



**Boston University** International Programs  
London

**Boston University British Programmes**  
**The European Business Environment: ‘Institutions and Enterprise’**  
**SMG MG 429 (Core Course)**  
**Summer 2009**

**Instructor Information**

A. Name	Dr Hugh Macdonald
B. Day and Time	Wednesdays and Thursdays, 1.15pm-5.15pm
C. Location	Alexander room, 43 Harrington Gardens, SW7 4JU
D. BU Telephone	020 7244 6255
E. Email	<a href="mailto:hm_mac@hotmail.com">hm_mac@hotmail.com</a>
F. Webpage	<a href="http://www.bu-london.co.uk/academic/mg429">http://www.bu-london.co.uk/academic/mg429</a>
G. Office hours	By appointment

**Course Overview**

The European marketplace is continually evolving. This course addresses key factors and issues facing European businesses, and other firms doing business in the European ‘single market’. It presents an understanding of current (and relevant past) political, economic, legal and social conditions shaping the development of the European Union. These include:

- The European Union’s institutional setting;
- Underlying ‘drivers’ of the integration process;
- The ‘competences’ of key institutions, particularly in trade, competition, industry, transportation, energy and environmental policies;
- Overlapping and contending national preferences in key areas such as fiscal harmonisation, labour market regulation, mergers and acquisitions *etc*;
- Key performance features of the European economy;
- Establishment of the Euro, European Central Bank (ECB) and other aspects of Economic and Monetary Union (EMU);
- ‘Enlargement’ of the EU including the role of the bank for reconstruction and development (EBRD).

Such developments have major implications for the global economy as well as for businesses within the EU. These will be explored *via* case studies of business culture and performance, and a number of these will form the basis of in-class group presentations. Guided tours and site visits will further serve to highlight similar and different cultural norms and economic orientations between the EU area, different areas within Western Europe, and the USA.

## Course Materials

### Set Text:

Johnson, D &

Turner, C (Eds) (2006) *European Business*, Routledge (2e) Taylor & Francis

**Background & Reading pack:** A collection of background readings provides the second principal resource for the course. Electronic versions can be obtained from the course webpage, <http://www.bu-london.co.uk/academic/mg429> (you must be logged in to view materials). Students must also read background chapters from Leonard, *The Economist guide to the European Union* and DeGrauwe, *Economics of monetary union*.

**Links:** Web links assist by providing updates for class work, group case-study presentations, and in-depth information for term paper research. The following links should be of particular interest, and their use will be explained in class:

EU gateway portal:

<http://www.europa.eu.int>

UK government portal:

[www.direct.gov.uk](http://www.direct.gov.uk)

European bank for reconstruction & development:

[www.ebrd.com](http://www.ebrd.com)

US department of commerce:

<http://www.commerce.gov/>

The Financial Times:

[www.ft.com](http://www.ft.com)

**Research & further reading:** These texts provide a resource for Class and Term papers:

Artis, M *et al* (2006) *The Central and East European Countries and the EU*, Cambridge UP

Artis, M &

Nixson, F (Eds) (2001) *Economics of the European Union* (3e), Oxford UP

De Grauwe, P (Ed) (2006) *Economics of monetary union* (6e), Oxford UP

European Union (2006) *European Business: Facts and Figures*

Harris, P &

McDonald, F (Eds) (2004) *European Business and Marketing*, (2e), Sage Publications

Leonard, D (Ed.) (2005) *The Economist Guide to the European Union* (9e), Economist Books

Roberts, R (2004) *The City: A Guide to London's Global Financial Centre*, Profile Books

Sawyer, M (Ed.) (2005) *The UK Economy: A Manual of Applied Economics*, (16e) Oxford UP

## Course Learning Objectives

Key course learning aims are to provide for students:

1. A framework understanding of the EU, its institutions, and their competences in key areas of economic, business and social activity.
2. A broader and more in-depth understanding of how corporate business management may be affected by the conduct of EU economic, political, legislative and other processes, and by the business culture, national political forces, and regional and language characteristics of different 'zones' within Europe.
3. An appropriate context and methodology for the transfer of understanding and skills relating to an (somewhat or largely) unfamiliar business and cultural environment.

## **Course Learning Outcomes**

The course offers students opportunities for:

4. Knowledge-building;
5. Economic analysis;
6. Strategy formulation;
7. Exercising analytical, research and oral/presentational skills;
8. Simulating decision-making.

## **Course Assessment Methods, Grading Criteria & Non-Graded Components**

The delivery of Learning Objectives and Outcomes is a continuous process throughout the course that depends both on attending Lectures and Seminars, and on the willing participation of students *via* pre-class reading, class discussions, field trips *etc.* Overall assessment will be the outcome of four distinct assignments, each carrying weights given below:

1. A group-work presentation presented in class by groups selected at the beginning of the course based on selected readings. Members of groups will receive individual marks based on their contribution to analysis and discussion. This relates principally to Course Learning Objectives 1 & 2, and helps measure Course Learning Outcomes 4 & 7.
2. A group case study – presented during later sessions by groups selected at the beginning of the course. All members of the group will be given the same grade for the presentation because the emphasis is on working with others. Groups are expected to submit copies of their PowerPoint slides to the professor at the time of the presentation. This relates principally to Course Learning Objectives 2 & 3, and helps measure Course Learning Outcomes 6, 7 & 8.
3. A Term Paper taking the form of a report or essay based on independent research. This will be 3,000 words (guideline) but students are encouraged to use slides, photographs and other media as well as paper-based writing and data. This assignment relates principally to Course Learning Objectives 1 & 2, and helps measure Course Learning Outcomes 4, 5 & 7.
4. A Final Examination (assessed individually) lasting two hours at the end of the course. This relates principally to Course Learning Objectives 1 & 2, and helps measure Course Learning Outcomes 4, 5, 6, 7 & 8.
5. Maximum marks available for the course overall will be distributed according to the following proportions:

Group-work in-class presentation (x2) on readings	= 20%
Group case study presentation	= 30%
Term paper report/essay	= 20%
Final examination (2 hours)	= 30%

## **Grading**

Please refer to the Academic Handbook for detailed grading criteria, attendance requirements and policies on plagiarism:

<http://www.bu-london.co.uk/files/images/ACADEMICHANDBOOKSU09.pdf>.

## **Methodology**

The course comprises ten sessions, made up of lectures, field trips, guest lectures and class presentations. Students will complete course assignments, participate in class discussions, have a 2-hour final exam and complete set background reading as part of the course:

Introductory Lectures	- 04
Nine x 4-hour lecture and seminar sessions	- 36
One Field Trip x 4 hours	- 04
Final Exam x 2 hours	- 02
<b>Total contact time:</b>	<b>- 46 hours</b>

Typically each Lecture session will commence with a short in-class discussion of current business and economic news, led by the Instructor. A lecture on the set topic by the instructor follows. Students are expected to do set readings in advance. Seminar sessions discuss lecture topics in further detail and introduce other readings, which may be assigned and prepared in advance on a group-work basis. The set texts for readings are mainly found in *European Business* by Johnson & Turner, available from the BU British Programmes Library, and other set readings listed online on the course webpage, <http://www.bu-london.co.uk/academic/mg429> (you must log in to view materials).

The other major activities are excursions. There is a *field trip* to Canary Wharf, supported by selected readings from *The City: London's Global Financial Centre*, by Richard Roberts. This trip offers students an opportunity to identify and discuss the network of institutions that has evolved in these areas. The second excursion will be to the European Bank for Reconstruction and Development (EBRD). Briefing and de-briefing of students for the field trips is undertaken outside class times.

## **Terms & Conditions**

Attendance at all classes and field trips is mandatory. Students missing lectures without a doctor's letter or authorization from the Director or from the Placements' Team will automatically be docked a – or a + from their final grade. Persistent lateness will also be penalized in the final grade. A register of attendance will be taken at the beginning of each session. Absence can be conveyed either by advising a senior member of staff in the Academic Affairs Office with a request that the information be passed on to me; or by emailing me at [hm\\_mac@hotmail.com](mailto:hm_mac@hotmail.com) prior to class. Leaving it to another class member to convey messages will not be acceptable. Appointments for interviews for internships should not conflict with attendance at classes. Students are expected to participate in class discussions, as this course will be run in an “interactive, participative” manner.

## **Chronology of Classes**

### **ONE: Wednesday 27<sup>th</sup> May**

LECTURE: ***Introduction: The European Union (EU) and Single Market (SEM)***

Despite regional economic integration and institutional regulation of the Single European Market (SEM), Europe continues to be characterised by national and sub-regional diversity, and strongly differentiated levels of economic development between western and eastern parts of the Union. How does institutional integration overcome these divergences?

- i. Origins & treaties
- ii. Institutions
- iii. The Single European Market (SEM)

READING: Johnson & Turner, *European business*, Ch. 4 (pp. 83-102)

SEMINAR: ***Introduction:***

- i. Substantive content of the course
- ii. Case Studies – Briefing & formation of groups
- iii. In-class Group-work – Assign readings
- iv. Review topics for term paper

READING: Leonard, *Economist Guide to the EU*, Part 2 (pp. 45-99)

CASE STUDY-1: Financial market integration Johnson & Turner, pp. 99-100

#### **QUESTIONS FOR DISCUSSION**

1. WHAT DO YOU UNDERSTAND BY THE EU REFORM & INTEGRATION PROCESS?
2. WHAT GOALS DOES IT SEEK TO ACHIEVE?

### **TWO: Thursday 28<sup>th</sup> May**

LECTURE: ***A portrait of Europe***

- i. Countries and economies
- ii. 'Euroland' and the EU
- iii. Social models
- iv. External economic & political relationships

READING: Johnson & Turner, *European business*, Ch. 1 (pp. 1-23)

SEMINAR: ***Integration and Europe's business environment***

- i. EU Treaties and Competences
- ii. The Institutions in theory and practice
- iii. Proposed reforms of the SEM
- iv. EMU

READING: Johnson & Turner, *European business*, Ch. 2 (pp. 24-57)

CASE STUDY-1: Forms of economic integration Johnson & Turner p.26

CASE STUDY-2: Classification of EU institutional competences Johnson & Turner p.42

CASE STUDY-3: European social models Johnson & Turner p.11

#### **QUESTIONS FOR DISCUSSION**

1. WHY DO BUSINESSES ACTIVE IN EUROPE NEED TO UNDERSTAND THE EU?
2. WHAT ARE THE MAIN IMPLICATIONS OF EUROPEAN INTEGRATION FOR BUSINESS?

### THREE: Wednesday 3<sup>rd</sup> June

LECTURE: *Market integration and Competition policy*

- i. The SEM
- ii. The basis of Competition policy
- iii. Themes & instruments
- iv. The Lisbon agenda
- v. External dimensions of the SEM

READING: Johnson & Turner, *European business*, Ch. 5 (pp. 103-123)

SEMINAR: *Case studies in market integration & competition policy*

- i. The Services Directive
- ii. Financial services integration: MIFID
- iii. State aid and social-market provisions

READING: Johnson & Turner, *European business*, Ch. 4 (pp. 83-102)

CASE STUDY-1: EU competition policy instruments Johnson & Turner p. 106

CASE STUDY-2: The EU and Microsoft Johnson & Turner pp.118-20

CASE STUDY-3: France Telecom and state aids Johnson & Turner p.110-11

#### QUESTIONS FOR DISCUSSION

1. WHAT ARE THE MAIN FEATURES OF THE SEM & HOW ARE THESE DISTINCTIVE IN THE EU CONTEXT?
2. HOW HAS THE SEM CHANGED THE BEHAVIOUR OF EUROPEAN BUSINESSES?
3. WHAT REMAINS UNCOMPLETED IN THE SEM PROCESS?
4. WHY IS THE REMOVAL OF STATE AID (A) CRUCIALLY IMPORTANT (B) VERY DIFFICULT?

### FOUR: Thursday 4<sup>th</sup> June

LECTURE: *Industrial policy & strategy*

- i. Industrial policy & strategy in the EU
- ii. Europe's energy sector
- iii. The impact of energy dependence on industrial strategy
- iv. Energy, industry and external markets
- v. 'Nationalised' enterprises & privatisation
- vi. The Steel sector (Johnson & Turner pp.140-42)
- vii. Integrated industrial policy
- viii. The 'three pillars' of Energy policy
- ix. Industry, Energy and Environment

READING: Johnson & Turner, *European business*, Ch. 6 (pp. 124-144)

Johnson & Turner, *European business*, Ch. 11 (pp. 234-261)

SEMINAR: *State & EU regulation of markets* (Prof. R. McLarty)

CASE STUDY-1: Aerospace: Boeing v Airbus Johnson & Turner pp. 129-31

CASE STUDY-2: RWE: European leader in power supply? Johnson & Turner pp. 256-59

#### QUESTIONS FOR DISCUSSION

1. WHY DO STATES HAVE INDUSTRIAL POLICIES? WHAT FUNCTIONS DO THESE PERFORM?
2. TO WHAT EXTENT IS AN INTEGRATED EU APPROACH TO INDUSTRIAL POLICY REQUIRED?
3. HOW WOULD YOU ASSESS EUROPE'S 'SECURITY OF SUPPLY' PROBLEM IN ENERGY?
4. HOW HAVE EUROPEAN ENERGY COMPANIES ALTERED THEIR BEHAVIOUR IN LIGHT OF REGULATORY STRATEGIES FOR INDUSTRY, ENERGY AND ENVIRONMENT?

### Wednesday 10<sup>th</sup> June

FIELD TRIP: **European Bank for Reconstruction and Development: 10am-12.30pm**

*\*Meet Andrey Jichev at 9.45am at the One Exchange square entrance of the Bank, by the statue of the Fat Lady (Tube: Liverpool Street)*

## **FIVE: Wednesday 10<sup>th</sup> June**

- LECTURE: ***Transportation policies***
- i. The evolution of a common transport policy
  - ii. Milestones in the CTP (Johnson & Turner p. 227)
  - iii. Road transportation
  - iv. Air transportation
  - v. Liberalisation in and beyond the EU: 'Open skies'
  - vi. TEN's – transport, energy, environment
  - vii. Waterways and TEN's
  - viii. Short-sea shipping (Johnson & Turner pp. 200-01)
- READING: Johnson & Turner, *European business*, Ch. 10 (pp. 209-233)  
Johnson & Turner, *European business*, Ch. 9 (pp. 188-207)
- SEMINAR: ***Building an infrastructure for Europe (Prof. R. McLarty)***
- CASE STUDY-1: Low-cost airlines in the EU Johnson & Turner pp. 226-29
- CASE STUDY-2: Logistics of the A-380 Airbus Johnson & Turner pp.191-2

### **QUESTIONS FOR DISCUSSION**

1. WHY HAS THE EU PLACED SO MUCH EMPHASIS ON TRANSPORTATION?
2. HOW SIGNIFICANT IS THE PRIORITY FOR RAIL TRANSPORTATION IN THE COMMISSION'S STRATEGY FOR TRANSPORT?
3. HOW CAN INCREASING DEMAND FOR TRANSPORT MOBILITY BE RECONCILED WITH CONGESTION & ENVIRONMENTAL POLLUTION?

## **SIX: Thursday 11<sup>th</sup> June**

- LECTURE: ***Economic & monetary union***
- i. The Maastricht Treaty and EMU
  - ii. The stability & growth pact
  - iii. Revised Stability & Growth Pact (Johnson & Turner p. 175)
  - iv. Performance of the ECB and Euro
  - v. M&A activity
  - vi. Capital markets & financial services
  - vii. The 'outsiders'
  - viii. Enlargement of 'Euroland'
  - ix. Euroland in a global credit crunch
- READING: Johnson & Turner, *European business*, Ch.8 (pp. 162-187)  
De Grauwe, *Economics of monetary union*, Ch. 7 (pp. 164-193)
- SEMINAR: ***Strengths & weaknesses of Euroland (Prof. R. McLarty)***
- CASE STUDY-1: Costs and benefits of EMU Johnson & Turner p.170
- CASE STUDY-2: The UK opt-in to EMU Johnson & Turner pp. 180-82

### **QUESTIONS FOR DISCUSSION**

1. HOW AND TO WHAT EXTENT HAS EMU CHANGED EUROPE'S BUSINESS ENVIRONMENT?
2. HOW WOULD YOU ASSESS THE ROLES OF THE ECB AND THE STABILITY AND GROWTH PACT?
3. IS THE EURO BECOMING A GLOBAL CURRENCY?

## **SEVEN: Wednesday 17<sup>th</sup> June**

- LECTURE: ***Central Europe in the EU***
- i. Enlargement to CEE
  - ii. The Copenhagen conditions
  - iii. The global economic downturn and CEE
- READING: Johnson & Turner, *European business*, Ch. 16 (pp. 359-389)  
Course webpage: *New member states*, by Emilio Rossi & Zbyszko Tabernacki

- SEMINAR: ***Developing small businesses and entrepreneurship* (Prof. R. McLarty)**
- i. The role of SME's in the modern economy
  - ii. The evolution of the EU's enterprise policy
  - iii. Policy to aid SME internationalisation
- READING: Johnson & Turner, *European business*, Ch. 7 pp. 145-161
- CASE STUDY-1: Whirlpool – a US firm's global strategy Johnson & Turner pp. 374-6
- CASE STUDY-2: Emergence of a new automotive cluster Johnson & Turner pp. 379-84
- CASE STUDY-3: Working hours – a test case Johnson & Turner pp. 297-300
- CASE STUDY-4: The Europe-500 list Johnson & Turner pp.152-3

**QUESTIONS FOR DISCUSSION**

1. WHY WERE THE NEW MEMBER STATES OF 2004-07 SO EAGER TO JOIN THE EU?
2. HOW HAVE THESE ENLARGEMENTS CHANGED THE BUSINESS ENVIRONMENT?
3. HOW WILL THE EU LIVE WITH RUSSIA IN FUTURE?

**Thursday 18<sup>th</sup> June**

- FIELD TRIP: ***Walking tour of Canary Wharf***  
Meet Blue Badge Guide, Ian Gibson, at ***Westferry DLR Station at 10am***
- READING: Roberts, *The City: London's Global Financial Centre*, Chs 1-3

**EIGHT: Thursday 18<sup>th</sup> June**

- LECTURE: ***European business in a global context***
- i. Key performance features of the European economy
  - ii. Global finance, governance and regulation
  - iii. The global presence of European business
  - iv. The EU and North America
  - v. The EU and Japan
  - vi. EU as the world's largest and most complex regional economic 'club'
  - vii. Intra-regional v Extra-regional options
- READING: Johnson & Turner, *European business*, Ch. 3 pp. 58-80  
Johnson & Turner, *European business*, Ch. 17 (pp. 390-407)  
Course webpage: *The global manager*, by Paul W Beamish *et al*
- SEMINAR: ***The EU's global context and economic significance* (Prof. R. McLarty)**
- CASE STUDY-1: US-EU Open Skies negotiations Johnson & Turner pp. 401-2
- CASE STUDY-2: Aircraft subsidies Johnson & Turner pp. 404-5

**QUESTIONS FOR DISCUSSION**

1. WHAT DO YOU UNDERSTAND BY THE TERM GLOBALISATION AND ITS MAIN 'DRIVERS'?
2. WHY HAS EUROPEAN BUSINESS BECOME SO SIGNIFICANT IN THE GLOBALISING PROCESS?
3. DOES REGIONAL INTEGRATION CONFLICT WITH GLOBALISATION?

**NINE: Wednesday 24<sup>th</sup> June**

- LECTURE: ***Managing Institutional & Cultural Diversity - The 'European Way' and the 'American Way'***
- i. Comparisons with US regulatory frameworks & policies
  - ii. American business culture in a European perspective
  - iii. European business culture in an American perspective
  - iv. Global, regional, sub-regional, national and local levels of analysis
- READING: Course Webpage *The European Union and the Business Environment* by Peter Harris & Frank McDonald
- SEMINAR: ***Group case-study presentations* (Prof. Macdonald & Prof. McLarty)**

GROUP CASE STUDY SELECTION – This is *illustrative* rather than *exhaustive*. Groups are encouraged to select other case studies (by the end of Week-2) in consultation with the Instructor. In *all* cases, Groups are responsible for presenting the most up-to-date information/analysis on the chose case.

- Fiat: A troubled European car giant? (Johnson & Turner p. 74)
- Nokia (Johnson & Turner p. 271)
- Social Market Competence – The ‘Working time’ Directive (Johnson & Turner p. 297)
- Health & Safety Competence – the BSE crisis
- Environmental Competence - The case of BMW (Johnson & Turner p. 319)
- European multinationals in China (Johnson & Turner p. 412)

**TEN: Thursday 25<sup>th</sup> June**

FINAL EXAM: Exam times and locations will be posted on the BU London website and in the Student Newsletter two weeks before exam dates.

**\*\* Make-up Class Date: Friday 12 June.** Should any class dates need to be rescheduled, students are obligated to keep this date free to attend classes.

**Please note:**

Management & Finance Internship Tutorials have been setup as follows:

Internship Briefing: All students Tuesday, 23<sup>rd</sup> June, 3:45pm (Crofton Bell classroom)

Tutorial 1: All students Wednesday, 24<sup>th</sup> June, 6pm-7.30pm (Prince Consort Room)

Tutorial 2: Group A Monday, 6<sup>th</sup> July, 6.15pm-7.45pm (Wetherby Room)

Tutorial 2: Group B Thursday, 9<sup>th</sup> July, 6.15pm-7.45pm (Wetherby Room)

Tutorial 3: Group A Monday, 20<sup>th</sup> July, 6.15pm-7.45pm (Wetherby Room)

Tutorial 3: Group B Thursday, 23<sup>rd</sup> July, 6.15pm-7.45pm (Wetherby Room)



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**PRESENTATION GRADE SHEET FOR MG 429**

In-class Group-work and Group Case Study:

Subject: The European Business Environment ‘Institutions and Enterprise’

Tutor’s Name: Prof. Hugh Macdonald

Level: UG

Date & Time:

Seminar Session Number:

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FORM:

Presentation Clarity (Communication verbal/written) \_\_\_\_\_/5

Presentation Logic \_\_\_\_\_/5

Presentation Visual Aids \_\_\_\_\_/5

Timing (TBA) \_\_\_\_\_/5

CONTENT:

Evidence of reading and researching the topic / case (Depth/Breadth) \_\_\_\_\_/10

Evidence of Analysis of “issue/problem” (Depth /Breadth) \_\_\_\_\_/15

Evidence of Logic to arguments \_\_\_\_\_/15

Knowledge and application of concepts \_\_\_\_\_/15

Evidence of value - added by student around topic  
(e.g. links with other conceptual areas of study) \_\_\_\_\_/15

Response to questions \_\_\_\_\_/10

TOTAL: \_\_\_\_\_/100%



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The name of each student must be written on this sheet and submitted to the Instructor. You should also include the Case study topic and Readings that your group is presenting.

Group Members for In-class readings:

Group-work Readings to be presented:

Names:

- 1.
- 2.
- 3.
- 4.
- 5.

Group Members for Case study presentation:

Case study topic to be presented:

Names:

- 1.
- 2.
- 3.
- 4.
- 5.