

COURSE SPECIFICATION DOCUMENT

NOTE: ANY CHANGES TO A CSD MUST GO THROUGH ALL OF THE RELEVANT APPROVAL PROCESSES, INCLUDING LTPC.

Academic School/Department:	Business and Economics
Programme:	BA (Hons) degree in Business Administration with Combined Studies
FHEQ Level:	6
Course Title:	Country Risk Analysis
Course Code:	INB 6200
Course Leader:	Bryan McIntosh
Student Engagement Hours:	120
Lectures:	30
Seminar / Tutorials:	15
Independent / Guided Learning:	75
Semester:	Fall/Spring/Summer
Credits:	12 UK CATS credits 6 ECTS credits 3 US credits

Course Description:

This Course provides students with an overview of the history, methods, strengths, and limitations of economic and political risk forecasting. Economics and political risk forecasting is defined as a package of social science concepts and methods used by governments and multinational businesses to analyze the future economic and political environments in which they operate. A seminar format with extensive student participation is used.

Prerequisites: ECN 4110

Aims and Objectives:

This course focuses on conducting business in a global market place by using a multidisciplinary approach for dealing with risks associated with operating in different sovereign jurisdictions. Country risk analysis presents a critical tool in investment decisions. The aim is to introduce students to political risk, sovereign risk, transfer risk, contagion risk,

currency risk and macroeconomic risk and the different models with which various agencies assess the country specific risks of investing in or lending to governments, locally based corporations and banks.

Programme Outcomes

A1, A3, A4, A5

B1, B2, B3, B4

C1, C2

D1-D5

A detailed list of the programme outcomes are found in the Programme Specification. This is located at the Departmental/Schools page of the portal.

LEARNING OUTCOMES

Upon completion of this course, a successful student should be able to

Knowledge and understanding

1. Develop an understanding of analytical tools in order to compare internal and external sources of funds and basic theories of financial risk and return.
2. Develop an understanding of critically identifying financial risk rating and describe the country risk as a means of assessing a country's ability to pay its way and be able to explore a system of measuring a country's ability to finance its official, commercial and trade debt obligation.
3. Compare methods used by major rating agencies to assess sovereign rating by incorporating the economic and financial characteristics of a selected country including analysis of Foreign Debt, Foreign Debt Service, Current Account, Net International Liquidity, and Exchange Rate Stability.
4. The students need to demonstrate an understanding of contagion of sovereign concerns, interacting with and amplifying bank fragility in Europe and the exposure of latent distress among some borrowers internationally if growth is weaker than expected or market interest rates rise by much more than anticipated and their implications for foreign exchange markets.

Cognitive skills

1. Debate interpretations and applications of theory and practice of country risk management by using recent techniques of analysis for sovereign states and demonstrate ability to assess the cross-border risk for investors in an increasingly globalised world economy.

2. Develop critical thinking skills about assessing the possibility that political decisions or political and social events in a country will affect the business climate in such a way that investors will lose money or not make as much money as they expected when the investment was made.

Practical and/or Professional Skills

1. Have the ability of enforcing contracts when counterparty is operating under a different set of rules, and the ability and willingness of the foreign counterparty to fulfill its financial contractual obligations, which ultimately involve financial flows across borders.

Key Skills

1. Source and utilise relevant information from a range of sources to support critical analysis and problem solving.
2. Take responsibility for initiating and controlling own work and learning experience, demonstrating a high degree of personal effectiveness in order to manage their own professional development.

Indicative Learning

The successful student is expected to be able to:

- Identify the theoretical underpinnings of different models used in country risk analysis.
- Identify the political risk components such as: government stability, socio-economic conditions, internal conflict, external conflict, corruption, military in politics, religious tensions, law and order, ethnic tensions, democratic accountability, and quality of the bureaucracy and issues relating to political risk insurance.
- Explain the details of political risk forecasting and evaluate the applicability of both quantitative and qualitative methods when attempting to quantify the political risk elements.
- Explain the details of market disruption and contagion as a result of weaknesses in risk management and develop an understanding of the sovereign and banking system concerns that have re-emerged in parts of Europe.

Assessment

This course conforms to the Richmond University Standard Assessment Norms approved at Academic Council on June 28, 2012.

Teaching Methods

The main teaching method for this course is through lectures and class discussions. A major part of the course is interactive discussion and co-operative assessment. The former takes place in class, with all students expected to be fully prepared to discuss an assigned topic in an informed manner. Lectures will be in the form of Power Point presentations that will be available through the University of Richmond power campus portal. There will be a combination of lectures on the theory and methodology of country risk analysis, and seminar classes applying this to specific countries. Every student will be expected to carry out individual research in preparation for the seminars. They will also be required to work within a group to present to the class a country risk analysis

Bibliography:

Author	Date	Title	Publisher
Bekaert, G & Hodrick, R	2009	International Financial Management	Prentice Hall
Berk, J. & DeMarzo, P.	2009	Corporate Finance: the Core	Pearson International Edition
Boakes, K.	2010	Reading and Understanding the Financial Times, 2 nd edn.	Financial Times Press
Bouchet, M. H. , Clark, E & Gros Lambert , B.	2003	Country Risk Assessment : A global guide to investment strategy	Wiley
Fabozzi, F. , Modigliani, F. Jones, F.	2010	Foundations of Financial Markets and Institutions: International Edition, 4 th edn.	Pearson Higher Education
Howell, L.	1998	The handbook of country and political risk analysis	PRS group
Howell, L	2001	Political risk assessment: concept, method, and management	PRS group
Mishkin & Eakins	2009	Financial Markets and Institutions: International Edition, 6 th edn.	Pearson Higher Education
Sloman, J. & Wride, A.	2009	Economics, 7 th edn.	Prentice Hall
Sudarsanam, S	2010	Creating value from Mergers and Acquisitions	FT Prentice Hall
Watson D. & Head, A	2010	Corporate Finance: Principles & Practice	Prentice Hall

Websites

Bank of England: www.bankofengland.co.uk

The Wall Street Journal: www.wsj.com
 Bloomberg: www.bloomberg.com
 IMF: www.imf.org
 The Economist: www.economist.com
 HM Treasury: www.hm-treasury.gov.uk/
 European Central Bank: www.ecb.int
 The Financial Times: www.ft.com
 Financial Services Authority: www.fsa.gov.uk
 The World Bank : www.worldbank.org
 The World Trade Organization: www.wto.org
 Board of Governors of the Federal Reserve : www.fedreserve.com
 Political Risk Services: <http://www.prsgroup.com/FreeSamplePage.aspx>

Please Note: The core and the reference texts will be reviewed at the time of designing the semester syllabus

Change Log for this CSD:

Major or Minor Change?	Nature of Change	Date Approved & Approval Body (School or LTPC)	Change Actioned by Academic Registry