**INSTITUTIONS AND INTERNATIONAL BUSINESS**

**Course Aim and Scope**

The aim of the course is to introduce students to the institutional perspective of international business. Institutional theory based mainly on the work of Douglas North and Scott argues that both formal rules, such as the constitution of a country and its legal framework, and informal constraints, such as the customs of the country and its self-imposed rules of conduct, need to be understood in the assessment of the business potential of a country. Business potential on the other hand is closely related to the country’s attraction to foreign business entering in various entry modes into the host market. It has been widely established that some countries are more successful than others in attracting foreign business, whereas other countries perform better in terms of productivity and innovation. In turn foreign business entering a host market influence its business potential through affecting the institutional establishment.

The course employs elements of both institutional theory and international business theory to develop an institutional perspective of international business strategy at both the country and company level.

**Course Syllabus**

The course explores the following dimensions: **First,** the **institutional perspective** concept. Institutions may be categorized in three broad categories, i.e., normative, regulative, and cultural-cognitive. Institutional processes derive from collective experience, education, social norms and mimetic social rules. The institutional perspective covers policy perspectives, leadership, management, professionalism at both the country and company level. In addition, it includes the beliefs, codes, culture, and knowledge that support rules and routines. In the context of international business, the exploratin should be extended to international institutions that provide policies and guidance on institutional development.

**Second,** with regard the international business strategy firms include the institutional perspective in assisting their ability to gain knowledge and understand the institutional potential of a country, especially using the framework of institutional distance between home and post country, its possible influence on the business potential and performance, and to design methods for adapting themselves to the host environment, and more importantly to explore their interaction with existing institutional structures aiming at changing them in a dynamic way.

This part of the course involves the exploration of how international business strategy analysis intertwine with the institutional and distance perspective using theories and models from both disciplines.

**Course Learning Outcome**

Students would acquire a good understanding of:

* How institutions affect the economy, the growth and business potential of a country.
* How international investment strategies of Multinational Enterprises (MNEs) are affected by, **first**, the institutional perspective, and, **second**, by the institutional and general distance between home and host countries.

**Course Assessment**

The course would be assessed by, **first**, a long essay written during the course, **second**, a final exam paper, and **third**, the presentation of the essay. The contribution of each assessment method is as it follows:

The essay would account for the 40 per cent of the overall grade.

The presentation of the essay would account for 20 per cent of the overall grade.

The final exam paper would account for 40 per cent of the overall grade.

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