ICIR 321 Political Risk, Business and International Relations

Course Description & Aims:
This course equips students with the ability to understand and analyze the nature and varieties of political risk, how and why it arises, and how to engage and manage it effectively. How political power; interests; values; local culture; systems; technology create risks for international business. Political risk in developed countries; implications for non-western companies overseas. Students will analyze; assess; evaluate how to anticipate; manage; mitigate political risks.

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Assessment

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<td>Case Studies</td>
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<td>Negotiation Exercise</td>
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<td>Mid-term Examination</td>
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<td>Final Examination</td>
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Course Learning Outcomes
At the completion of the course the student will be able to:

1. Understand and explain the nature and variety of political risks
2. Explain and analyze how and why political risks change over time
3. Explain and demonstrate how political risks can be negotiated, managed and mitigated
4. Explain how companies, governments, civil society and other actors can work together to establish and maintain mutually-beneficial relations
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**Assessment Methods & Criteria**

1. **Classroom Participation (10%)**
   Students will receive 0-10% depending on attendance and active participation in class (contribution to discussions, asking and answering questions). Coming to student hours, or meeting to discuss the course at other times, is also encouraged. There will be a group debate on a major issue—details will be given early in the course.

What are “student hours”? Student hours (formerly “office hours”) are times a teacher sets aside each week for students to come and ask any questions and discuss any issues they would like. It is time devoted solely to student interests and concerns. If you would like to come but cannot make the regular student hours, please contact me to arrange a convenient time to meet.

2. **Mid-term examination 10%**
   Students will be given an in-class examination to assess their understanding of the first half of the course. This will take the form of essay questions.

3. **Case studies 30%**
   In weeks 7 and 8, students will research and give a class presentation of a real-world case study of political risk. This will take the form of an oral report of c. 15 minutes.

4. **Negotiation Exercise 20%**
   In week 10, students will conduct a negotiation exercise in managing and resolving a political risk issue.

5. **Final examination 30%**
   Students will be given a take-home exam to assess their understanding of the whole course. This will take the form of essay questions and case-study analyses.
Politics, Markets and Risks

Topic description: Students will be introduced to the course outline, course requirements, and their expected input. Basic concepts (politics, markets, risk) are defined and explored and the key actors and their relationships are outlined (states, companies, NGOs, etc). Links to other topics in International Relations (interdependence, globalization, sovereignty, norms etc) are identified and discussed.

Expected learning outcomes: For students to understand the basic concepts underlying the study of political risk, and their relationship to the wider discipline of International Relations

Readings and activities:

Class discussion: what is risk? How does risk, in all its forms, influence business thinking?

The Nature and Variety of Political Risks

Topic description: The different forms of political risk: what they share and what distinguishes them from one another.

Expected learning outcomes: For students to understand the different forms of political risk, identify specific examples of each, and begin to explore their relative incidence and how each can be tackled.

Readings and activities:
- Condoleezza Rice and Amy B. Zegart, Political Risk: Facing the threat of global insecurity in the 21st century (London: Orion, 2018)

Class discussion: How do politics and markets interact with one another?

Causes of Political Risks (1): State Risks

Topic description: A closer look at the forms of political risk that arise from sovereign power or challenges to it. How these risks threaten economic activity, and with what consequences. Their relative incidence across time and space.

Expected learning outcomes: For students to understand how state-based risks create threats to economic value, and the trends these exhibit.

Readings and activities:
- Raymond Vernon, Sovereignty At Bay (New York, 1971)
Class discussion: what clear examples are there of state power (or challenges to it) helping or hindering value creation?

**Causes of Political Risks (2): Societal Risks**

**Topic description:** A closer look at the forms of political risk that arise from societal pressures and civic regulation. How these risks threaten economic activity, and with what consequences. Their relative incidence across time and space.

**Expected learning outcomes:** For students to understand how societal risks create threats to economic value, and the trends these exhibit.

**Readings and activities:**

Class discussion: what examples are there of social power helping or hindering value creation?

**How and Why Political Risks Change**

**Topic description:** The underlying drivers of the full range of political risks, and how these can be related to wider theories about the evolving political economy.

**Expected learning outcomes:** For students to understand the underlying causes of political risk, how different types of risk can interact with one another, and how they arise from deeper political-economic forces.

**Readings and activities:**
- Global risk maps, to be distributed in class

Class discussion: is globalization in decline?

**Midterm Exam and Review**

**Expected Learning Outcomes:** Before the exam: students will consolidate their understanding, especially of topics of which they are less confident. After the exam: students will learn lessons from exam preparation and performance that they can apply to the final exam, and beyond.

**Activities:**
- **Group exercise:** Discussion of course material so far. Outline model answers to sample questions.
- **Group discussion:** Review of exams questions, how to tackle them and lessons learned.

**Readings:**
Review of course readings to date
Case Studies of Political Risk (1)

**Topic description:** Analysis and discussion of current and recent case studies of political risk. Students will gather information, analyse and offer recommendations.

**Expected learning outcomes:** For students to learn to apply their understanding of the nature and causes of political risks to individual, real-world cases, and to begin to formulate solutions.

**Readings and activities:**
- Daniel Litvin, Empires of Profit (Acorn Press, 2011)
- Case study materials to be circulated

Case Studies of Political Risk (2)

**Topic description:** Analysis and discussion of current and recent case studies of political risk. Students will gather information, analyse and offer recommendations.

**Expected learning outcomes:** For students to learn to apply their understanding of the nature and causes of political risks to individual, real-world cases, and to begin to formulate solutions.

**Readings and activities:**
- Daniel Litvin, Empires of Profit (Acorn Press, 2011)
- Case study materials to be circulated

Organising to Manage Political Risk

**Topic description:** The key requirements of effective political risk management. The mindset and attributes of political risk managers, and how these can differ from other core corporate roles. How political risk management can be integrated effectively, and what can happen if it is not. The possibilities and limits of political prediction. Examples of good and bad practice.

**Expected learning outcomes:** For students to understand how companies can develop an organization and culture to see, monitor and address political risk. Implications for current corporate practice.

**Readings and activities:**

  **Class discussion:** Why do companies often get political risks wrong?

Exercise: Negotiating and Resolving Political Risk

**Topic description:** What companies can do to avert, anticipate, mitigate and engage political risk. What forms negotiations can take and the issues that can arise. The role of states, civil society, local communities and the media. Strategies and tactics for resolving them. Good and bad examples. A negotiation exercise will apply these principles to actual cases.

**Expected learning outcomes:** For students to understand the variety of methods for handling political risk, especially engagement and negotiation. Ways to approach and conduct these, and lessons from past practice.
Readings and activities:

**Contemporary Developments in Political Risk**

**Topic description:** How and why political risks are currently evolving, and interacting within one another. How this creates the new challenges for companies and markets, and how effectively they are responding. Examples of good and bad practice.

**Expected learning outcomes:** For students to understand how and why political risks are now evolving around the world, and how companies can meet them.

**Readings and activities:**
- Newspaper articles on recent cases, to be circulated

**The Future of Political Risk**

**Topic description:** How and why political risks might evolve in coming decades, especially the rise of civic regulation, the digital economy and the possible of a new “moral economy of reason”. Implications for different sectors and countries. What states can do to help their companies.

**Expected learning outcomes:** For students to understand the potential development of political risks, their causes and impact, and responses to them.

**Readings and activities:**
- Jamie Susskind, *Future Politics* (OUP, 2018)

**Class discussion:** choose a company or sector that interests you. What are the potential political risks over the next five years? What can you do to manage and mitigate them?