

Foreign Direct Investment and Digital Trade

(Fall 2025)

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Class Time: Thursday 2:00 – 5:00 pm

Classroom: Building 140-2, Room 202

Office Hours: by appointment

Course Description

- Understanding globalization has become essential across nearly all areas of business. While international trade has historically driven globalization, **foreign direct investment (FDI)** now plays an increasingly pivotal role, particularly in facilitating and advancing **digital trade**. In today's interconnected and digitalized economy, FDI and trade are not only interrelated but often **complementary forces** in the internationalization strategies of firms.
- This course is designed to provide students with a **comprehensive understanding of FDI**, focusing on the diverse patterns of overseas investment pursued by multinational corporations (MNCs) from both developed and developing economies. In addition to examining the theoretical and empirical dimensions of FDI and its influence on digital trade, the course explores how MNCs strategically respond to the evolving global business landscape.
- Special attention will be given to emerging challenges such as **geopolitical tensions, technological disruptions, and the growing importance of environmental, social, and governance (ESG) considerations**.
- The course is organized into two main segments:
 - **Part I (Classes 2–7):** Theoretical foundations of FDI, encompassing both conventional and alternative perspectives on why and how firms invest abroad.
 - **Part II (Classes 8–13):** Practical applications and contemporary issues in FDI, including FDI attractiveness, clusters, reconfiguring global value chains (GVCs), AI and emerging technologies, and ESG strategies.

By integrating both theoretical insights and practical case analysis, the course aims to equip students with **diverse perspectives and a holistic understanding of the shifting paradigms in global competition and MNC strategies**. Students will develop advanced analytical capabilities, engage in **in-depth research**, and deliver **professional presentations** on current FDI and digital trade related challenges and opportunities.

Grading Policy (1)

- **Grading [total 100%]**

- Professionalism: Attendance and participation: 25%
- Weekly summary of readings for each class: 25%
- Group presentation: 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 one-page summary based on assigned each class readings (Classes 2-13). Summaries should be submitted via eTL at least 24 hours before class (by 2:00pm on Wednesday).
- The weekly summary should (i) discuss the most interesting points in the readings, and (ii) your thoughts. The one-page summary should be approximately 300-400 words in length.

Grading Policy (2)

- **Group presentation (25%)**

- Each group will give a group presentation in **Class 14 (December 11)**.
- The group should submit the presentation PPT file via eTL at least 24 hours before the class of its presentation, thereby no later than Wednesday 2:00 pm.
- Intra- and inter-group evaluation
- Further instructions will be given in **Class 2**.

- **Final exam (25%)**

- Short essay-type, take-home exam
- Students will take the exam from 2:00 pm to 5:00 pm in **Class 15 (December 18)**.

Course Materials

❖ Required Readings

- Moon, Hwy-Chang. 2016. *Foreign Direct Investment: A Global Perspective*. Singapore: World Scientific.
- Assigned articles
- Students should [read the materials](#) before class, so class meetings can be used for discussion rather than by straight lecture.

❖ Recommended Readings

- Shenkar, O., Luo, Y., and Chi, T. 2022. *International Business* (4th edition). New York: Routledge.
- It is also recommended that students regularly read good business and economic publications such as [WSJ](#), [NYT](#), [Economist](#), [Harvard Business Review](#).

Class Schedule (1)

- **Class 1 (September 4): Introduction**
 - Course guideline
 - The global economy: challenges and firms' response strategies
- **Class 2 (September 11) International Players: From Western Multinationals to Global Firms**
 - Textbook, Chapter 1 (Changing nature of firms and business landscapes)
 - Shih, W. C. 2020. Bringing manufacturing back to the U.S. Is easier said than done. *Harvard Business Review*, April 15.
 - (recommended) 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.
- **Class 3 (September 18) International Business Strategy: From Digital Trade to FDI**
 - Textbook, Chapter 2 (FDI and competitiveness building for firms and nations)
 - Economist. 2025. Can Shein and Temu survive Trump's trade war? April 30.
 - (recommended) Tippmann, E., Monaghan, S., & Reuber, R. A. (2023). Navigating the paradox of global scaling. *Global Strategy Journal*, 13(4), 735-773.
- **Class 4 (September 25) The Western Perspective on FDI**
 - Textbook. Chapter 3 (Conventional FDI theory mainly for explaining the FDI from developed firms)
 - Economist. 2024. From Apple to Starbucks, Western firms' China dreams are dying. December 8.
 - (recommended) Surana, A., Chavan, M., Kumar, V., & Chirico, F. (2024). The internationalization of digital platform firms: the platform-OLI (P-OLI) framework. *International Marketing Review*, 41(5), 886-910.

Class Schedule (2)

- **Class 5 (October 2) Unconventional FDI by Developing Country Firms**
 - Textbook. Chapter 4 (Unconventional FDI theory for better explaining the unconventional FDI from developing firms)
 - New York Times. 2024. Chinese carmakers are taking Mexico by storm while eyeing U.S. December 9.
 - (recommended) 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.
- **National Holiday (October 9) No Class**
- **Class 6 (October 16) 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.
 - Yin, W. 2015. Motivations of Chinese outward foreign direct investment: an organizing framework and empirical investigation. *Journal of International Business and Economy*, 16(1), 82-106.
 - Wall Street Journal. 2025. Nippon Steel Completes Purchase of U.S. Steel After Reaching Security Deal With Trump Administration. June 18.
- **Class 7 (October 23) FDI Impacts on Country: From Negative to Positive Perspective**
 - Textbook. Chapter 5 (FDI impacts on both home and host countries)
 - Economist. 2025. Vietnam's economy is booming, but its new leader is worried. May 22.
 - (recommended) Li, M., Li, D., Lyles, M., & Liu, S. (2016). Chinese MNEs' outward FDI and home country productivity: The moderating effect of technology gap. *Global Strategy Journal*, 6(4), 289-308.

Class Schedule (3)

- **Class 8 (October 30) Recent Trends of FDI and the Locational Attractiveness**
 - UNCTAD. 2024. *World investment report 2025: Chapter 1*. New York and Geneva: UNCTAD (pp. 3-47)
 - 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.
 - Wall Street Journal. 2024. The U.S. finally has a strategy to compete with China. Will it work? May 20.
- **Class 9 (November 6) FDI and Cluster: From Local to Global Link**
 - Textbook. Chapter 6 (Extension of the scope of clusters from regional to global)
 - Economist. 2022. Can Silicon Valley still dominate global innovation? April 16.
 - Economist. 2025. Does working from home kill company culture? July 7.
 - (recommended) 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.
- **Class 10 (November 13) Reconfiguring Global Value Chains in the Geopolitical environment**
 - Pegoraro, D., De Propriis, L., & Chidlow, A. 2022. Regional factors enabling manufacturing reshoring strategies: a case study perspective. *Journal of International Business Policy*, 5(1): 112-133.
 - Moon, H. C., Yin, W., Zheng, F., and Huang, D. A Conceptual Framework for Firms' Response Strategies Against Sanctions: Lessons from Foreign MNCs in China. *Economic and Political Studies*, forthcoming.
 - Economist. 2025. America's broken construction industry is a big problem for Trump. July 10.
 - (recommended) Jung, Y. S., & Park, Y. (2024). Winners and losers in US-China trade disputes: A dynamic compositional analysis of foreign direct investment. *Social Science Quarterly*, 105(4), 980-995.

Class Schedule (4)

- **Class 11 (November 20) Foreign Entry Mode Choices**
 - Textbook. Chapter 8 (Introducing a more comprehensive framework for the variables of entry mode choices)
 - New York Times. 2024. Walmart Dumps Entire Stake in China's JD.com. August 21.
 - (recommended) 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.
- **Class 12 (November 27) Foreign Direct Investment and Digital Economy: Global Strategies of Digital Firms**
 - UNCTAD. 2025. World Investment Report 2025 (Chapter 4): *International investment in the digital economy*. New York and Geneva: UNCTAD (pp. 169-211).
 - Cho, D. S., Moon, H. C., Yin, W., Hong, M., & Huang, D. 2024. ABCD Technologies in the Fourth Industrial Revolution. In *The Competitiveness of Nations 3: Emerging Technologies in the Fourth Industrial Revolution* (pp. 101-125). World Scientific.
 - (recommended) Stallkamp, M., Chen, L., and Li, S. 2023. Boots on the ground: Foreign direct investment by born digital firms. *Global Strategy Journal*, 13: 805–829.
- **Class 13 (December 4) Corporate Social Responsibility and ESG: From Responsibility to Opportunity**
 - Moon, H. C., & Parc, J. 2019. Shifting corporate social responsibility to corporate social opportunity through creating shared value. *Strategic change*, 28(2), 115-122.
 - Moon, H. C., Yin, W., Hong, M., and Huang, D. 2025. Multinational Corporations and Climate Change: Four Environmental Strategies and Their Impacts on Firm Performance. *Business Strategy and Development*, 8(1): e70085.
 - Wall Street Journal. 2025. BlackRock Withdraws from Climate Coalition, Backpedaling Again on ESG. January 9.

Class Schedule (5)

- Class 14 (December 11) Group presentations
- Class 15: (December 18) Final exam
 - Take-home exam: Short essay-type (2:00 – 5:00 pm)