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# International Risk Analysis. Economic, Social, Political Environment.

Professor: Ramon Xifré

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Office hours: Thursday, 15 – 17 h (prior appointment required)

Course Type: Compulsory

Credits: 3 ECTS

Term: 1st

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## Course Description

### *Introduction*

The number of enterprises and individuals that, in one form or another, with more or less intensity, operate abroad is expanding quickly in most countries around the world. The reason is that the fundamentals that determine the business models and the business strategies of entire industries (like customers, suppliers, competitors and physical resources or available technologies) are becoming much more interrelated and, in particular, increasingly international and mobile. This gradual process of international integration generates both fresh opportunities and new risks, which are qualitatively different to the ones that appear in a more closed business environment. In these conditions, assessing and if possible controlling, or at least adapting optimally to, international business uncertainties is critical for companies, organizations and entrepreneurs to flourish.

### *Contents*

The course is made up of three parts.

- A. The first part introduces the main technical concepts and general mind frames to think about international business risks: the categorization of international business risks, the PESTLE analysis, an introduction to international finance and a brief summary of the leading accounts about globalization by the some of the most influencing experts.

## MSc in International Business

- B. The second part reports some stylized facts and reviews a selected set of particularly well-credited sources of information about economic, political, social and environmental prospects. This block concludes with a synthesis section which identifies some relevant global challenges and risks.
- C. Finally, the third part of the course constitutes an application of the previous material to specific territories, the BRIC countries as well as other geographical areas of particular economic importance. The specific goal of this part is to provide course participants with a bird's-eye view of the regional particularities companies and organizations face when doing business in these areas.

## Objectives

The objective of this course is to equip the participants with the analytical tools and make them familiar with the most authoritative information sources and concepts necessary to assess the international business environment. The course perspective on this far-reaching goal is manifold and it combines insights from economics, business strategy and geopolitics. By blending these approaches, the course aims to upgrade participants' ability to elaborate original and critical thinking in these complex, global issues.

## Methodology

Course participants are expected to participate actively and constructively in class. In order to be able to do so, it is compulsory that they read and browse regularly, and in advance, the recommended readings and information sources.

The professor will provide teaching notes, lecture slides, business cases and other documents.

Because of the very same nature of the course, the contents may be adapted by the instructor to cover large-scale, unexpected, global economic or political developments that arise during the course period.

NB. The competences, the learning outcomes, the assessment elements and the quality of the learning process included in this Teaching Plan will not be affected if during the academic trimester the teaching model has to switch either to a hybrid model (combination of face-to-face and on-line sessions) or to a complete on-line model.

## Evaluation criteria

<i>Assessment element</i>	<i>Weight</i>
Individual participation	10 %
Cases and written assignments	20%
Group presentation on “Doing Business in”	10 %
Master Thesis Assignment	10 %
Final exam	50 %

Students shall work in cases and written assignments on their own or by groups. However, it is necessary that three (3) of these assignments are done individually.

General university requirements:

- (i) Students need to obtain a **minimum of 4 in the final exam** to pass the course. This condition applies to both the regular exam and the retake exam. The final course grade of students that do not obtain a minimum of 4 in the exam will be the minimum between 4 and the final grade computed from the different evaluation elements (with the weights set above).
- (ii) Students that fail the evaluation of the course will have a retake exam opportunity that will be programmed in accordance with the academic calendar. If a student has to retake the exam, his **maximal grade for the course will be a 5**.
- (iii) Students are required to attend 80% of classes. Failing to do so without justified reason will imply a Zero grade in the participation/attendance evaluation item and may lead to suspension from the program

Students who fail the course during the regular evaluation are allowed ONE re-take of the evaluation, in the conditions specified above. If the course is again failed after the retake, the student will have to register again for the course the following year.

In case of a justified no-show to an exam, the student must inform the corresponding faculty member and the director(s) of the program so that they study the possibility of rescheduling the exam (one possibility being during the “Retake” period). In the meantime, the student will get an “incomplete”, which will be replaced by the actual grade

after the final exam is taken. The “incomplete” will not be reflected on the student’s Academic Transcript.

(iv) Plagiarism is to use another’s work and to present it as one’s own without acknowledging the sources in the correct way. All essays, reports or projects handed in by a student must be original work completed by the student. By enrolling at any UPF BSM Master of Science and signing the “Honor Code,” students acknowledge that they understand the schools’ policy on plagiarism and certify that all course assignments will be their own work, except where indicated by correct referencing. Failing to do so may result in automatic expulsion from the program.”

## Reading Materials/ Bibliography/Resources

### Main references

- Baldwin, R. (2016). The Great Convergence. Information Technology and the New Globalization. Introduction, chapter 2 and chapter 6.
- Barlett, Christopher A. and Paul W. Beamish (2014). Transnational Management. 7th edition.
- King, S. D. (2017). Grave New World. The End of Globalization, the return of history. Chapter 11.
- Economics in the Time of Covid-19 (2020). A Voxeu.org Book. CEPR Press. Editors: Richard Baldwin and Beatrice Weder di Mauro.

### Supplementary references

- Antràs, P. (2016). Global Production. Firms, Contracts, and Trade Structure. Princeton University Press.
- Milanovic, B. (2016). Global Inequality. A New Approach for the Age of Globalization. The Belknap Press of Harvard University Press.
- Mian, A. and A. Sufi (2014). House of Debt. How They (and You) Caused the Great Recession, and How We Can Prevent It From Happening Again. The University of Chicago Press.
- Piketty, T. (2014). Capital in the Twenty First Century. The Belknap Press of Harvard University Press.
- Calomiris, C. W. and S. H. Haber (2014). Fragile By Design. The Political Origins of Banking Crises & Scarce Credit.
- Acemoglu, D. and J. A. Robinson (2011). Why Nations Fail. The origins of power, prosperity and poverty. Profile Books.
- Ghemawat, P. (2011). World 3.0. Global Prosperity and How to Achieve it. Harvard Business Review Press.

- Feenstra, R. C. and A. M. Taylor (2012). International Economics. Second edition. Worth.
- Friedman, T. (2005). The World is flat. Farrar, Straus and Giroux
- Rajan, R. (2010). Fault Lines. How Hidden Fractures Still Threaten the World Economy. Princeton University Press.
- Reinert, K. A. and R. S. Rajan, eds. (2009). The Princeton Encyclopedia of the World Economy, vols. I and II. Princeton University Press.
- Rodrik, D. (2011). The Globalization Paradox. Norton.
- Rugman, A., ed. (2009). The Oxford Handbook of International Business, 2nd edition. Oxford University Press.

## Calendar and Contents

		Pre / post lecture workload	Home assignment workload
<b>Part A Concepts and mind frames</b>			
Week 1	<b>0. Course presentation and overview</b> <b>1. Introduction: firms in international trade after Covid-19</b> 1.1. International trade 1.2. Foreign Direct Investment 1.3. International business 1.4. The multinational enterprise	- / 2 h.	Case "Play It Safe at Home or Take Risk Abroad" (3 h.)
Week 2	<b>2. Political risk and country risk</b> 2.1. Three categories of risk 2.2. International business risk 2.3. Country risk and PEST analysis 2.4. Exchange rate risk	1 h. / 2 h.	Essay "Credit Rating Agencies" (3 h.)
Week 3	<b>3. Globalization views, before and after Covid-19</b> 3.1. Thomas Friedman - <i>The World is Flat</i> 3.2. Pankaj Ghemawat - <i>World 3.0</i> 3.3. Daron Acemoglu and James Robison - <i>Why nations fail</i> 3.4. Dani Rodrik - <i>The Globalization Paradox</i> 3.5. Globalization post Covid-19	1 h. / 2 h.	Essay "Status of Globalization" (3 h.)
<b>Part B Facts, prospects and analysis</b>			
Week 4	<b>4. Global economic analysis</b> 4.1. IMF - <i>World Economic Outlook</i> 4.2. The World Bank - <i>Global Economic Prospects</i> 4.3. The World Bank - <i>Doing Business</i> . A critical revision 4.4. OECD - <i>Going for Growth</i>	1 h. / 2 h.	Case "Chabros International Wood" (3h.)
Week 5	<b>5. Global social and political analysis</b> 5.1. WEF - <i>Global Risks</i> 5.2. Prospective studies 5.3. Political analysis: Foreign Affairs.	1 h. / 2 h.	Essay "Social and Political Issues" (3 h.)
Week 6	<b>6. Global challenges post Covid-19</b> 6.1. The World after the pandemic 6.2. Polarization and concentration (economic and social) 6.3. Debt	1 h. / 2 h.	Case "China Renminbi - 'Our Currency, Your Problem' " (3 h.)
Week 7	<b>Wrap-up and Master Thesis Project Workshop</b>	1 h. / 2 h.	Presentations
<b>Part C Doing Business in...</b>			
Week 8	7.1. Brazil and Russia 7.2. India and China		"Doing Business in..."
Week 9	7.3. Africa and Eastern Europe 7.4. Latin America and the Gulf Economies		presentation (3 h.)

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Week10	<b>Master Thesis Project presentation</b>		(4 h.)
<i>Out-of-class workload in hours</i>		<i>20 h.</i>	<i>25 h.</i>

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## Bio of Professor

Ramon Xifré is Associate Professor of Economics and Research Director at ESCI–UPF, Faculty at UPF Barcelona School of Management, and Policy Research Fellow in the Public-Private Sector Research Center at IESE Business School.

His main interest is the competitiveness of the Spanish and EU economies and the related policies and structural reforms on issues like business environment, internationalization, R&D&I and industrial policy. He has led and participated in numerous research projects on these areas, commissioned both by public and private organizations, and he has published one book and dozens of articles on these topics.

From January 2009 to December 2011 he was on leave serving as Senior Economic Policy Advisor at the Spanish Prime Minister Economic Bureau. He has been member of Board of Directors of ICEX and regularly addresses international audiences on investment climate and competitiveness issues for Spain and the EU.

He holds a BA from Universitat Pompeu Fabra, MSc from the London School of Economics, was “Marie Curie” Fellow at the University of Munich (LMU) and he received his Economics PhD from Universidad Carlos III de Madrid.