

UNIVERSITY OF ECONOMICS - VARNA
FACULTY OF MANAGEMENT
DEPARTMENT OF MARKETING

Adopted by the FC: record №12/29.04.2024

Adopted by the DC: record №10/15.04.2024

ACCEPTED BY:

Dean:

(Assoc. Prof. Dobrin Dobrev, PhD)

SYLLABUS

SUBJECT: TRANSNATIONAL CORPORATIONS AND FOREIGN DIRECT INVESTMENT

DEGREE PROGRAMME: International Business (in English); BACHELOR'S DEGREE

YEAR OF STUDY: 3; SEMESTER: 5

TOTAL STUDENT WORKLOAD: 240 hours; incl. curricular 60 hours

CREDITS: 8

DISTRIBUTION OF STUDENT WORKLOAD ACCORDING TO THE CURRICULUM

<i>TYPE OF STUDY HOURS</i>	WORKLOAD, hours	TEACHING HOURS PER WEEK, hours
CURRICULAR: incl. - LECTURES - SEMINARS / LAB. EXERCISES	30 30	2 2
EXTRACURRICULAR	180	-

Prepared by:

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I. ANNOTATION

The course “Transnational corporations and foreign direct investment” (“TNCs and FDI”) aims to introduce students to a wide range of aspects of TNCs’ role in the world economy, enabling them to gain a deeper insight into the complexities surrounding the internationalization of business activities, with a particular focus on foreign direct investment decisions.

Building knowledge and understanding. *The course provides students with knowledge and understanding of the distinguishing features of TNCs, their motives for foreign expansion, the different strategies they use to enter foreign markets and to organize international production, as well as their impact on home and host countries’ economies. The course introduces students to the theories of TNCs, as well as to various practical aspects of their cross-border activities. Thus, students gain a deeper understanding of the complex role of TNCs and FDI on both national and international level.*

Application of knowledge and skills. *Upon course completion, students should be able to apply their knowledge and skills in order to: (1) critically evaluate the ongoing trends with regard to economic globalization and the role of TNCs in this process; (2) recognize the determinants of FDI undertaken by TNCs in various foreign markets; (3) identify the pros and cons of the different strategies of TNCs for organizing their international production networks; (4) critically assess the positive and negative effects from TNC’s activities on a national level and draw relevant policy recommendations.*

Broadening of knowledge and formation of new skills. *By providing a comprehensive view of key aspects of TNCs’ activities, the course expands students’ knowledge in the field of international business. Furthermore, students develop their analytical skills through in-class discussions of case studies about particular TNCs. The course also enables students to build research skills, as they have to read and critically analyse journal articles and conduct their own research on a predefined topic. The ability to work in teams on written assignments and presentations is also encouraged throughout the course.*

*Additionally, the course enables students to develop and apply three **key competences**. First, students develop mathematical competence, as the assignments they have to prepare entail the processing and analysis of statistical data, and its presentation with appropriate figures and tables. Second, the course enables students to enhance their digital competence, as they have to properly use various electronic databases for the search and collection of relevant sources of academic literature and statistical information. Third, students develop their entrepreneurial competence as they learn to assess the pros and cons of various aspects of TNCs’ activities, such as their strategies for entering foreign markets and organizing international production.*

II. THEMATIC CONTENT

№	TITLE OF UNIT AND SUBTOPICS	NUMBER OF HOURS		
		L	S	L.E.
Theme 1. ECONOMIC GLOBALIZATION		4	4	
1.1.	Nature and origins of economic globalization.			
1.2.	Benefits and costs of economic globalization.			
1.3.	Current challenges and future prospects for economic globalization.			
Theme 2. TNCs – KEY ACTORS IN THE WORLD ECONOMY		4	4	
2.1.	Definition and distinguishing features of TNCs.			
2.2.	TNCs and foreign direct investment (FDI). FDI versus other foreign market entry modes.			
2.3.	Measuring transnationality in the world economy.			
2.4.	Current global FDI trends. FDI trends in Bulgaria.			

Theme 3. THE MOTIVES FOR FOREIGN PRODUCTION		2	4	
3.1.	Why do firms engage in foreign production?			
3.2.	Main types of FDI depending on TNCs' motives for foreign production.			
3.3.	Other motives for TNC activity.			
Theme 4. THEORIES OF TNC		4	2	
4.1.	Early theories about FDI and TNC.			
4.2.	The internalization theory of TNC.			
4.3.	The eclectic paradigm of J. Dunning.			
4.4.	New theories about FDI and TNC.			
Theme 5. THE INTERNATIONAL PRODUCTION OF TNCs		4	4	
5.1.	TNCs and the international division of labor. International intra-firm division of labor.			
5.2.	Strategies of TNCs for organizing international production. Horizontal versus vertical FDI.			
5.3.	The role of international production networks for TNCs' efficiency.			
Theme 6. TNCs AND INTERNATIONAL TRADE		2	2	
6.1.	Current trends in international trade.			
6.2.	FDI and international trade: complements or substitutes?			
6.3.	The impact of TNCs on international trade.			
Theme 7. TNCs AND GLOBAL VALUE CHAINS		2	2	
7.1.	Nature and drivers of global value chains (GVC).			
7.2.	Types of participation in GVC.			
7.3.	Benefits and risks of participation in GVC.			
Theme 8. TRANSFER PRICING WITHIN TNCs		2	2	
8.1.	What is transfer pricing?			
8.2.	Transfer pricing methods.			
8.3.	Motives of TNCs for the manipulation of transfer prices.			
8.4.	Some consequences of TNCs' transfer pricing practices.			
Theme 9. EFFECTS OF THE ACTIVITIES OF TNCs		4	4	
9.1.	The impact of TNCs on international economic relations.			
9.2.	Host country effects.			
9.3.	Home country effects.			
Theme 10. REGULATION OF TNCs		2	2	
10.1.	National regulation of FDI and TNCs.			
10.2.	International regulation of FDI and TNCs.			
10.3.	Self-regulation.			
Total:		30	30	

III. FORMS OF CONTROL:

№	TYPE AND FORM OF CONTROL	Number	Extra-curricular, hours
1.	Midterm control		
1.1.	Presentation on a predefined topic	1	20
1.2.	Written assignment on a predefined topic	1	50
1.3.	Presentation of written assignment	1	10
1.4.	Midterm test (multiple-choice questions)	1	20
Total midterm control:		4	100
2.	Final term control		
2.1.	Exam (multiple-choice questions)	1	80
Total final term control:		1	80
Total for all types of control:		5	180

IV. LITERATURE

REQUIRED (BASIC) LITERATURE:

1. Foley, F., Hines, J. and Wessel, D. (ed) (2021) *Global Goliaths: Multinational Corporations in the 21st Century Economy*, Brookings Institution Press.
2. Ietto-Gillies, G. (2019) *Transnational Corporations and International Production: Concepts, Theories and Effects*, 3rd edition, Edward Elgar Publishing.
3. Maswood, J. S. (2018) *Revisiting Globalization and the Rise of Global Production Networks*, Springer International Publishing.
4. Antràs, P. (2020) Conceptual Aspects of Global Value Chains, *The World Bank Economic Review*, Vol. 34, No. 3, pp. 551-574.
5. World Investment Report 2023, UNCTAD.

RECOMMENDED (ADDITIONAL) LITERATURE:

1. Buckley, P., Strange, R., Timmer, M. and De Vries, G. (2020) Catching-up in the global factory: Analysis and policy implications, *Journal of International Business Policy*, Vol. 3, Issue 2, pp. 79-106.
2. Davies, R. and Markusen, J. (2021) What do multinationals do? The structure of multinational firms' international activities, *The World Economy*, Vol. 44, Issue 12, pp. 3444-3481.
3. Dunning, J. and Lundan, S. (2008) *Multinational enterprises and the global economy*, 2nd edition, Edward Elgar Publishing.
4. Gereffi, G. and Wu, X. (2020) Global Value Chains, Industrial Hubs, and Economic Development in the Twenty-first Century, in: Oqubay, A. and Lin, J. (ed), *The Oxford Handbook of Industrial Hubs and Economic Development*, pp. 1049–1068.
5. Hill, Ch. (2023) *International Business: Competing in the Global Marketplace*, 14th edition, McGraw-Hill.
6. Ietto-Gillies, G. (2022) Transnationality in the XXI century. Concept and indicators, *Critical Perspectives on International Business*, Vol. 18, No. 3, pp. 338-361.
7. Narula, R. and Lee, J. M. (2020) The Theories of the Multinational Enterprise, Chapter 4 in: Spatareanu, M. (ed.), *Encyclopedia of International Economics and Global Trade*, Vol. 1, pp. 89-114, World Scientific Publishing Company.

8. Kolev, K. (2013) FDI and Regional Disparities: Convergence or Divergence? EURINT 2013: The EU as a Model of Soft Power in the Eastern Neighbourhood, Conference Proceedings, 15-17 May 2013, Iasi, Romania: Alexandru Ioan Cuza University, pp. 792-804.
9. Mihaylova, S. (2023) Foreign Affiliates versus Domestic Firms in the Information and Communication Services Sector in Central and Eastern Europe, *Bulgarian Economic Papers*, Center for Economic Theories and Policies, Sofia University St. Kliment Ohridski, pp.1-21.
10. Mihaylova, S. (2020) Foreign Direct Investment Attractiveness of Central, Eastern, and Southeastern European Countries: The Importance of Policy-Related Location Advantages, *Croatian Economic Survey*, Vol. 22, No. 1, pp. 65 - 101.