

## Detailed course description for instructors

### I. Basic data

<b>Course code:</b>	7VG32NBKD5M
<b>Course title (in Hungarian):</b>	Versenyképesség és tőkeáramlások a világgazdaságban
<b>Course title (in English):</b>	Competitiveness and Capital Flows in the World Economy
<b>Number of contact hours:</b>	2+2
<b>Number of credits:</b>	6
<b>Estimated student workload (in academic hours):</b>	180
<b>Fall/Spring:</b>	Fall
<b>Language of education:</b>	English
<b>Prerequisites:</b>	-
<b>Department:</b>	Department of World Economy
<b>Course leader:</b>	Viktória Endrődi-Kovács, PhD
<b>Time of class:</b>	Lecture: Thursdays between 11.40 and 13.10. Seminars: Thursdays between 13.40 and 15.10. Room: C104.

### II. Aims of the course:

The goal of the course is to introduce students to the wider concept of competitiveness, the world economic effects of capital flows, as well as the driving forces behind these. National competitiveness is increasingly important today including attracting foreign direct investments, and therefore the course puts a special emphasis on ways how nation states can influence TNC behavior and strategy. However, the effects of capital flows are ambiguous. This course also introduces how FDI affects both positively and both negatively national and firm-level competitiveness, how nation states can maximize the positive effects and how minimize the negative ones. The course therefore has a macroeconomic-approach, but various micro level (business-studies) issues are also analyzed. Besides theoretical knowledge, the students will also gain practical experience through seminar group work and simulation games. The course aims to give complex approach about competitiveness and capital flows in the world economy.

#### Sustainability aspects

The student will learn how companies form industries (e.g. via global value chains), behave ethically or unethically during global production, global optimization.

### III. Connections with other courses:

The course is a compulsory course during the 1st year in Master in International Economics and Business programme. The knowledge acquired during this course provides a basis for understanding the theory of competitiveness and FDI, motivations of FDI, which will help to understand other business and trade courses, e.g. Business Strategies in CEE (4VG32DDG01M) or Trade and FDI policies: Current Issues in the Global Trading System (7VG32NBKF7M)

### IV. Intended learning outcomes of the course

Knowledge	Skills	Attitudes	Autonomy & Responsibility
Understand competitiveness, capital flows and foreign direct investments, its	Interpret international business skills	Show openness to new business knowledge	Read the given compulsory literature

effect on hosting and sending economies			
How states can influence competitiveness and capital flows		Show openness to use international business skills and create a case study	Independently make home assignments and solve case studies
Keep deadlines, learn time planning	Learn how to deal with time, scheduling, handle deadlines	Pursue consciousness in time planning	
<b>Study program specific learning outcomes</b>			

**V. Planned learning activities of students for supporting the achievement of intended learning outcomes.**

Literature and case studies processing. Individual home assignments with given deadlines

**Detailed class schedule, weeks 1 to 14:**

<b>Date of class</b>	<b>Topics to be discussed, readings required for the class</b>
Week 1 10 <sup>th</sup> September	Lecture: Introduction. The concept and framework of the course. National competitiveness. Concepts and measurement. Thinking about FDI.  Reading: WEF: Global Competitiveness Report 2019, Cohen ch. 1, 2  Seminar: National competitiveness – measurement and presentation.
Week 2 17 <sup>th</sup> September	Lecture: Global, regional and sectoral trends in capital (FDI flows). (double lecture)  Reading: UNCTAD World Investment Report 2020 and 2019 - relevant chapters.
Week 3 24 <sup>th</sup> September	Lecture: FDI effects on competitiveness and on host country.  Reading: Kurtishi-Kastrati (2013)  <b>Seminar: Chinese investments in Africa and positive and negative effects of FDI - discussion of article Brautigam et al (2018). Group work.</b>
Week 4 1 <sup>st</sup> October	Lecture: Theories explaining international capital flows. Classical and modern theories.  Reading: Cohen ch. 4, 6. Ietto-Gillies, Dunning (2000)  Seminar: Case study. One student presentation.
Week 5	Lecture: Determinant factors of attracting FDI.

8 <sup>th</sup> October	Seminar: Motivation for FDI, group work. One student presentation.
Week 6	Lecture: The theory and practice of investment promotion.
15 <sup>th</sup> October	Reading: Szent-Iványi (2016) chapter 8,9 Seminar: forming groups for investment promotion situation game, giving instructions. One student presentation.
Week 7	First midterm exam from Week 1-6.
22 <sup>th</sup> October	Seminar: Consultation opportunity about investment promotion game or student presentation.
29 <sup>th</sup> October	<b>Autumn holiday.</b>
5 <sup>th</sup> November	<b>Intensive week. There is no class.</b>
Week 8	Lecture: International regulation of FDI.
12 <sup>th</sup> November	Reading: Cohen ch. 11, World Investment Report 2018, chapter 3 Seminar: investment promotion situation game
Week 9	Lecture: Capital flow trends in Central Europe.
19 <sup>th</sup> November	Reading: Kalotay (2001), Szent-Iványi (2016) chapter 1-3 Seminar: two student presentations
Week 10	Lecture: GVCs in Central Europe and competitiveness.
26 <sup>th</sup> November	Reading: Szent-Iványi (2016) chapter 5 <b>Seminar: discussion of article Endrődi-Kutasi-Magasházi (2018).</b> One student presentation.
Week 11	Lecture: Capital flows from emerging markets.
3 <sup>rd</sup> December	Reading: Dohse et al (2012) and Casanova – Miroux (2018) Seminar: Case studies. One student presentation.
Week 12	Remaining student presentations. Conclusions of the course. Review for the final exam, assessment of students etc.
10 <sup>th</sup> December	

December	<b>Second midterm exam or final exam. Somewhere between 14<sup>th</sup> and 22<sup>nd</sup> December – exam schedule will be announced lately).</b>
January	Make up exams

**VI. Evaluation system of the course (in case of a dual course the system of evaluation of activities performed by of students participating in dual studies should also be discussed)**

Prepare two home assignments (article summary and form opinion)-	2*5	points
Preparedness and participation in investment promotion game –	10	points
Group presentation –	20	points
Class activity –	10	points
Exam –	50	points

**Description and deadlines of home assignments, student presentation:**

The evaluation system of the course is highly based on students' activity. Seminar attendance is compulsory (see Study and exam regulation of Corvinus University of Budapest). During the semester students have to prepare to home assignments, a group presentation, participate in an investment promotion game.

During the semester, students are required to read 2 articles for the seminars. From these articles, they have to write and hand in short, 600 word home assignments (this includes two parts: a 300 words summary – focusing on hypothesis, methodology, main findings and a 300 words opinion). These must contain the students' own opinion and criticism about the article. The home assignments must be uploaded to Moodle by Monday midnight latest, before the class discussing the relevant article. This deadline is strict, and no excuses will be accepted. Each article review can be awarded 1 to 5 points. Reviews sent after the deadline are worth 0 point. There is no possibility to send article reviews after the seminar that discusses the article. Work individually; home assignment copied from one another is not acceptable. The two home assignments will constitute 10 per cent of the final grade. Students will also have to prepare group presentations (maximum 3-4 persons in one group). In the presentations, students must select a country, a sector and a specific transnational company that has recently made an investment in that region. They must focus on identifying the various competitive advantages (national competitiveness) of the country that can make it attractive to international businesses. Then, through the case study of their selected company, they must analyse why (motivation, FDI type) that specific company decided to invest in their chosen country and evaluate the effects (both positive and negative ones) of investment on the host country's economy. Each presentation should be around 20-25 minutes. Further requirements concerning the presentations will be discussed on the first seminar. Group presentation worth 20 per cent of the final grade. Other seminars during the year will have group work and case studies, for which students will not have to prepare in advance. The only exception is the seminar on Week 8, when an investment promotion game will be played. Students will be assigned into groups on Week 6, and will be given detailed instructions on how to prepare. Discussion opportunity will be on Week 7. The preparation for the investment promotion game and active participation in it worth maximum 10 points. There are two forms of taking the exam of the course. There is a possibility for a first mid term exam on Week 7 (covered the materials from Week 1 to 6). It is an extra opportunity, if you fail, it isn't counted in the 3 exam opportunities to fulfil the course. The second mid term exam can be taken in the exam period with Neptun registration (from the materials from Week 8 to 12). (For the first midterm, there is no obligation to sign up on Neptun but for the second, you need to sign up.) If the

first and/or second mid term exam/s is/are not successful, a final exam during the exam period can be taken. The exams will be made up of short, but not test-type questions. The final exam at the end of the semester covers all materials from the semester and worth 50 per cent. Students may retake the midterm exam at the end of the semester, in this case they will write their final exam from the material of the entire semester, and this will count as 50 per cent of the final grade. For rules on retaking the final exam, see the Corvinus University's Study and Exam Regulations. Please note, that there will be only one option to take the second midterm exam at the end of the semester and that will be the first exam date. Failure to register or to attend the second midterm exam will result in having to take the final exam consisting of all materials. You should achieve at least 50% on both midterm exams, otherwise you will be required to undertake a final exam (there is no possibility to rewrite a midterm exam). In order to pass the course, you will have to obtain at least 50% on both midterm exams or during the final exam. Attendance sheets will be taken. Seminar attendance is compulsory. Anyone missing more than 3 seminars (illness included) will get 0 points for the seminar part of the course and must retake the course (see Study and Exam Regulation). If you have a serious illness, please inform your lecturer (in this case, maximum 50 per cent of seminars can be missed). Final grades are awarded according to the standard ECTS grading scale (see below). Grades are non-negotiable. Please take into account that any complaints concerning the points of the final written exams (except for obvious adding mistakes) will result in a re-evaluation of the entire test. Students are asked to report on any problem or concern they are facing immediately.

Percentage achieved	Hungarian	Grade	Explanation
90-100	5		Excellent
80-89,9	4		Good
70-79,9	3		Satisfactory
60-69,9	2		Sufficient
0-60	1		Failed

All students, even those not presenting in class, are expected to be prepared for seminars. You should devote at least 5-10 minutes before seminar classes to familiarize yourself with the subject. Class attendance sheets will be taken. Also, please try not to be late.

## VII. Compulsory literature

Brautigam et al (2018): What kinds of Chinese "Geese" are flying to Africa? Evidence from Chinese manufacturing firms. CARI Working Paper, 2018 August. [http://www.iberchina.org/files/2018-2/africa\\_chinese\\_investments\\_jhopkins.pdf](http://www.iberchina.org/files/2018-2/africa_chinese_investments_jhopkins.pdf)

Casanova, Lourdes – Miroux, Anne (2018): EMERGING MARKET MULTINATIONALS REPORT (EMR) 2018, Emerging markets reshape globalization, Cornell University, [https://www.johnson.cornell.edu/wp-content/uploads/sites/3/2019/04/EMR2018\\_V3\\_FIN-11Jan.pdf](https://www.johnson.cornell.edu/wp-content/uploads/sites/3/2019/04/EMR2018_V3_FIN-11Jan.pdf)

Cohen Stephen D. (2007): Multinational Corporations and Foreign Direct Investment. Oxford University Press.

Dunning, John (2000): The eclectic paradigm as an envelope for economic and business theories of MNE activity. *International Business Review* 9: 163-190

Endródi-Kovács, V., Kutasi, G., & Magasházi, A. (2018). Visegrád Group Expertise and Position in the Samsung Global Value Chain: A Case Study of Samsung Electronics in the V4 Countries. *Central European Business Review*, 7(1), 14-36. Available at: [https://cebr.vse.cz/artkey/cbr-201801-0002\\_Visegrad-Group-Expertise-and-Position-in-the-Samsung-Global-Value-Chain-A-Case-Study-of-Samsung-Electronics-in.php](https://cebr.vse.cz/artkey/cbr-201801-0002_Visegrad-Group-Expertise-and-Position-in-the-Samsung-Global-Value-Chain-A-Case-Study-of-Samsung-Electronics-in.php)

Kalotay, Kálmán (2001): The Contribution of Foreign Direct Investment to Transition Revisited. *The Journal of World Investment* 2(2): 259-276

Szent-Iványi, Balázs (2016) (ed.): Foreign Direct Investment in Central and Eastern Europe. Palgrave

MacMillan.

UNCTAD (2018): World Investment Report 2018, ch 1-3  
<http://unctad.org/en/pages/DIAE/World%20Investment%20Report/WIR-Series.aspx>

UNCTAD (2019): World Investment Report 2019, ch 1-4 Available at:  
[https://unctad.org/en/PublicationsLibrary/wir2019\\_en.pdf](https://unctad.org/en/PublicationsLibrary/wir2019_en.pdf)

UNCTAD (2020): World Investment Report 2020, ch 1-4 Available at:  
[https://unctad.org/en/PublicationsLibrary/wir2020\\_en.pdf](https://unctad.org/en/PublicationsLibrary/wir2020_en.pdf)

WEF (2019): The Global Competitiveness Report 2019

### **VIII. Recommended literature**

Bhagwati, Jagdish – Panagariya, Arvind – Srinivasan, T.N. (2004): The Muddles over Outsourcing. Journal of Economic Perspectives 18(4): 93-114.

Blomström, Magnus – Kokko, Ari (2003): The economics of foreign direct investment incentives. In: Heinz Herrmann – Robert E. Lipsey (eds): Foreign direct investment in the real and financial sector of industrial countries. Springer.

Dohse, D.C. - Hassink, R. - Klaerding, C. (2012): Emerging multinationals, international knowledge flows and economic geography: a research agenda, Kiel Institute for the World Economy, 2012. <https://ideas.repec.org/p/zbw/ifwkwp/1776.html>

Reinhardt, Forest L. – Stavins, Robert N. – Vietor, Richard H.K (2008): Corporate Social Responsibility Through An Economic Lens. NBER Working Paper 13989

Sauvant, Karl P. (2008): The Rise of Transnational Corporations from Emerging Markets: Threat Or Opportunity?, Edward Elgar.

### **IX. Time of class**

Time of class: Thursdays between 11.40 and 15.10 in Room C104. Lecture is between 11.40 and 13.10, seminar is between 13.40 and 15.10.

If consultation is needed, please contact with the course leader: Viktória Endrődi-Kovács, [viktoriam.kovacs3@uni-corvinus.hu](mailto:viktoriam.kovacs3@uni-corvinus.hu) Office hour: Wednesday, between 11.40 and 13.10 in room C013. Please write an e-mail for appointment.