

HAILEY COLLEGE OF COMMERCE

UNIVERSITY OF THE PUNJAB, LAHORE

Course Title: **Global Business and Finance**

Proposed Course Code: BSC-411

Credit Hours: 03

Program: BS Commerce

Semester: 8th**1.0 Introduction of the Course**

This course emphasis on the materials and concepts that illuminate the strategies, structure, practices, and effects of multinational enterprises. The basic thrust of this course is to provide a framework within which the key global financial issues, including the operations of multinational companies, can be analyzed. This course is designed to develop students understanding of the business in international perspective. The course prepares students for leadership roles and builds understanding of global financial forces that could influence the overall business environment.

2.0 Pre-Requisites Course (s) or Other Requirements/Skills:

It is prerequisite for the participants of this course to have understanding of business economics, accounting and finance. They are also presumed to have basic knowledge about the statistical tools and techniques which are required for assessing, measuring and evaluating the risk.

3.0 The Course carries following objectives:

1. Discuss the Globalization and its impact on business environment and new challenges at workplace. nature and dimensions of international business.
2. Discuss Foreign Direct Investment (FDIs) and its benefits for host and home country.
3. Types of contrast the major markets that facilitate international business.
4. Describe the role and functions of international financial markets and illustrate the relationship between exchange rates and economic variables.
5. To measure and evaluate country risk. Discuss application of risk analysis and its application in financing and investment decisions.

Course Learning Outcomes

. After studying this course student should be able

1. To analyze and understand the globalization and its impact on international business
2. To comprehend the political, economic and legal systems differences among nations.
3. To describe the international trade theories with their application and limitations.
4. To explain FDI concept, and its importance for countries with special reference to Pakistan
5. To understand the role of international financial market for value creation
6. To understand the dynamics and mechanism of foreign exchange market and its implication for business organization and government
7. To understand the implications of trade openness with special reference to trade blocks.
8. To develop strategies for entry into foreign markets.
9. To understand the process of international trade and prepare import/ export documents

10. To measure and analyze the country risk and its implication regarding international financing and investment decisions.

5.0 Course Contents:

Unit-I

1.1 Globalization

- 1.1.1 What is Globalization?
- 1.1.2 Drives of globalization
- 1.1.3 The changing demographics of the global economy
- 1.1.4 The globalization debate
- 1.1.5 Managing in the global marketplace

Unit-II

2.1.1 The Political Economy of International Trade

- 2.1.1 Instruments of trade policy
- 2.1.2 The case of government intervention
- 2.1.3 The revised case for free trade
- 2.1.4 Development of the world trading system
- 2.1.5 Implications for managers

Unit-III

3.1 National Differences and International Trade Theories

- 3.1.1 Political systems
- 3.1.2 Economics systems
- 3.1.3 Legal systems
- 3.1.4 The determinants of economic development
- 3.1.5 States in transition
- 3.1.6 An overview of international trade theories

Mercantilism Absolute advantage; Comparative advantage; Heckscher-Olin theory;

The product life cycle theory; New trade theory; National competitive advantage.

- 3.1.7 Implications for managers

Unit-IV

4.1 The Strategy of International Business

- 4.1.1 Basic entry decisions
- 4.1.2 Entry modes and selecting an entry mode
- 4.1.3 Greenfield venture or acquisition
- 4.1.4 Strategic alliances
- 4.1.5 The promises and pitfalls of exporting
- 4.1.6 Improving export performance
- 4.1.7 Export and import financing
- 4.1.8 Export assistance
- 4.1.9 Counter trade
- 4.1.10 International commercial terms

Unit-V**5.1 International Financial Markets**

- 5.1.7 Foreign exchange market
- 5.1.8 International money market
- 5.1.9 International credit market
- 5.1.10 International bond market
- 5.1.11 International stock market
- 5.1.12 How financial markets facilitates MNC functions

Unit-VI**6.1 Foreign Exchange**

- 6.1.9 Measuring exchange movements
- 6.1.10 Exchange rate equilibrium
- 6.1.11 Factors that influence exchange rates
- 6.1.12 Speculating an anticipated exchange rates
- 6.1.13 Interest rate parity (IRP)
- 6.1.14 Purchasing power parity (PPP)
- 6.1.15 International fisher effect (IFE)
- 6.1.16 Comparison of IRP, PPP and IFE theories

Unit-VII**7.1 Foreign Exchange Forecasting**

- 7.1.7 Why firms forecast exchange rates
- 7.1.8 Forecasting techniques
- 7.1.9 Forecasting services
- 7.1.10 Forecasting error
- 7.1.11 Using interval forecasts
- 7.1.12 Credit and surety insurance

Unit-VIII**8.1.1 Country Risk Analysis**

- 8.1.5 Why country risk analysis is important
- 8.1.6 Political risk factors
- 8.1.7 Financial risk factors
- 8.1.8 Types of country risk assessments
- 8.1.9 Techniques to assess country risk
- 8.1.10 Measuring country risk
- 8.1.11 Comparing risk ratings among countries
- 8.1.12 Actual country risk ratings across countries
- 8.1.13 Incorporating country risk in capital budgeting
- 8.1.14 Reducing exposure to host government takeovers

Unit-IX**9.1 Long-Term Financing**

- 9.1.1 Long term financing decision

- 9.1.2 Cost of debt financing
- 9.1.3 Assessing the exchange rate risk of debt financing
- 9.1.4 Reducing exchange rate risk
- 9.1.5 Interest rate risk from debt financing

6.0 Teaching-Learning Strategies

- Lectures.
- Handouts (attach hard or soft copies).

7.0 Assignments- Types and Number with calendar

Group assignment will be given to students for studying, analyzing and evaluating the following insurance related issues.

1. Globalization is a challenge or opportunity for firms belonging to less developed countries and Risk! Give a critical review.
2. FDIs impact on economic, political and cultural environment of developing countries
3. Make country risk analysis of three assigned countries by considering both micro and macro factors
4. What is financial integration and what are its advantages to firms working in less developed financial markets.
5. Study the entry strategies followed a the assigned MNCs
6. Discuss the role of MNCs in transportation and communication sector in Pakistan.
7. What challenges are faced by MNCs belonging to developing countries.

8. Assessment and Examinations: As per University Rules

Mid-Term	Written Paper	35 %
Final Examination	Written Paper	40 %
Sessional	Quizzes and Tests, Assignment and Presentations, Attendance, Class Participations and Discipline etc.	25 %

9.0 Textbooks

In the detail course outline, one may mention chapters of the textbook with the content topic(s).

FOR INTERNATIONAL BUSINESS:

1. Hill, C. W. L. “International Business”

FOR INTERNATIONAL FINANCE:

1. Madura, J. “International financial management”

10. Suggested Readings

10.1 Books

1. Levi, D. “**International finance**”
2. Ball, D. A. “International Business”
3. Alan M. Raugman and Richard M. HodgettS. “International Business”
4. Apte, P. G. ‘International finance management’

10.2 Journal Articles/ Reports

International Journal of MNCs strategies
Journal of Multinational Financial Management