

COURSE SPECIFICATION DOCUMENT

Academic School/Department:	Business and Economics
Programme:	BA (Hons.) Business Administration with Combined Studies
FHEQ Level:	6
Course Title:	Country Risk Analysis
Course Code:	INB 6200
Course Leader:	Parviz Dabir-Alai
Student Engagement Hours:	120
Lectures:	45
Seminar / Tutorials:	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 and MGT 5210

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.

Programme Outcomes:

A1, A3, A4, A5

B1, B2, B3, B4

C1, C2

D1-D5

A detailed list of the programme outcomes is found in the Programme Specification. This is maintained by Registry and located at:

<https://www.richmond.ac.uk/programme-and-course-specifications/>

Learning Outcomes:

By the end of this course, successful students 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 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. 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 Content:

- Theoretical underpinnings of different models used in country risk analysis.
- 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.
- Political risk forecasting and evaluate the applicability of both quantitative and qualitative methods when attempting to quantify the political risk elements.
- 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 University Assessment Norms approved at Academic Board.

Teaching Methodology:

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 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:

Bekaert, G & Hodrick, R	2009	International Financial Management	Prentice Hall
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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	PRS group
Mishkin & Eakins	2009	Financial Markets and Institutions: International	Pearson Higher Education
Slooman, J. & Wride, A.	2009	Economics, 7 th edn.	Prentice Hall

See syllabus for complete reading list

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
Minor	Format change – update to new template		
Major	Pre-requisite: was ECN 4110		