RISK MANAGEMENT IN INTERNATIONAL BUSINESS

COURSE LEVEL: Master
ECTS CREDITS: 7 ECTS
COURSE COORDINATOR: Katja Zajc Kejžar Ph.D.

COURSE GOALS: To develop students’ ability to identify, assess and manage the risks that are inherent in international business transactions. To reinforce students’ capacities of strategic analysis and application in an international context.

COURSE CONTENT:
1. The nature of risk (expected return and standard deviation, mean-variance analysis, diversification and risk, The capital asset pricing model)
2. Defining risk in international business (Specifics of international business environment, Country-specific risk: economic, financial, currency and political risk)
3. Assessing economic and financial risk
   - Economic and financial risk: variables and ratios for risk assessment
   - Implications of current financial crisis
4. Political risk analysis
   - Methods and techniques: comparative, analytical and econometric techniques
   - Applications: measuring exposure in direct investment, exports and international loans
5. Managing political, economic and financial risk
   - Covering commercial exposure: internal and external hedging techniques
   - Managing exposure of FDI: internal and external hedging techniques
   - Hedging bank loans against political risk
6. Exchange rates and currency risk
   - Foreign exchange markets
   - Exchange rate regimes
   - Evaluating foreign currency exposure: transaction, economic and translation exposure
7. Introduction into managing exposure to currency and interest rates risks
   - Internal techniques of exposure management
   - Managing exposure to currency and interest rates risks by using financial derivatives (exposure to currency and interest rates risks, financial derivatives: Forward contracts, Swaps, Financial futures, Currency options). Examples and applications.

COURSE WORK PLAN: The course is a combination of lectures, presentations of seminar project & discussions in the seminar classes and computer lab seminars.

COURSE GRADE SYSTEM: Grading (100%)
1. Written exam: 55% and Seminar paper: 25%
2. Presentation of the seminar paper and active class participation (20%).