Introduction

Overview
Billions of economic decisions are constantly being made concerning what to buy, how much to pay, how much labor to supply and demand, whether or not to expand a business, and numerous other everyday events. Government (fiscal policy) decisions and the monetary policy decisions made by the Federal Reserve impact the entire economy (consumers and producers), not only domestically, but in global markets as well.

You will learn the concepts and tools needed to make optimal decisions such as the following: marginal analysis; supply and demand; competition; economic variables; monetary and fiscal policy; international business environment; international trade; global operations; cultural sensitivity; decision-making models; and forecasting.

Watch the following video for an introduction to this course:

Note: View the video in full screen at 720p for best results.

Competencies
This course provides guidance to help you demonstrate the following 11 competencies:

- Competency 309.1.1: Marginal Analysis
  The graduate correctly applies marginal analysis.
- Competency 309.1.2: Supply and Demand
  The graduate applies the laws of supply and demand to develop a desirable relationship between supply and demand in a given situation.
- Competency 309.1.3: Competition
  The graduate analyzes a firm's competitive environment to determine whether the market exhibits characteristics of perfect competition, monopoly, oligopoly, and monopolistic competition.
- Competency 309.1.4: Economic Variables and the Economy
  The graduate analyzes how changes in specified variables affect the economy.
- Competency 309.1.5: Monetary and Fiscal Policy
  The graduate analyzes monetary and fiscal policy and how policy makers use policy levers to manipulate economic outcomes to make appropriate recommendations for courses of actions.
- Competency 309.2.1: International Business Environment
  The graduate understands and can make recommendations for competing in the global business arena.
- Competency 309.2.2: International Trade
  The graduate can recognize the implications of international trade and make
recommendations based on a firm's mission.

- Competency 309.2.3: Global Operations
  The graduate can determine the advantages and disadvantages of various types of global operations.
- Competency 309.2.4: Cultural Sensitivity
  The graduate demonstrates sensitivity to cultural differences that impact business practice in foreign markets.
- Competency 309.3.3: Expected Value Decision Analysis
  The graduate uses expected value concepts as decision-making tools.
- Competency 309.3.4: Forecasting
  The graduate can describe quantitative and qualitative forecasting methods.

Course Instructor Assistance
As you prepare to successfully demonstrate competency in this subject, remember that course instructors stand ready to help you reach your educational goals. As subject matter experts, mentors enjoy and take pride in helping students become reflective learners, problem solvers, and critical thinkers. Course instructors are excited to hear from you and eager to work with you.

Successful students report that working with a course instructor is the key to their success. Course instructors are able to share tips on approaches, tools, and skills that can help you apply the content you're studying. They also provide guidance in assessment preparation strategies and troubleshoot areas of deficiency. Even if things don't work out on your first try, course instructors act as a support system to guide you through the revision process. You should expect to work with course instructors for the duration of your coursework, so you are welcome to contact them as soon as you begin. Course instructors are fully committed to your success!

Preparing for Success
The information in this section is provided to detail the resources available for you to use as you complete this course.

Learning Resources
The learning resources listed in this section are required to complete the activities in this course. For many resources, WGU has provided automatic access through the course. However, you may need to manually enroll in or independently acquire other resources. Read the full instructions provided to ensure that you have access to all of your resources in a timely manner.

Automatically Enrolled Learning Resources
You can access the learning resources listed in this section by clicking on the links provided throughout the course. You may be prompted to log in to the WGU student portal to access the resources.

VitalSource E-Texts
The following textbooks are available to you as e-texts within this course. You will be directly linked to the specific readings required within the activities that follow.


*Note: These e-texts are available to you as part of your program tuition and fees, but you may purchase hard copies at your own expense through a retailer of your choice. If you choose to do so, please use the ISBN listed to ensure that you receive the correct edition.*

**Thinkwell**

You will access Thinkwell materials in the following Thinkwell course at the activity level within this course. This web-based resource includes multimedia video lectures, review notes, interactive animations, and sample exercises.

- Thinkwell Economics

**Other Learning Resources**

**Textbook Companion Websites**

- *Economics*: McConnell 19/e
- *International Business*: Ball 13/e
- *Quantitative Methods*: Anderson

Become familiar with the online publisher provided resources that support each respective text by clicking on the appropriate link above. When using the resources for specific chapters, select the chapter you want to review from the drop box at the top of the screen and review the various learning resources available.

*Note: Publishers provide free additional content on their respective websites as linked here. The content varies by publisher. “Premium Content” as marked with an asterisk (*) is also available as a student purchase if desired. The resources provided by WGU (e-texts and accompanying “free content”) is more than sufficient to prepare for this course.*

**Pacing Guide**

The pacing guide suggests a weekly structure to pace your completion of learning activities. It is provided as a suggestion and does not represent a mandatory schedule. Follow the pacing guide carefully to complete the course in the suggested timeframe.

- Pacing Guide: Fundamentals of Economics, Global Business, and Quantative Analysis
Note: This pacing guide does not replace the course. Please continue to refer to the course for a comprehensive list of the resources and activities.

Supply & Demand; Elasticity

Chapter 1 in *Economics* introduces the basic ideas and assumptions that form the foundation for the economic way of thinking. Economists use models and assumptions to help simplify and explain a very complex and ever-changing economy. These core assumptions will help you understand some of the key features that underlie economic analysis.

Chapter 3 in *Economics* covers supply and demand. The law of supply tells you that the supply curve slopes upward because the quantity supplied of a good increases when its price increases, holding other factors constant. The other side of the market is the consumer. Demand refers to the amount of a good or service buyers are able and willing to purchase. The law of demand indicates that the demand curve slopes downward, because the quantity demanded of a good increases when its price decreases, holding other factors constant.

Chapter 4 in *Economics* covers elasticity, a concept that helps you understand how people respond to changes in the price of the good, their income, or the price of a related good. The total revenue test helps business owners make important pricing decisions based on the elasticity of demand.

What Are the Core Assumptions of Economics?

Chapter 1 ("Limits, Alternatives and Choices") in *Economics* establishes the basic assumptions of economics and helps you understand how society allocates its scarce resources among competing uses.

This topic addresses the following competency:

- Competency 309.1.2: Supply and Demand
  The graduate applies the laws of supply and demand to develop a desirable relationship between supply and demand in a given situation.

Read Chapter 1 in Economics

Read the following in *Economics*:

- chapter 1 ("Limits, Alternatives, and Choices")

When you have completed the reading, you will be able to

- define economics and the features of the economic perspective,
- explain the role of economic theory in economics,
- see why resources are scarce and create the economizing problem, and
- show how production possibilities curves explain trade-offs, opportunity costs, and economic growth

Supply & Demand; Elasticity

Supply and demand are the foundation of economic analysis and it is essential that you have a
thorough understanding of these concepts. Pay close attention to the more subtle nuances of supply and demand, especially the "movement along a curve" versus a "shift" of the curve. Once you master those ideas the elasticity concept will help you understand market behavior as it pertains to responsiveness to changes in price or other factors that influence supply or demand respectively.

This topic addresses the following competency:

- **Competency 309.1.2: Supply and Demand**
  The graduate applies the laws of supply and demand to develop a desirable relationship between supply and demand in a given situation.

### Chapter 3 in Economics

Read the following chapter in *Economics*:

- **chapter 3 ("Demand, Supply and Market Equilibrium")**

When you have completed the reading, you will be able to do the following:

- understand supply and demand
- know factors that affect supply and demand
- differentiate between elastic and inelastic demand
- discuss the application of elastic and inelastic demand in a given marketing situation
- use demand and supply concepts to determine market equilibrium
- explain how changes in supply and demand affect equilibrium prices and quantities
- describe what causes surpluses and shortages in the product market

### Chapter 4 in Economics

Read the following in *Economics*:

- **chapter 4 ("Elasticity")**

When you have completed the reading, you will be able to do the following:

- differentiate between elastic and inelastic demand
- discuss the application of elastic and inelastic demand in a given marketing situation
- use demand and supply concepts to determine market equilibrium explain how changes in supply and demand affect equilibrium prices and quantities
- describe what causes surpluses and shortages in the product market calculate price elasticity of demand and price elasticity of supply
- show the relationship between total revenue and price elasticity of supply explain the differences between price elasticity of demand and income elasticity of demand

### Textbook Companion Website Activities

Review the following chapters in *Economics* by engaging with the [textbook companion website](#):
• chapter 1 ("Limits, Alternatives, and Choices")
• chapter 3 ("Demand, Supply and Market Equilibrium")
• chapter 4 ("Elasticity")

Thinkwell Activities: Chapter 2

To supplement your understanding, use the following resources from Thinkwell Economics Online:

• chapter 2 ("Understanding Markets")

Marginal Analysis

Chapter 6 in Economics applies marginal analysis at the consumer level. Consumers are said to make the best or optimal decisions when they maximize their marginal utility.

Chapter 7 in Economics applies this concept to the decision-making behavior of businesses—businesses compare the marginal cost to the marginal revenue to determine the level of output that would maximize profit. Regardless of the entity, optimal decisions are said to occur when the marginal cost is equal to the marginal benefit.

Chapters 8, 9, 10 and 11 in Economics explain the four market structures. In contrast to perfect competition, imperfect competition refers to markets characterized by monopoly (only one firm and no rivals) and also to monopolistic competition and oligopoly, where firms have rivals but do not face as much competition as purely competitive firms. Regardless of the structure, firms use marginal analysis to maximize their profits.

How Do Households and Firms Use Marginal Analysis?
Chapter 6 in Economics explains consumer behavior and utility maximization. Marginal utility describes the extra or additional satisfaction a person receives from consuming the next unit. Chapters 7 through 11 cover the “Markets Structures” and will help you understand how industrial organization affects virtually all aspects of business behavior as companies compete with others within their respective “market space” (i.e. pure competition, monopolistic competition, oligopoly, or monopoly).

This topic addresses the following competencies:

• Competency 309.1.1: Marginal Analysis
  The graduate correctly applies marginal analysis.
• Competency 309.1.3: Competition
  The graduate analyzes a firm's competitive environment to determine whether the market exhibits characteristics of perfect competition, monopoly, oligopoly, and monopolistic competition.

Chapters 6?11 in Economics

Read the following chapters in Economics:

• chapter 6 ("Consumer Behavior")
When you have completed the reading, you will be able to the following:

- identify the relationship between marginal revenue, marginal cost, and profit
- know why economic costs include both explicit costs and implicit costs
- explain how the law of diminishing returns relates to the firm's short-run production costs
- differentiate among fixed costs, variable costs, total costs, average costs, and marginal costs
- compare and contrast the main characteristics of the four basic market models
- explain the conditions required for purely competitive markets
- know how purely competitive firms maximize profits or minimize losses
- tell how industry entry and exit produce economic efficiency
- describe why firms in any structure use the MR = MC rule of profit maximization

Textbook Companion Website Activities

Review the following chapters in *Economics* by engaging with the textbook companion website:

- chapter 6 ("Consumer Behavior")
- chapter 7 ("Business and the Costs of Production")
- chapter 8 ("Pure Competition in the Short Run")
- chapter 9 ("Pure Competition in the Long Run")
- chapter 10 ("Pure Monopoly")
- chapter 11 ("Monopolistic Competition and Oligopoly")

Thinkwell Activities: Chapters 3, 4, 5 and 6

To supplement your understanding, use the following resources from Thinkwell Economics Online:

- chapter 3 ("Consumer Choice and Household Behavior")
- chapter 4 ("Productions and Costs")
- chapter 5 ("Pure Competition")
- chapter 6 ("Other Market Models")

**Microeconomics: Industrial and Social Regulation by Government**

Some have called deregulation the greatest social experiment of the last fifty years. Many industries have been deregulated since the 1980s, and there have been mixed results. The intention was to introduce more competition into those industries so that prices would decrease. That would be a good thing for consumers, but did it actually happen? How has regulation or deregulation affected your life? Is regulation a good or bad idea? What ought to be the role of
government in relation to the economy? How much regulation do you think is appropriate? Why?

What Is Government Regulation and Why Does It Occur?

deregulation came about in the 1970s and 1980s as a result of the greater acceptance of the legal cartel theory, which gave increasing evidence of inefficiency in regulated industries, and the contention that government was regulating potentially competitive industries. Industries that were deregulated included airline, trucking, banking, railroad, natural gas, television broadcasting, electricity, and telecommunications.

Some criticize deregulation, but for the most part it appears to have caused lower prices, lower costs, and increased output, primarily from airlines, railroads, and trucking. Deregulation has also been attributed to technological advances in new and improved products.

This topic addresses the following competency:

- Competency 309.1.3: Competition
  The graduate analyzes a firm's competitive environment to determine whether the market exhibits characteristics of perfect competition, monopoly, oligopoly, and monopolistic competition.

Chapter 18 in Economics

Read the following chapter in Economics:

- [chapter 18 (“Antitrust Policy and Regulation”)]

When you have completed the reading, you will be able to do the following:

- describe the characteristics of natural monopoly
- describe the core elements of the major antitrust (antimonopoly) laws in the United States
- identify key issues relating to the interpretation and application of antitrust laws
- discuss the optimal level of social regulation

Textbook Companion Website Activities

Review the following chapters in Economics by engaging with the [textbook companion website]:

- [chapter 18 (“Antitrust Policy and Regulation”)]

FAQs: Competition and Government Regulation

Read the FAQs for this topic.

Macroeconomic Measurements

Macroeconomics is the study of how the economy works as a whole and allows you to analyze a wide range of critical issues.
You will study variables such as inflation, unemployment, national income, national expenditures, gross domestic product (GDP), output, consumption, investment, imports, and exports.

**Gross Domestic Product (GDP)**

Gross domestic product (GDP) is a macroeconomic measurement that tells us how large our economy is at any given point in time. When you look at an economy and want to see if that economy is healthy or unhealthy, it is common to look at the total income that people in that economy receive. GDP is used to measure income. At the same time, it is used to measure expenditures for the economy. GDP is not a perfect measurement, because it does not include clean air, clear environment, leisure, and volunteer work, but GDP is one of the best indicators to measure a country's well-being.

This topic addresses the following competency:

- Competency 309.1.4: Economic Variables and the Economy
  The graduate analyzes how changes in specified variables affect the economy.

**Chapter 24 in Economics**

Read the following chapter in *Economics*:

- chapter 24 ("Measuring Domestic Output and National Income")

When you have completed the reading, you will be able to do the following:

- define gross domestic product (GDP)
- describe the relationships among GDP, net domestic product, national income, personal income, and disposable income
- explain the nature and function of the GDP price index
- distinguish between nominal GDP and real GDP
- describe some limitations of the GDP measure

**Growth, Business Cycles, Unemployment, and Inflation**

Unemployment, inflation, and economic growth are intricately tied to the business cycle. During good times, unemployment is low and the economy expands. The opposite happens when the business cycle has a downturn, also known as a recession (when GDP growth is negative for two quarters). Chapter 25 in *Economics* builds on your understanding of GDP as you further explore economic growth. Chapter 26 in *Economics* introduces the important macroeconomic measurements and helps you understand some common economic statistics used to assess economic well-being.

This topic addresses the following competency:

- Competency 309.1.4: Economic Variables and the Economy
  The graduate analyzes how changes in specified variables affect the economy.

**Chapters 25 and 26 in Economics**
Read the following chapters in *Economics*:

- chapter 25 ("Economic Growth")
- chapter 26 ("Business Cycles, Unemployment, and Inflation")

When you have completed the reading, you will be able to do the following:

- explain how economic growth is measured
- define the business cycle
- describe the relationship between unemployment and inflation
- explain how unemployment is measured
- differentiate among the types of unemployment and know what happens to jobs at various phases of the business cycle
- explain how inflation is measured, and what happens to prices at various phases of the business cycle
- compare why some people are hurt by inflation while others benefit from inflation

**Aggregate Demand and Aggregate Supply**

The one-product model of supply and demand presented in Microeconomics is a building block for this section. Aggregate demand–aggregate supply model (AD/AS) is the macroeconomic equivalent of the model covered in microeconomics courses. The difference is that AD/AS includes all the goods and services produced within the economy whereas supply and demand graphed one good or service. A good understanding of the aggregate demand–aggregate supply model will be important as you move into your policy chapters (fiscal policy and monetary policy).

This topic addresses the following competency:

- Competency 309.1.4: Economic Variables and the Economy
  The graduate analyzes how changes in specified variables affect the economy.

**Chapter 29 in Economics**

Read the following chapter in *Economics*:

- chapter 29 ("Aggregate Demand and Aggregate Supply")

When you have completed the reading, you will be able to do the following:

- describe aggregate demand and aggregate supply
- explain how changes in consumer spending, investment spending, government spending, or net exports affects aggregate demand
- explain why changes in input prices, productivity, or the legal environment affect aggregate supply
- graph the curves to illustrate how cost-push or demand-pull inflation impacts the price level and real GDP

**Textbook Companion Website Activities**
Review the following chapters in *Economics* by engaging with the textbook companion website:

- **chapter 24** ("Measuring Domestic Output and National Income")
- **chapter 25** ("Economic Growth")
- **chapter 26** ("Business Cycles, Unemployment, and Inflation")
- **chapter 29** ("Aggregate Demand and Aggregate Supply")

**Thinkwell Activities: Chapters 10, 11, and 14**

To supplement your understanding, use the following resources from Thinkwell Economics Online:

- **chapter 10** ("Macroeconomic Measurements")
- **chapter 11** ("Economic Fluctuations: Unemployment and Inflation")
- **chapter 14** ("Aggregate Demand / Aggregate Supply Model")

### Macroeconomics: Monetary and Fiscal Policy

Fiscal policy is used to offset swings of the business cycle. Through direct government intervention in the economy, policy makers attempt to correct an economic upturn that has grown too quickly or an economic downturn that leaves resources idle.

Monetary policy also affects economic outcomes via changes to the money supply and is used to offset business cycle vacillations. The Federal Reserve Bank is tasked with controlling the size of the money supply, thereby protecting the currency from losing value due to inflation. Banking in the United States operates on a fractional reserve system. That means the deposit/lending process that banks engage in every day has a big impact on the size of the money supply. The Federal Reserve plays a huge role in determining the level of interest rates. Through their various policy tools, they target interest rates as a means of influencing the size of the money supply.

### Fiscal Policy

Fiscal policy is conducted as a means of correcting economic upturns (booms) and downturns (recessions). You learned how business cycles affect many variables in the economy. Fiscal policy is legislated as a means of correcting problems in the economy, such as high unemployment and inflationary pressures. Tax law changes are part of the fiscal policy process. At various times the government runs a deficit to cover spending that is not completely funded by tax revenues. These deficits add to the public debt.

This topic addresses the following competency:

- Competency 309.1.5: Monetary and Fiscal Policy
  The graduate analyzes monetary and fiscal policy and how policy makers use policy levers to manipulate economic outcomes to make appropriate recommendations for courses of actions.

**Chapter 30 in Economics**

Read the following chapter in *Economics*:  

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When you have completed the reading, you will be able to do the following:

- identify and explain the two “tools” of fiscal policy
- know who is in charge of creating and implementing changes in fiscal policy
- explain how various policy changes affect aggregate demand or aggregate supply
- identify how policy is used to bring about changes to unemployment and/or inflation
- understand the built-in stabilizers and explain whether or not they are effective
- understand deficits and their implications to the economy
- understand the public (national) debt and its implications on the economy

**The Federal Reserve Bank & Monetary Policy**

Monetary policy also affects economic outcomes via changes to the money supply and is used to offset business cycle vacillations. Money can be thought of as the oil that keeps the economic engine running smoothly. The Federal Reserve is tasked with the job of controlling the money supply, thereby protecting the currency from losing value due to inflation. Deflation can also disrupt the economy, so it is important that the money supply also be managed during recessionary times. The policy chapters include many important concepts about the role of money, the Federal Reserve, monetary policy, and how different schools of economic thought view expansionary policy.

This topic addresses the following competency:

- Competency 309.1.5: Monetary and Fiscal Policy
  The graduate analyzes monetary and fiscal policy and how policy makers use policy levers to manipulate economic outcomes to make appropriate recommendations for courses of actions.

**Chapters 31 and 32 in Economics**

Read the following chapters in *Economics*:

- chapter 31 (“Money, Banking and Financial Institutions”)
- chapter 32 (“Money Creation”)

When you have completed the reading, you will be able to do the following:

- identify and explain the functions of money;
- realize if and how the value of your money can change and the impact it has on your life;
- know what backs the U.S. dollar
- understand the functions of the Federal Reserve Bank
- explain the fractional reserve system and why it was adopted
- calculate money creation with one bank or multiple banks
- describe the functions banks perform
- understand and explain the monetary multiplier and how the money supply changes as a result
Chapter 33 in Economics

Read the following chapter in *Economics*:

- chapter 33 ("Interest Rates and Monetary Policy")

When you have completed the reading, you will be able to do the following:

- identify the "tools" of monetary policy
- know who is in charge of creating and implementing changes in monetary policy
- explain how various policy changes affect aggregate demand (AD) and aggregate supply (AS)
- relate how unemployment and inflation can be affected
- know when expansionary monetary policy would be used versus restrictive monetary policy

Textbook Companion Website Activities

Review the following chapters in *Economics* by engaging with the textbook companion website:

- chapter 30 ("Fiscal Policy, Deficits, and Debt")
- chapter 31 ("Money, Banking, and Financial Institutions")
- chapter 32 ("Money Creation")
- chapter 33 ("Interest Rates and Monetary Policy")

Thinkwell Activities: Chapters 13 and 15

To supplement your understanding, use the following resources from Thinkwell Economics Online:

- chapter 13 ("Money: Banking, Spending, Saving and Investing")
- chapter 15 ("Monetary and Fiscal Policy")

International Business: Cultural Sensitivity (Part 1)

The term *cultural sensitivity* refers to an appreciation of the cultural differences found within a global economy. People everywhere share many common attributes and characteristics, but regional, ethnic, and cultural differences also exist. Businesses that operate internationally must decide on the "right" approach for bringing their products to various markets. Political, legal and financial forces also impact the way business can be conducted in various parts of the world.

**Core Concepts of International Business**

A global economy requires an understanding and appreciation for the forces and institutions that shape this environment. Basic concepts that are important to any business entering or doing business internationally are introduced here.

This topic addresses the following competencies:

- Competency 309.2.1: International Business Environment
The graduate understands and can make recommendations for competing in the global business arena.

- Competency 309.2.2: International Trade
  The graduate can recognize the implications of international trade and make recommendations based on a firm's mission.

- Competency 309.2.3: Global Operations
  The graduate can determine the advantages and disadvantages of various types of global operations.

Chapter 1 in International Business

Read the following chapter in *International Business*:

- chapter 1 ("The Rapid Change of International Business")

When you have completed the reading, you will be able to do the following:

- explain how the internationalization of markets has forced dramatic changes in business practice
- list the various names given to firms that have substantial operations in more than one country
- explain how the Internet has impacted international business firms
- identify the five drivers/changes leading international firms toward globalization
- contrast how international business differs from domestic business
- know the three environments in which an international company operates

Chapter 2 in International Business

Read the following chapter in *International Business*:

- chapter 2 ("International Trade and Foreign Direct Investment")

What strategy can be used to begin or expand operations in a foreign company? How will this activity be funded? Chapter 2 introduces considerations regarding international trade and how to approach this process.

When you have completed the reading, you will be able to do the following:

- explain how international trade has grown
- know what direction international trade is heading and who trades with whom
- know what direction foreign direct investment is heading and how fast it is growing
- show what the reasons are for entering foreign markets
- explain why globalization of an international firm occurs over at least seven dimensions
- explain how a company can be partially global in some dimensions and completely global in others

Chapter 4 in International Business

Read the following chapter in *International Business*: 
International trade requires international organizations that are able to act as liaisons between trading entities. At times, disputes occur. Who will mediate? How are decisions enforced? What is the role of the trading bloc and how has this affected trade on a global basis? You will cover topics like these in chapter 4.

When you have completed the reading, you will be able to do the following:

- understand and appreciate how international institutions and agreements affect international businesses
- identify the activities of the United Nations (UN) in economic and social fields
- tell why the World Trade Organization (WTO) is important to world business and trade
- know about the European Union (EU) and how it affects business
- list the major purposes of the Organization for Economic Cooperation and Development (OECD), and
- explain the four major levels of economic integration agreements and list other regional integration agreements

Textbook Companion Website Activities

Note: McGraw-Hill has changed their publisher-provided website to reflect the 13th edition of International Business. Some chapters have changed names, been renumbered, or eliminated. The links to the companion site below have been updated to reflect the new 13th edition information on the McGraw-Hill website, but the information aligns to your reading in the 12th edition.

Review the following chapters in International Business by engaging with the textbook companion website:

- chapter 1 ("The Challenging World of International Business")
- chapter 2 ("International Trade and Foreign Direct Investment")
- chapter 3 ("International Institutions from an International Business Perspective")

FAQs: International Business

Read the FAQs for this topic.

Sociocultural Forces and Labor Forces

People everywhere share many common attributes and characteristics, but regional, ethnic, and cultural differences also exist. How does a business that operates internationally decide on the "right" approach for bringing their products to various markets?

This topic addresses the following competency:

- Competency 309.2.4: Cultural Sensitivity
  The graduate demonstrates sensitivity to cultural differences that impact business practice in foreign markets.
Chapter 5 in International Business

Read the following chapter in *International Business*:

- chapter 5 ("Sociocultural Forces")

When you have completed the reading, you will be able to do the following:

- describe how multicultural issues impact the marketing approach for products in a given market
- explain how cross-cultural communication issues affect marketing strategies
- evaluate the impact of cross-cultural ethical differences on marketing strategies
- understand the significance of culture for international business
- understand the sociocultural components of culture

Chapter 11 in International Business

Read the following chapter in *International Business*:

- chapter 11 ("Labor Forces")

When you have completed the reading, you will be able to:

- recognize forces beyond management control that affect the availability of labor
- understand the basics of the immigration system in the United States discuss labor productivity
- understand women's labor, employment, and social roles

Markets, Entry Modes & Marketing

As a business owner you have decided that it is a good idea to go international. Now what? Is your current marketing strategy appropriate? What cultural considerations need to be included in your marketing strategy? How do you enter the targeted market in the first place?

This topic addresses the following competencies:

- Competency 309.2.1: International Business Environment
  The graduate understands and can make recommendations for competing in the global business arena.
- Competency 309.2.2: International Trade
  The graduate can recognize the implications of international trade and make recommendations based on a firm's mission.
- Competency 309.2.3: Global Operations
  The graduate can determine the advantages and disadvantages of various types of global operations.

Chapter 14 in International Business

Read the following chapter in *International Business*: 
• chapter 14 (“Assessing and Analyzing Markets”)

When you have completed the reading, you will be able to do the following:

• describe how multicultural issues impact the marketing approach for products in a given market
• explain how cross-cultural communication issues affect marketing strategies

Chapters 15 and 16 in International Business

Read the following chapter in *International Business*:

• chapter 15 (“Entry Modes”)
• chapter 16 (“Export and Import Practices”)

When you have completed the reading, you will be able to do the following:

• understand international market entry methods
• identify two different forms of piracy and discuss which might be helpful and harmful to firms doing international business
• explain why firms export and the three problem areas of exporting
• identify some sources of export financing

Textbook Companion Website Activities

NOTE: McGraw-Hill has changed their publisher-provided website to reflect the 13th edition of International Business. Some chapters have changed names, been renumbered, or eliminated. The links to the companion site below have been updated to reflect the new 13th edition information on the McGraw-Hill website, but the information aligns to your reading in the 12th edition.

Review the following chapters in *International Business* by engaging with the textbook companion website:

• chapter 4 (“Sociocultural Forces”)
• chapter 12 (“Assessing International Markets”)
• chapter 13 (“Entry Modes”)
• chapter 14 (“Export and Import Practices”)

International Business: Cultural Sensitivity (Part 2)

It has been said that in the global marketplace (where there is no global standardization of products or brands because consumers are not standardized), businesses aim for either the lowest common denominator advertising or advertising that is specific to a particular market, and not anywhere else. What is your opinion?

Export and Import Practices and Marketing Internationally

This section continues to answer the questions every business that wants to operate internationally needs to address about marketing practices, cultural considerations, and
financing. These are all serious issues that must be carefully thought through to be successful.

This topic addresses the following competencies:

- Competency 309.2.1: International Business Environment
  The graduate understands and can make recommendations for competing in the global business arena.
- Competency 309.2.2: International Trade
  The graduate can recognize the implications of international trade and make recommendations based on a firm's mission.
- Competency 309.2.3: Global Operations
  The graduate can determine the advantages and disadvantages of various types of global operations.
- Competency 309.2.4: Cultural Sensitivity
  The graduate demonstrates sensitivity to cultural differences that impact business practice in foreign markets.

Chapter 17 in International Business

Read the following chapter in *International Business*:

- [chapter 17 ("Marketing Internationally")](#)

When you have completed the reading, you will be able to do the following:

- understand why there are differences between domestic and international marketing
- explain why international marketing managers may wish to standardize the marketing mix
- explain why the design of organizational structures is important to international companies

Textbook Companion Website Activities

*Note: McGraw-Hill has changed their publisher-provided website to reflect the 13th edition of International Business. Some chapters have changed names, been renumbered, or eliminated. The links to the companion site below have been updated to reflect the new 13th edition information on the McGraw-Hill website, but the information aligns to your reading in the 12th edition.*

Review the following chapters in *International Business* by engaging with the textbook companion website:

- [chapter 15 ("Marketing Internationally")](#)

FAQs: Marketing Internationally

Read the FAQs for this topic.

International Business: Forces that Affect International
Trade (Part 3)

Political forces affect international business, and businesses have become more and more sensitive to these political forces as they plan operations. A hospitable political atmosphere permits business to flourish, even if the country is poor in natural resources. The opposite is also true, and some countries blessed with natural resources are poor because of government instability or hostility.

Legal forces also affect firms doing business internationally, and they must be aware of the size and complexity of various legal problems. A myriad of laws exist that differ from one country to another. How are disputes settled? How will contracts be enforced? How are copyrights and patents protected?

Financial forces also create issues for firms when doing business internationally. Considerations must be given to foreign currency exchange quotations, spot and forward rates, government intervention, and government controls in exchange markets. The impact of inflation is also a concern.

Political, Legal, and Financial Forces

If all politics are local, what must a business know and learn about the political forces that exist in the foreign country it operates in? What about the legal and financial forces? Lack of understanding or appreciation of the differences in the foreign country could spell disaster for the domestic business. Knowledge is power.

This topic addresses the following competencies:

- **Competency 309.2.1: International Business Environment**
  The graduate understands and can make recommendations for competing in the global business arena.

- **Competency 309.2.2: International Trade**
  The graduate can recognize the implications of international trade and make recommendations based on a firm's mission.

- **Competency 309.2.3: Global Operations**
  The graduate can determine the advantages and disadvantages of various types of global operations.

- **Competency 309.2.4: Cultural Sensitivity**
  The graduate demonstrates sensitivity to cultural differences that impact business practice in foreign markets.

Chapter 8 in International Business

Read the following chapter in *International Business*:

- chapter 8 ("Political Forces")

When you have completed the reading, you will be able to do the following:
• identify how ideological forces affect business
• explain the meaning of government privatization of business
• describe the importance of government stability and policy continuity for business
• define and assess country risk

Chapter 9 in International Business

Read the following chapter in *International Business*:

- chapter 9 ("Intellectual Property and Other Legal Forces")

When you have completed the reading, you will be able to do the following:

• define the legal forces that confront international business
• explain why foreign law is important
• define contract devices and intellectual property
• define antitrust laws
• describe how U.S. laws affect international business operations

Chapter 10 in International Business

Read the following chapter in *International Business*:

- chapter 10 ("Understanding the International Monetary System and Financial Forces")

When you have completed the reading, you will be able to do the following:

• define foreign exchange (FX) markets;
• define currency exchange risks and currency exchange controls
• explain how financial forces such as balance of payments, tariffs, taxes, inflation, fiscal and monetary policies, and differing accounting practices affect business
• explain how the world monetary system developed from the end of World War II to the present
• know about the original and revised activities of the International Monetary Fund
• tell about the purposes of the World Bank
• list the relative strengths and weaknesses of currencies and the reasons for them
• understand the balance of payments (BOP)
• realize how "Big Mac Currencies" and purchasing power parity theory relate
• list the major foreign currency exchange (FX) markets of the world

Textbook Companion Website Activities

NOTE: McGraw-Hill has changed their publisher-provided website to reflect the 13th edition of International Business. Some chapters have changed names, been renumbered, or eliminated. The links to the companion site below have been updated to reflect the new 13th edition information on the McGraw-Hill website, but the information aligns to your reading in the 12th edition.

Review the following chapters in *International Business* by engaging with the textbook
FAQs: Political, Legal, and Financial Forces

Read the FAQs for this topic.

International Business: Global Operations

This section of international business will prepare you for the EGC1 assessment. International strategy is concerned with the way firms make fundamental choices about developing and deploying scarce resources internationally. International strategy involves decisions that deal with all of the various functions and activities of a company, not merely a single area such as marketing or production.

To be effective, a company's international strategy needs to be consistent among the various functions, products, and regional units of the company (internal consistency) as well as with the demands of the international competitive environment (external consistency). You also need to consider global operations and supply chain management. Global markets and global competition have forced management to search for methods to lower costs and improve the quality of products.

Often, the solution is to outsource non-core activities in an effort to focus on firm core competencies. Outsourcing of non-core activities has accelerated due to increasing technology and decreasing cost of international communication. Plant location, size, and inventory techniques are also important. Another factor to consider is that international companies without effective human resource policies will find themselves failing to execute in the international marketplace. Effective managers for international companies are in high demand but often in short supply.

Strategic Management Concepts for Competing Globally

What are the essential elements of a successful international strategy? Does one size fit all or does a business need to be knowledgeable about and employ the best possible strategy in every unique situation? How does outsourcing affect the business and what are the appropriate strategies for inventory? These and other considerations are essential for the success of any international business.

This topic addresses the following competencies:

- Competency 309.2.1: International Business Environment
  The graduate understands and can make recommendations for competing in the global business arena.
- Competency 309.2.2: International Trade
  The graduate can recognize the implications of international trade and make
recommendations based on a firm's mission.

- Competency 309.2.3: Global Operations
  The graduate can determine the advantages and disadvantages of various types of global operations.
- Competency 309.2.4: Cultural Sensitivity
  The graduate demonstrates sensitivity to cultural differences that impact business practice in foreign markets.

Chapter 12 in International Business

Read the following chapter in *International Business*:

- chapter 12 ("International Competitive Strategy")

When you have completed the reading, you will be able to do the following:

- determine international strategy, competencies, and international competitive advantage
- conduct the steps in the global strategic planning process
- describe why new directions in strategic planning are important
- explain how to use global, multidomestic, and transnational strategies
- define industrial espionage

Chapter 18 in International Business

Read the following chapter in *International Business*:

- chapter 18 ("Global Operations and Supply Chain Management")

When you have completed the reading, you will be able to do the following:

- explain the concept of supply chain management and design
- list the five global sourcing arrangements
- explain why the added costs of global sourcing are important
- define just-in-time (JIT) production systems and identify their problems
- define six-sigma systems
- list impediments to global standardization of production processes and procedures

Chapter 19 in International Business

Read the following chapter in *International Business*:

- chapter 19 ("Human Resources Management")

When you have completed the reading, you will be able to do the following:

- describe regional or cultural differences in labor conditions
- define *global mind-set*
- show the relationships among competitive strategies (international, multi-domestic, regional, and transnational) and international human resource management approaches
define IC executives and explain why it is difficult to find qualified executives for international companies (ICs)

Textbook Companion Website Activities

NOTE: McGraw-Hill has changed their publisher-provided website to reflect the 13th edition of International Business. Some chapters have changed names, been renumbered, or eliminated. The links to the companion site below have been updated to reflect the new 13th edition information on the McGraw-Hill website, but the information aligns to your reading in the 12th edition.

Review the following chapters in International Business by engaging with the textbook companion website:

- chapter 9 ("International Competitive Strategy")
- chapter 16 ("Global Operations and Supply Chain Management")
- chapter 17 ("Managing Human Resources in an International Context")

FAQs: Competing Globally

Read the FAQs for this topic.

Quantitative Methods: Using Statistics for Decision Making

The term decision-making models refers to quantitative concepts that include simulation, linear programming, integer linear programming, inventory models, waiting line models, transportation, assignment, and transshipment problems.

Probability and Statistics

Chapters 1, 3, and 4 in Quantitative Methods for Business are an introduction to problem solving and decision making. Random variables are explained in chapter 3. These provide numerical descriptions of the outcomes of experiments, and computations of the expected value, variance, and standard deviation are very helpful in decision making.

Chapter 4 builds on the notion of expected value as it is used in decision analysis when risk and uncertainty are present. Influence diagrams, payoff tables, and decision trees are explored as methods for making optimal decisions. Students who have a solid foundation in probability and statistics should review chapters 1 and 3, and focus on the content in chapter 4.

This topic addresses the following competency:

- Competency 309.3.3: Expected Value Decision Analysis
  The graduate uses expected value concepts as decision-making tools.

Chapter 1 in Quantitative Methods for Business

Read the following chapter in Quantitative Methods for Business:

- chapter 1 ("Introduction")
When you have completed the reading, you will be able to do the following:

- develop a general understanding of the management science/operations research approach to decision making
- realize that quantitative applications begin with a problem situation
- understand that managerial problem situations have both quantitative and qualitative considerations that are important in the decision-making process
- learn about models in terms of what they are and why they are useful (the emphasis is on mathematical models)
- identify the step-by-step procedure that is used in most quantitative approaches to decision making
- learn about basic models of cost, revenue, and profit and be able to compute the breakeven point

**Chapter 3 in Quantitative Methods for Business**

Read the following chapter in *Quantitative Methods for Business*:

- chapter 3 ("Probability Distributions")

When you have completed the reading, you will be able to do the following:

- obtain an understanding of the role probability information plays in the decision-making process
- understand probability as a numerical measure of the likelihood of occurrence
- use the three methods (classical, relative frequency, and subjective) commonly used for assigning probabilities and understand when they should be used
- understand the concepts of a random variable and a probability distribution
- distinguish between discrete and continuous random variables
- compute and interpret the expected value, variance, and standard deviation for a discrete random variable
- compute probabilities using a binomial probability distribution
- understand the difference between how probabilities are computed for discrete and continuous random variables
- compute probabilities using a normal probability distribution
- understand the role of the standard normal distribution in this process

**Chapter 4 in Quantitative Methods for Business**

Read the following chapter in *Quantitative Methods for Business*:

- chapter 4 ("Decision Analysis")

When you have completed the reading, you will be able to do the following:

- describe a problem situation in terms of decisions to be made, chance events, and consequences
- analyze a simple decision analysis problem from both a payoff table and decision tree
point of view

- determine the potential value of additional information
- Learn how new information and revised probability values can be used in the decision analysis approach to problem solving
- understand what a decision strategy is

Textbook Companion Website Activities

Review the following chapters in *Quantitative Methods* by engaging with the textbook companion website:

- chapter 1 ("Introduction")
- chapter 3 ("Probability Distributions")
- chapter 4 ("Decision Analysis ")

FAQs: Probability and Statistics

Read the FAQs for this topic.

**Quantitative Methods: Game Theory and Forecasting**

How are optimal decisions made? What can these mathematical models tell you about what the "right" choice is? Game theory is an intriguing branch of mathematics that has numerous practical applications to real-world events. You look at game theory in chapter 5, and then switch your attention to chapter 6 as you learn about forecasting. You may not have a crystal ball, but with these tools you have the next best thing.

**Using Game Theory and Forecasting for Strategic Decisions**

Game theory is yet another useful mathematical option for decision making, and was first developed for military applications. Game theory provides an optimal "payoff" when two entities must make a personal best decision (i.e., a strategy) given the fact that their opponent's actions will affect that outcome but not knowing what their opponent will do. Besides military applications, game theory has relevance in police interrogations, gambling, and (as you studied in economics) to decisions made by oligopolists.

Forecasting is a decision tool used to identify trends and cyclical components in data. Forecasts are often based on either simple linear regression or multiple regression analysis methods. The Delphi forecasting technique is another option for analysis.

This topic addresses the following competency:

- Competency 309.3.4: Forecasting
  The graduate can describe quantitative and qualitative forecasting methods.

**Chapter 5 in Quantitative Methods for Business**

Read the following chapter in *Quantitative Methods for Business*:

- chapter 5 ("Utility and Game Theory")
When you have completed the reading, you will be able to do the following:

- know what is meant by utility
- develop a utility function for money
- describe the role a lottery plays in helping a decision maker assign utility values
- understand why risk-avoiding and risk-taking decision makers would assign different utility values in the same decision-making situation
- know what is meant by a two-person zero-sum game
- identify a mixed strategy and compute optimal probabilities for mixed strategies

**Chapter 6 in Quantitative Methods for Business**

Read the following chapter in *Quantitative Methods for Business*:

- chapter 6 ("Forecasting")

When you have completed the reading, you will be able to do the following:

- know the various components of a time series
- use smoothing techniques such as moving averages and exponential smoothing
- use the least squares method to identify the trend component of a time series
- understand how the classical time series model can be used to explain the pattern or behavior of the data in a time series and to develop a forecast for the time series
- determine and use seasonal indexes for a time series
- understand how regression models can be used in forecasting

**Textbook Companion Website Activities**

Review the following chapters in *Quantitative Methods* by engaging with the textbook companion website:

- chapter 5 ("Utility and Game Theory")
- chapter 6 ("Forecasting")

**FAQs: Game Theory and Forecasting**

Read the FAQs for this topic.

**Quantitative Methods: Linear Programming Concepts and Waiting Line Models**

The quantitative methods section will prepare you for the EGC1 assessment. What business does not want to minimize its costs? Doing so adds to the bottom line and makes the firm more profitable. In fact, when costs are actually at the minimum, profits are said to be maximized. Linear programming is a mathematical model that helps businesses make the most efficient decisions when faced by constraints. You have heard the saying "time is money"—well, all resources are scarce, so making the most efficient use of them should always be a top priority. Hate waiting in lines? Ever wonder what the most efficient route to a destination is? Linear programming can help solve these problems.
Have you ever been annoyed at the time you have to wait in line to be served at a bank or restaurant, especially during peak business hours? Waiting time models allow businesses to manage waiting times in order to provide a targeted level of service to their customers.

**Linear Programming**

Linear programming is an optimization tool that describes the best solution to a particular situation, given a number of constraints that may occur. Typically, linear programming is used to obtain an optimal outcome (such as minimizing costs or maximizing profits) given certain constraints. Transportation, assignment, and transshipment problems provide a specific instance in which linear programming models may be used in the decision-making process in the real world.

This topic addresses the following competency:

- Competency 309.3.4: Forecasting
  The graduate can describe quantitative and qualitative forecasting methods.

**Chapter 7 in Quantitative Methods for Business**

Read the following chapter in *Quantitative Methods for Business*:

- *chapter 7* ("Introduction to Linear Programming")

When you have completed the reading, you will be able to do the following:

- learn how to develop linear programming models for simple problems
- identify the special features of a model that make it a linear programming model
- learn how to solve two variable-linear programming models by the graphical solution procedure
- understand the importance of extreme points in obtaining the optimal solution

**Chapter 10 in Quantitative Methods for Business**

Read the following chapter in *Quantitative Methods for Business*:

- *chapter 10* ("Distribution and Network Models")

When you have completed the reading, you will be able to do the following:

- become familiar with the types of problems that can be solved by applying a transportation model
- develop network and linear programming models of the transportation problem
- become familiar with the types of problems that can be solved by applying an assignment model
- develop network and linear programming models of the assignment problem

**Waiting Line Models**

Waiting line models are statistical models that help businesses achieve a targeted level of service at minimum cost. Waiting line models are based on the idea that customers arrive at
random intervals. Waiting line models can tell us how long a typical customer will have to wait in line and how many employees are needed to serve the expected number of customers.

This topic addresses the following competency:

- Competency 309.3.4: Forecasting
  The graduate can describe quantitative and qualitative forecasting methods.

Chapter 15 in Quantitative Methods for Business

Read the following chapter in *Quantitative Methods for Business*:

- chapter 15 (“Waiting Line Models”)

When you have completed the reading, you will be able to do the following:

- identify where waiting line problems occur
- explain how the Poisson distribution is used to describe arrivals and how the exponential distribution is used to describe services times
- use formulas to identify operating characteristics of the following waiting line models: single-channel model with Poisson arrivals and exponential service times, single-channel model with Poisson arrivals and arbitrary service times, single-channel model with Poisson arrivals, and exponential service times and a finite calling population
- demonstrate how to incorporate economic considerations to arrive at decisions concerning the operation of a waiting line

Textbook Companion Website Activities

Review the following chapters in *Quantitative Methods* by engaging with the textbook companion website:

- chapter 7 (“Introduction to Linear Programming”)
- chapter 10 (“Distribution and Network Models”)
- chapter 15 (“Waiting Line Models”)

FAQs: Linear Programming and Waiting Line Models

Read the FAQs for this topic.

Final Steps

Congratulations on completing the activities in this course! This course has prepared you to complete the assessments associated with this course. If you have not already been directed to complete the assessments, schedule and complete your assessments now.