3-7 July 2017, from 9.00 to 13.00

Course title:
MULTINATIONAL ENTERPRISES: THEORY AND EMPIRICS
ECTS credits: 4

Lecturer: Professor Michael Ryan, Western Michigan University, USA
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AIMS OF THE COURSE:

Economic integration not only occurs through international trade, but also through foreign direct investment. In fact, the aggregate sales by multinational enterprises have grown faster for a long time than aggregate exports, which themselves have grown faster than world GDP before the Global Financial Crisis. Hence, multinational enterprises carrying out foreign direct investment are a driving force of globalization.

This course will deal with the role of multinational enterprises in the world economy. I will explain why and when they exist, and then discuss in detail which type of foreign direct investment we may expect, considering different market conditions and country characteristics. Through all of this, the key empirical issues regarding MNEs, namely heterogeneity among firms regarding their FDI decision, affiliate location choice, and ownership structure (greenfield investment vs. joint venture vs. M&A) will be discussed. Particular emphasis will be placed on inward-European FDI.

COURSE SYLLABUS:

The course will cover the following topics:

- Facts and issues (NV, Chapter 1)
- The multinational enterprise: an overview of theory & empirical findings (NV, Chapter 2)
- Horizontal foreign direct investment (NV, Chapter 3)
- Vertical foreign direct investment (NV, Chapter 4)
- The multinational firm and the market (NV, Chapter 5)
- Heterogeneity and firm-level determinants of FDI (selected readings)
- Different types of foreign direct investment: greenfield vs Merger/Acquisition vs joint ventures (selected readings)
LIST OF READINGS:

Among the selected papers to accompany the NV text are:

TEACHING METHODS:

This course is designed for students studying Economics at the Ph.D. level. A background in international trade is helpful, but not necessary. Math skills and introductory econometric skills are required.

I will use the textbook by Giorgio Barba Navaretti and Anthony J. Venables, Multinational Firms in the World Economy, Princeton University Press (denoted by NV) to provide the MNE background. Selected academic papers will accompany the text. The teaching method for the course will consist of lectures to cover the theoretical aspects of the course topics. The course will also examine available datasets to facilitate students’ ability to do quality empirical research on these issues, and discuss the relevant econometric strategies and techniques used in doing this research. Students will be provided a (small) sample dataset pertaining to the course topics with which to work.

The final exam for the course will consist of two parts: a short oral presentation on a research paper of the student’s choosing and approved by the instructor (20%), and a written exam (80%).

Lecturer’s Biographical Note:

Dr. Michael Ryan is Professor of Economics and member of the Graduate Faculty at Western Michigan University (USA). He received his M.A. and Ph.D. in economics from Indiana University (USA) in 2001. He received a 2009 Fulbright grant to teach at the University of Bamberg (Germany). He has also held visiting positions at the Universities of Kiel (Germany), Tübingen (Germany), and Otago (New Zealand). Michael has lectured extensively on theoretical and empirical approaches to modeling and identifying multinational firms’ behavior, especially regarding investment location choice and joint venture formation. His research has been published leading international economics and industrial organization journals, such as the Oxford University Press, Review of International Economics, the Journal of Economics Management and Strategy, and the International Journal of Industrial Organization. His current research focuses on numerous aspects of how financial crises affect multinational firm investment behavior.