

# GLOBAL ECONOMIC ENVIRONMENT

**Grado en Administración de Empresas / Bachelor in  
Business Administration BBA SEP-2023 GEEEn-NBA.2.M.A**

Area Economics

Number of sessions: 30

Academic year: 23-24

Degree course: SECOND

Number of credits: 5.0

Semester: 2º

Category: BASIC

Language: English

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Dr. Trenado has developed his career in finance as an investment banker in Goldman Sachs and Merrill Lynch. After obtaining a Master's degree in Telecommunications Engineering from Universidad Politécnica de Madrid and a Licenciante in Economics from UNED, he joined Merrill Lynch Financial Institutions team in London, where he advised Spanish and European companies on financial services mergers and acquisitions. He then moved to Goldman Sachs Financial Institutions Group in Madrid, taking an active part in most of the transactions that have reshaped the Spanish financial sector.

Professor Trenado obtained a PhD in Finance and he is currently a full time professor at Universidad Pontificia Comillas - ICADE as well as an Associate Professor at IE Business School and The Financial Times Corporate Learning. He teaches various subjects including corporate finance, valuation, financial modelling and economic environment in Madrid, London, the Middle East, Asia and the Americas at universities, investment banks and investment boutiques.

He also advises private equity funds and investment management companies in Madrid and Kuwait on live transactions and he cooperates with IE University's NGO Financiers Without Borders, doing on-site consulting job in Ghana for micro-finance institutions.

## Office Hours

Office hours will be on request. Please contact at:

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## SUBJECT DESCRIPTION

Business decisions are taken with the ultimate aim of maximizing profits. For that, managers elaborate and implement their strategic plans regarding key aspects of their economic activity (technology, labour needs, suppliers of inputs, activity level and prices, marketing, etc.). A key element underlying any business strategy is the set of assumptions made regarding the economic environment. Those assumptions might be explicit or implicit in the plans, but should never be ignored, because they will play a big role in ensuring the final success of the strategic decisions adopted.

The Economic Environment, for any given company, can be defined as the complete collection of factors external to the company, exogenous to their decision making process, that have an influence in business performance. The factors to be considered are wide ranging and their impact in business also varies widely. From macroeconomic factors, like cyclical conditions of consumer demand and disposable income, to political or institutional factors, like market structure or the rule of law, to socio-economic factors, like health status or safety and security concerns. Moreover, most factors considered as Economic Environment are dynamic and change through time.

Government decisions and government policies also play a key role explaining the dynamics of the economy. Some economic changes take place in the short term (due to economic cycles or government decisions) and some take decades to change (known as structural changes or structural reforms). Following those changes and understanding their economic implications is crucial for business managers as well as for policy makers.

In summary, prevailing and prospective economic conditions in any country should be always a key consideration when making all kinds of business or policy decisions. The right business environment is a prerequisite for the success of any entrepreneurial projects, as well as for getting reasonable returns on any financial investment. This course is designed to provide students with the basic tools to assess the economic conditions prevailing in a country at a given point in time, to appraise its expected evolution through time, and to extrapolate the consequences of that for business activity. It will also provide the tools to understand the relationship between public policies and economic performance and to assess the adequacy of alternative economic policies for the needs of the countries.

## **LEARNING OBJECTIVES**

- After completing this course, students should be capable of analyzing and understanding economic events, of appraising the overall state of any economy, of identifying its strengths and weaknesses for business activity in the short and the long run, and of making their own assessment regarding economic policies in place and those that should be undertaken to improve economic performance in every country (often the subject of heated economic debates). For this, the course will develop a comprehensive framework of analysis covering all aspects of the economy of a country of relevance for business activity. The focus will be placed on the role of the government and its economic policies in helping or disturbing the country's economic performance
- Macroeconomic variables (GDP, employment, inflation, interest rates and exchange rates) and macroeconomic policies (fiscal and monetary policies) will be examined, as well as other factors like the institutional framework and structural policies. In all cases the central question will be to identify the links between economic environment and business performance. Analytical treatment of underlying theory will be kept as simple as possible and the course will have a strong practical orientation
- Students will work through the course on a case study project that will require the implementation of the main aspects of the theoretical framework provided for analysis
- Environmental, social and governance (public and corporate) issues will arise in the context of our daily debates regarding the performance of the economy of countries and the role of governments in economic life. Students will be encouraged to highlight sustainability concerns, to use economic tools to analyze the challenges involved, and to use economic analysis to identify appropriate answers.

## TEACHING METHODOLOGY

IE University teaching method is defined by its collaborative, active, and applied nature. Students actively participate in the whole process to build their knowledge and sharpen their skills. Professor's main role is to lead and guide students to achieve the learning objectives of the course. All GEE sessions will combine reviews of the theoretical concepts, discussions of real life economic events and practical exercises of economic analysis. Theoretical reviews and practical analysis during sessions will take similar shares of time, therefore students should be ready to work on their own and study the theory with the help of study material and the course textbook. Learning material and detailed guidelines would be provided at the beginning of the course to support the self-study.

Learning Activity	Weighting	Estimated time a student should dedicate to prepare for and participate in
Lectures	32.0 %	40.0 hours
Discussions	12.0 %	15.0 hours
Exercises in class, Asynchronous sessions, Field Work	12.0 %	15.0 hours
Group work	16.0 %	20.0 hours
Individual studying	28.0 %	35.0 hours
<b>TOTAL</b>	<b>100.0 %</b>	<b>125.0 hours</b>

## **PROGRAM**

### **SESSION 1 (LIVE IN-PERSON)**

Course Presentation

*Other / Complementary Documentation: News Debates Instructions (See Additional Documentation, Campus online)*

*Other / Complementary Documentation: Term Assignment Instructions (See Additional Documentation, Campus online)*

### **SESSION 2 (LIVE IN-PERSON)**

**Sustainability Topics:** ESG in the context of Economic News Debate.

Review of the Basic Model AS/AD and Business Cycles.

*Book Chapters: Macroeconomics, Understanding the Global Economy (chapter 11, excluding section 7) (See Bibliography)*

### **SESSION 3 (LIVE IN-PERSON)**

**Sustainability Topics:** ESG in the context of Economic News Debate.

Review of the Basic Model AS/AD and Business Cycles.

*Book Chapters: Macroeconomics, Understanding the Global Economy (chapter 11, excluding section 7) (See Bibliography)*

### **SESSION 4 (LIVE IN-PERSON)**

**Sustainability Topics:** ESG in the context of Economic News Debate.

Review of the Basic Model AS/AD and Business Cycles.

*Book Chapters: Macroeconomics, Understanding the Global Economy (chapter 11, excluding section 7) (See Bibliography)*

### **SESSION 5 (LIVE IN-PERSON)**

**Sustainability Topics:** ESG in the context of Economic News Debate.

Understanding Fiscal Crises: Fiscal Policy.

*Book Chapters: Macroeconomics, Understanding the Global Economy (chapter 14) (See Bibliography)*

### **SESSION 6 (LIVE IN-PERSON)**

**Sustainability Topics:** ESG in the context of Economic News Debate.

Understanding Fiscal Crises: Fiscal Policy.

*Book Chapters: Macroeconomics, Understanding the Global Economy (chapter 14) (See Bibliography)*

## **SESSION 7 (LIVE IN-PERSON)**

Sustainability Topics: ESG in the context of Economic News Debate.

Understanding Fiscal Crises: Sovereign Debt and Default.

*Book Chapters: Macroeconomics, Understanding the Global Economy (chapter 18) (See Bibliography)*

## **SESSION 8 (LIVE IN-PERSON)**

Sustainability Topics: ESG in the context of Economic News Debate.

Understanding Financial Crises: Financial Markets and Economic Performance.

*Book Chapters: Macroeconomics, Understanding the Global Economy (chapter 16, excluding sections 4, 6, 7 and 8) (See Bibliography)*

## **SESSION 9 (LIVE IN-PERSON)**

Sustainability Topics: ESG in the context of Economic News Debate.

Understanding Financial Crises: Financial Markets and Economic Performance.

*Book Chapters: Macroeconomics, Understanding the Global Economy (chapter 16, excluding sections 4, 6, 7 and 8) (See Bibliography)*

## **SESSION 10 (LIVE IN-PERSON)**

Sustainability Topics: ESG in the context of Economic News Debate.

Understanding Financial Crises: Financial Markets and Economic Performance.

*Book Chapters: Macroeconomics, Understanding the Global Economy (chapter 16, excluding sections 4, 6, 7 and 8) (See Bibliography)*

## **SESSION 11 (LIVE IN-PERSON)**

Sustainability Topics: ESG in the context of Economic News Debate.

Understanding Financial Crises: The Bankig Sector.

*Book Chapters: Macroeconomics, Understanding the Global Economy (chapter 17) (See Bibliography)*

## **SESSION 12 (LIVE IN-PERSON)**

Sustainability Topics: ESG in the context of Economic News Debate.

Understanding Financial Crises: The Bankig Sector

*Book Chapters: Macroeconomics, Understanding the Global Economy (chapter 17) (See Bibliography)*

## **SESSION 13 (LIVE IN-PERSON)**

Sustainability Topics: ESG in the context of Economic News Debate.

Understanding Financial Crises: The Bankig Sector.

*Book Chapters: Macroeconomics, Understanding the Global Economy (chapter 17) (See Bibliography)*

### **SESSION 14 (LIVE IN-PERSON)**

Review Session

### **SESSION 15 (LIVE IN-PERSON)**

Midterm I

### **SESSION 16 (LIVE IN-PERSON)**

Sustainability Topics: ESG in the context of Economic News Debate.

Financial markets crisis: focus on the securitisation process and 2008 financial crisis

*Book Chapters: Macroeconomics, Understanding the Global Economy (chapter 16, excluding sections 4, 6, 7 and 8) (See Bibliography)*

### **SESSION 17 (LIVE IN-PERSON)**

Sustainability Topics: ESG in the context of Economic News Debate.

Financial markets crisis: focus on the securitisation process and 2008 financial crisis

*Book Chapters: Macroeconomics, Understanding the Global Economy (chapter 16, excluding sections 4, 6, 7 and 8) (See Bibliography)*

### **SESSION 18 (LIVE IN-PERSON)**

Sustainability Topics: ESG in the context of Economic News Debate.

Financial markets crisis: focus on the securitisation process and 2008 financial crisis

*Book Chapters: Macroeconomics, Understanding the Global Economy (chapter 16, excluding sections 4, 6, 7 and 8) (See Bibliography)*

### **SESSION 19 (LIVE IN-PERSON)**

Sustainability Topics: ESG in the context of Economic News Debate.

Understanding Currency Crises: Exchange Rate Determination and The Balance of Payments.

*Book Chapters: Macroeconomics, Understanding the Global Economy: Chapter 19 (excluding section 6) and Chapter 20 (1, 2, 3) (See Bibliography)*

### **SESSION 20 (LIVE IN-PERSON)**

Sustainability Topics: ESG in the context of Economic News Debate.

Understanding Currency Crises: Exchange Rate Determination and The Balance of Payments.

*Book Chapters: Macroeconomics, Understanding the Global Economy: Chapter 19 (excluding section 6) and Chapter 20 (1, 2, 3) (See Bibliography)*

### **SESSION 21 (LIVE IN-PERSON)**

Sustainability Topics: ESG in the context of Economic News Debate.  
Understanding Currency Crises: Exchange Rate Determination and The Balance of Payments.  
*Book Chapters: Macroeconomics, Understanding the Global Economy: Chapter 19 (excluding section 6) and Chapter 20 (1, 2, 3) (See Bibliography)*

### **SESSION 22 (LIVE IN-PERSON)**

Sustainability Topics: ESG in the context of Economic News Debate.  
Currency Crises.  
*Book Chapters: Macroeconomics, Understanding the Global Economy (chapter 21) (See Bibliography)*

### **SESSION 23 (LIVE IN-PERSON)**

Sustainability Topics: ESG in the context of Economic News Debate.  
Currency Crises.  
*Book Chapters: Macroeconomics, Understanding the Global Economy (chapter 21) (See Bibliography)*

### **SESSION 24 (LIVE IN-PERSON)**

Sustainability Topics: ESG in the context of Economic News Debate.  
Currency Crises.  
*Book Chapters: Macroeconomics, Understanding the Global Economy (chapter 21) (See Bibliography)*

### **SESSION 25 (LIVE IN-PERSON)**

Review Session

### **SESSION 26 (LIVE IN-PERSON)**

Extensions, Group Assignment Presentations.

### **SESSION 27 (LIVE IN-PERSON)**

Extensions, Group Assignment Presentations.

### **SESSION 28 (LIVE IN-PERSON)**

Extensions, Group Assignment Presentations.

### **SESSION 29 (LIVE IN-PERSON)**

Extensions, Group Assignment Presentations.

### **SESSION 30 (LIVE IN-PERSON)**

Midterm II

## EVALUATION CRITERIA

Passing the course will require a minimum average grade of 5/10 in the two midterms. Failing the course will mean retaking all the course material in the extraordinary call.

Up to ten extra points (over 100) can be awarded (bonus) or extracted (malus) for extraordinary contributions(+) or penalties for class missbehavior (-)

Participation: two main criteria will be used in reaching judgment about your participation, frequency and quality of your contributions. Participating in debates and in class practical exercises is compulsory. Lack of contribution in those activities will be graded as 0.

There will be two midterm exams worth 25% each. They will each cover about half of the course program. All the exams will be presential.

Detailed instructions will be available in campus online by the beginning of the course regarding the Term Project.

Detailed instructions will be available in campus online by the beginning of the course Regarding Other Activities.

criteria	percentage	Learning Objectives	Comments
Group Work	20 %		Term Project
Class Participation	10 %		
Intermediate tests	50 %		Two midterm exams, 2.5 points each.
Other	20 %		Participation and individual deliverables

## RE-SIT / RE-TAKE POLICY

Each student has four (4) chances to pass any given course distributed over two (2) consecutive academic years. Each academic year consists of two calls: one (1) ordinary call (during the semester when the course is taking place); and one (1) extraordinary call (or "re-sit") in June/July.

Students who do not comply with the 80% attendance requirement in each subject during the semester will automatically fail both calls (ordinary and extraordinary) for that Academic Year and have to re-take the course (i.e., re-enroll) during the next Academic Year.

The Extraordinary Call Evaluation criteria will be subject to the following rules:

- Students failing the course in the ordinary call (during the semester) will have to re-sit evaluation for the course in June/ July (except those students who do not comply with the attendance rule, and therefore will not have that opportunity, since they will fail both calls and must directly re-enroll in the course during the next Academic Year).
- It is not permitted to change the format nor the date of the extraordinary call exams or deadlines under any circumstance. All extraordinary call evaluation dates will be announced in advance and must be taken into consideration before planning the summer (e.g. internships, trips, holidays, etc.)
- The June/July re-sit will consist of a comprehensive evaluation of the course. Your final grade for the course will depend on the performance in this exam or evaluation only. I.e., continuous evaluation over the semester (e.g. participation, quizzes, projects and/or other grade components over the semester) will not be taken into consideration on the extraordinary call. Students will have to achieve the minimum passing grade of 5 and the maximum grade will be capped at 8.0 (out of 10.0)- i.e., "notable" in the extraordinary call.



- Re-takers: Students who failed the subject on a previous Academic Year and are now re-enrolled as re-takers in a course will need to check the syllabus of the assigned professor, as well as contact the professor individually, regarding the specific evaluation criteria for them as re-takers in the course during that semester (ordinary call of that Academic Year). The maximum grade that may be obtained as a retaker during the ordinary call (i.e., the 3rd call) is 10.0 (out of 10.0).

After exams and other assessments are graded by the professor (on either the ordinary or extraordinary call), students will have a possibility to attend a review session (whether it be a final exam, a final project, or the final overall grade in a given course). Please be available to attend the session in order to clarify any concerns you might have regarding your grade. Your professor will inform you about the time and place of the review session, which cannot be rescheduled.

- Students failing more than 18 ECTS credits after the June/July re-sits will be asked to leave the Program. Please, make sure to prepare yourself well for the exams in order to pass your failed subjects.
- In case you decide to skip the opportunity to re-sit for an exam or evaluation during the June/July extraordinary call, you will need to enroll in that course again for the next Academic Year as a re-taker, and pay the corresponding tuition fees. As you know, students have a total of four (4) allowed calls to pass a given subject or course, in order to remain in the program.

## **BIBLIOGRAPHY**

### **Compulsory**

- D. Miles, A. Scott and F. Breedon. (2012). *Macroeconomics, Understanding the Global Economy*. 3rd Edition. John Wiley & Sons. ISBN 9781119995715 (Digital)

## **BEHAVIOR RULES**

Please, check the University's Code of Conduct [here](#). The Program Director may provide further indications.

## **ATTENDANCE POLICY**

Please, check the University's Attendance Policy [here](#). The Program Director may provide further indications.

## **ETHICAL POLICY**

Please, check the University's Ethics Code [here](#). The Program Director may provide further indications.