class 15).
- Further instructions will be given prior to the final exam.

Course Materials

❖ Required Readings

- Moon, Hwy-Chang. 2016. Foreign Direct Investment: A Global Perspective. Singapore: World Scientific.
- Other assigned readings will be uploaded on the eTL website.
- Students should [read the materials](#) before class, so class meetings can be used for discussion rather than by straight lecture.

❖ Recommended Readings

- It is also recommended that students regularly read good business and economic publications such as [WSJ](#), [NYT](#), [Economist](#), [AIB Insights](#), [Harvard Business Review](#), and other articles.

❖ Recommended journals on International Business

- Journal of International Business Studies
- Journal of World Business
- International Business Review
- Multinational Business Review
- Journal of International Business Policy
- Asia Pacific Management Review
- Asian Business & Management

Class Schedule (1)

- **Class 1 (Mar. 5): Introduction**
 - Course guideline
 - Introduction to foreign direct investment and digital trade
- **Class 2 (Mar. 12) International Players: From Western Multinationals to Global Firms**
 - Textbook, Chapter 1 (Changing nature of firms and business landscapes)
 - Rosa, B., Gugler, P., and Verbeke, A. 2020. Regional and global strategies of MNEs: Revisiting Rugman & Verbeke (2004). *Journal of International Business Studies*, 51: 1045-1053.
 - **Student introduction and group formation**
- **Class 3 (Mar. 19) International Business Strategy: From Trade to FDI**
 - Textbook, Chapter 2 (FDI and competitiveness building for firms and nations)
 - Dunning, J. H. and Rugman, A. M. 1985. The influence of Hymer's Dissertation on the theory of foreign direct investment. *The American Economic Review*, 75(2): 228-232.
 - **Submit via eTL: One-page summary (1) by March 18, 2:00 pm**
- **Class 4 (Mar. 26) The Western Perspective on FDI: From OLI Paradigm to Global Factory Model**
 - Textbook. Chapter 3 (Conventional FDI theory mainly for explaining the FDI from developed firms)
 - Forsgren, M. and Holm, U. 2022. Controlling without owning – owning without controlling: A critical note on two extensions of internalization theory. *Journal of International Business Studies*, 53: 1734-174.
 - **Submit via eTL: One-page summary (2) by March 25, 2:00 pm**

Class Schedule (2)

- **Class 5 (Apr. 2) Unconventional FDI by Developing Country Firms**
 - Textbook. Chapter 4 (Unconventional FDI theory for better explaining the unconventional FDI from developing firms)
 - Buckley, P. J, Chen, L., Clegg, L. J., and Voss, H. 2018. Risk propensity in the foreign direct investment location decision of emerging multinationals. *Journal of International Business Studies*, 49: 153-171.
 - **Submit via eTL: One-page summary (3) by April 1, 2:00 pm**
- **Class 6 (Apr. 9) FDI Motivations**
 - Moon, H. C. 2007. Outward foreign direct investment by enterprise from the Republic of Korea, In *Global Players from Emerging Markets: Strengthen Enterprise Competitiveness through Outward Investment*. New York and Geneva: UNCTAD.
 - Meyer, K. E. 2015. "What is "strategic asset seeking FDI"?", *Multinational Business Review*, 23(1): 57-66.
 - **Submit via eTL: One-page summary (4) by April 8, 2:00 pm**
- **Class 7 (Apr. 16) FDI Impacts on Country: From Negative to Positive Perspective**
 - Textbook. Chapter 5 (FDI impacts on both home and host countries)
 - Buckley, P. J. Clegg, J., and Wang, C. 2006. Inward FDI and host country productivity: Evidence from China's electronics industry. *Transnational Corporations*, 15(1): 13-37.
 - **Submit via eTL: One-page summary (5) by April 15, 2:00 pm**
- **Class 8 (Apr. 23) How to Do Research**
 - Structure of a Research Paper
 - Writing Style and Tips

Class Schedule (3)

- **Class 9 (Apr. 30) Recent Trends of FDI and the Reshoring Issue**
 - UNCTAD. 2023. World investment report 2023: Overview. New York and Geneva: UNCTAD (pp. 1-24).
 - Pegoraro, D., De Propris, L., & Chidlow, A. 2022. Regional factors enabling manufacturing reshoring strategies: a case study perspective. *Journal of International Business Policy*, 5(1): 112-133.
 - **Submit via eTL: One-page summary (6) by April 29, 2:00 pm**
- **Class 10 (May 7) FDI and Cluster: From Local to Global Link**
 - Textbook. Chapter 6 (Extension of the scope of clusters from regional to global)
 - Mudambi, R., Li, L., Ma, X., Makino, S., Qian, G., and Boschma, R. 2018. Zoom in, zoom out: Geographic scale and multinational activity. *Journal of International Business Studies*, 49: 929-941.
 - **Submit via eTL: One-page summary (7) by May 6, 2:00 pm**
- **Class 11 (May 14) Assessing the Investment Attractiveness: From Theory to Practice**
 - Textbook. Chapter 7 (Devising a comprehensive model for assessing the locational FDI attractiveness)
 - Moon, H. C. and Yin, W. 2021. Four Fundamental Factors for Increasing the Host Country Attractiveness of Foreign Direct Investment: An Empirical Study of India, in Krishna B. Misra, *Handbook of Advanced Performability Engineering*, Springer Nature Switzerland AG, Cham, Switzerland.
 - **Submit via eTL: One-page summary (8) by May 13, 2:00 pm**

Class Schedule (4)

- **Class 12 (May 21) Entry Mode Choices: From traditional to non-traditional modes**
 - Textbook. Chapter 8 (Introducing a more comprehensive framework for the variables of entry mode choices)
 - Moon, H. C. and Yin, W. 2020. “Industry Drivers of MNCs’ Externalization Choice: A Conceptual Framework and Application to Korea-China Film Co-productions”, *Journal of Business and Industrial Marketing*, 35(11): 1633-1644.
 - Brouthers, K. D., Chen, L., Li, S., and Shaheer, N. 2022. Charting new courses to enter foreign markets: Conceptualization, theoretical framework, and research directions on non-traditional entry modes. *Journal of International Business Studies*, 53: 2088–2115.
 - **Submit via eTL: One-page summary (9) by May 20, 2:00 pm**
- **Class 13 (May 28) Global Citizenship: From Responsibility to Opportunity**
 - Textbook. Chapter 9 (Multinationals’ co-creating values with host and home countries)
 - Kim, R. C., Saito, A., and Avvari, V. M. 2020. Interpretation and integration of “creating shared value” in Asia: implications for strategy research and practice. *Asian Business & Management*, 19(4): 379-406.
 - **Submit via eTL: One-page summary (10) by May 27, 2:00 pm**
- **Class 14: (Jun. 4) Internationalization strategy and trade of digital firms**
 - UNCTAD. 2017. World Investment Report (Chapter 4): *Investment and the digital economy*. New York and Geneva: UNCTAD (pp. 155-185).
 - Srinivasan, N. and Eden, L. 2021. Going digital multinationals: Navigating economic and social imperatives in a post-pandemic world. *Journal of International Business Policy*, 4: 228–243.
 - **Send via eTL: One-page summary (11) by June 3, 2:00 pm**
- **Class 15: (Jun. 11) Final Exam**
 - Take-home exam via email (2:00 – 5:00 pm)