

Far Western University
Faculty of Management
Master of Business Administration (MBA) Program

Course Details of Third Semester
(Syllabus: MBA 3rd Semester)



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Far Western University
Faculty of Management
Master of Business Administration (MBA) Program
Semester-wise Course Cycle (Revised on 2023)

Semesters	Course Code and Name of Courses	Credits	
Semester I	MGT 501: Managerial Communication	3	
	MGT 502: Emerging Concepts in Management	2	
	STT 512: Statistics for Management	3	
	ECO 522: Managerial Economics	2	
	MGT 532: Organizational Behaviour	2	
	MGT 535: Business, Society and Ethics	2	
	MKT 551: Marketing Management	2	
Semester II	ACC 511: Managerial Accounting and Control	3	
	ACC 512: Financial Reporting and Analysis	3	
	MGT 533: Human Resource Management	2	
	MGT 534: International Business	2	
	FIN 541: Financial Management	3	
	MIS 554: Management Information System	3	
	Semester III	RES 631: Business Research Methods	2
MGT 632: Operations Management and Supply Chain		2	
MIS 633: E-Business		2	
ENT 634: Entrepreneurship		3	
INT 635: Internship		2	
Concentration I (ONE subject from any one concentration area):			
Concentration Area: Banking and Finance			
FIN 636: Financial Markets and Institutions		3	
FIN 637: International Financial Management		3	
Concentration Area: Marketing			
MKT 636: Consumer Behaviour		3	
MKT 637: Advertising and Sales Promotion		3	
Concentration Area: Accounting			
ACC 636: Corporate Accounting		3	
ACC 637: Corporate Taxation		3	
Concentration Area: Human Resource Management			
HRM 636: Employment Relations		3	
HRM 637: Human Resource Development		3	
Semester IV		MGT 641: Strategic Management	3
		ENT 642: Business Plan for New Venture Development - Seminar	1
	ACC 643: Taxation and Tax Planning - Workshop	1	
	RES 649: Thesis	3	
	Concentration II (ONE subject from any one concentration area):		
	Concentration Area: Banking and Finance		
	FIN 644: Investment Analysis and Portfolio Management	3	
	FIN 645: Commercial Bank Management	3	
	FIN 646: Marketing of Financial Services	3	
	Concentration Area: Marketing		
	MKT 644: Service Marketing	3	
	MKT 645: Social Marketing	3	
	MKT 646: Strategic Brand Management	3	
	Concentration Area: Accounting		
	ACC 644: Accounting Information System	3	
	ACC 645: Advanced Management Accounting	3	
	Concentration Area: Human Resource Management		
	HRM 644: Performance Management	3	
	HRM 645: Conflict Management and Negotiation	3	
	Concentration III (ONE seminar related to concentration area)		
	FIN 648: Seminar in Banking and Finance	3	
	MKT 648: Seminar in Marketing	3	
	ENT 648: Seminar in Accounting	3	
	HRM 648: Seminar in Human Resource Management	3	

RES 631: Business Research Methods

Program/Semester: MBA/Third Semester

Course Title: Business Research Methods

Course Code: RES 631

Credit Hours: 2

Lecturer Hour: 30

Course Objectives

The objective of this course is to introduce students to various aspects of research methodology and aims to inculcate skills among students for enabling them to identify problems, design research frameworks and processes, collect relevant data and information and analyze them. This course equips students with abilities to conduct independent research and surveys.

Course Description

This course examines processes of reviewing literature, identifying problem, defining research questions and objectives, developing hypothesis, design theoretical framework including various issues and challenges in the research process. The course also includes methodological details including designing approach and framework, defining data and information needs, defining population and designing sampling framework, identifying sources of data and information and methods of collecting them, processing data, and analyzing them. The course also includes methods of discussing results, deriving conclusions and implications and referencing adopting APA format and developing annexes necessary for studies.

Learning Outcomes

Upon successful completion of the course, students will be able to:

- Define research and explain the feature of scientific research.
- Review relevant literature and construct theoretical framework.
- Design research approach, identify research problem and formulate research hypothesis.
- Apply sampling framework to determine sample size.
- Collect data, process them and analyse them using appropriate tools and techniques.
- Derive findings, discuss and interpret them and deduce conclusions and implications.
- Write references and bibliography using APA format and develop annexes.

Course Contents

In line with the contemporary focus of the course, the following issues or topics have been included:

Course Contents

Unit 1: Foundations and Fundamentals of Research

LH 3

Meaning of research; nature and types of research; scientific research – concept and characteristics; scientific research process; approaches to research – quantitative and qualitative; business research – role and value of business research; types of business research; ethical concerns in research.

Unit 2: Literature Analysis and Theoretical Framework

LH 4

Concept, purpose and need for literature review; steps in the review process; sources of literature; literature search through the internet; theoretical and conceptual framework– concept and its role in research; research and theory – concept, construct, proposition and variables; reasoning - deduction and induction.

Unit 3: Research Problem, Hypothesis Formulation and Research Design

LH 5

Research problem – concept, steps and characteristics; research questions; hypothesis –

concept, importance and types; hypothesis formulation process; criteria of good hypothesis formulation; research design – concept, elements and types; exploratory, descriptive, developmental, correlational, causal-comparative and experimental research designs; qualitative research – concept, assumptions, features of qualitative research; criteria of good research design.

Unit 4: Measurement, Scaling and Sampling Techniques **LH 6**

Concept of measurement and scaling; scales of measurement – nominal, ordinal, interval and ratio; scale construction for attitude measurement; scales commonly used in business research; validity and reliability of measurement; sources of measurement problems; scales commonly used in business research; sampling – concept and process; population, sampling frame, sample bias; sampling distribution; probability and non-probability sampling; sample size determination; sampling and non-sampling errors.

Unit 5: Data Collection and Analysis **LH 6**

Concept, nature and types of data; questionnaire – types and components; pre-testing and administration; research interview–structured, semi-structured and unstructured; guidelines for interviewing; types of research interviews; computer-assisted interviewing; sources of qualitative data: observation and focus groups; e-research using internet, websites and e-mail surveys; data preparation – coding, classification and tabulation; organizing data for computer entry; quantitative data analysis; statistical analysis of data – descriptive and inferential statistics; statistical testing of hypothesis; qualitative data analysis – content analysis, narrative analysis and thematic analysis; analysis of data by using SPSS.

Unit 6: Reporting Research **LH 6**

Research proposal – concept, components and structure; research report writing - concept and process; types and phases of the research report; procedures for writing; style of writing; conventions of academic writing; layout of the research report; documenting sources; citations and references; APA references; essentials of good research reports.

Prescribed Text Books:

Cooper, D, R, & Schindler, P. M. *Business Research Methods*. New Delhi: Tata McGraw Hill,

Zikmund, W, G, *Business Research Methods*. New Delhi: Thomson.

Pant, Prem R. *Social Science Research and Thesis Writing*. Kathmandu: Buddha Publications.

Suggested References:

Kumar, R. *Research Methodology: Step-by-step Guide for Beginners*. New Delhi: Pearson Education.

Sekaran, U. and Bougie, R. *Research Methods for Business: A Skill Building Approach*. New Delhi: Wiley & Sons.

Maxwell, J. A. *Qualitative Research Design: An Interactive Approach*. New Delhi: Sage Publications.

Neuman, W.L. (2006). *Social Research Methods: Qualitative and Quantitative Approaches*. Boston: Pearson Education.



MGT 632: Operations Management and Supply Chain

Program/Semester: MBA/Third Semester

Course Title: Operations Management and Supply Chain

Course Code: MGT 632

Credit Hours: 2

Lecturer Hour: 30

Course Objectives

The course aims at equipping students with in-depth knowledge and skills in operations management and supply chains. The students will develop an understanding of manufacturing and operations functions. They will learn to design, plan, operate and control manufacturing, production and operations systems. The course requires the use of analytical techniques to develop critical thinking and to sharpen decision-making skills. The students will have the opportunities to apply what they are learning to practice problems.

Course Description

This course introduces major concepts and tools used in the design and use of operations systems and supply chains in organizations. It introduces the discipline and the role the function plays in a value-creating organization. Emphasis is given both to familiarization of various production processes and service systems, and to quantitative analysis of problems/ issues arising in the management of operations. Topics include an introduction to operations and productivity, competitiveness, strategy and productivity, product and service design, capacity planning, process selection and facility layout, quality management, inventory management, lean operations, waiting time management and Supply Chain Operations and Performance Measurement.

Learning Outcomes

Successful completion of the course will empower the students to be able to improve just about any process in any area of the business. At the end of the course, the students will be able to:

- Appreciate the strategic role of Operations Management in creating and enhancing a firm's competitive advantages,
- Understand key concepts and issues of Operations Management in both manufacturing and service organizations,
- Analyse business processes in services and manufacturing for improvement,
- Identify the operational issues in the value-addition processes of a firm and
- Apply analytical skills and problem-solving tools to resolve the operational issues.

Course Contents

Unit 1: Introduction to Operations Management and Supply Chain LH 4

Role of operations in an organization; service and manufacturing processes; concept and importance of operations management; operations management and decision making; historical evolution of operations management; supply chains: concept, objective and importance; decision phases and process view of supply chain management; comparing the functions of operations management and supply chain management.

Unit 2: Strategies for Product and Service Design LH 5

Concept of competitiveness; mission and operations strategies; implications of organization strategy for operations management; productivity for improvement; product design: concept of product design, idea generation, legal and ethical considerations, global product and service design, environmental factors, phases in product design and development, designing for production and service design.

Unit 3: Managing Capacity, Process, Facility and Quality **LH 8**

Capacity planning: defining and measuring capacity, concept of capacity planning, capacity decisions, forecasting capacity requirements, making or outsourcing decisions, constraint management, evaluating alternatives; process selection: concept, technology and process strategy; facility location: facility location decision and location selection techniques; facility layout: concept, designing product and process layouts; quality management: concept and evolution of quality management, quality standards, awards and certifications, total quality management, quality tools, inspection and statistical quality control.

Unit 5: Inventory Management **LH 4**

Inventory management: nature and importance of inventories, requirements for effective inventory management, inventory ordering policies, economic order quantities, reorder point, fixed order interval model, single period model.

Unit 6: Lean Operations and Waiting Time Management **LH 4**

Lean operations: concept, supporting goals, building blocks, lean tools, transitioning to a lean system; waiting time management: concept, managerial implications of waiting situations, goals of waiting time management, characteristics of waiting lines, measures of waiting line performance.

Unit 7: Supply Chain Operations and Performance Measurement **LH 5**

Supply chain operations: planning, sourcing, making and delivering; information systems that support the supply chain management; measuring the performance of supply chains: defining markets for measuring performance and framework for performance measurement (customer service, internal efficiency, demand flexibility and product development).

Prescribed Text Books:

Krajewski L. J. & Malhotra M. K. (2022). *Operations Management: Process and Supply Chains*, Pearson Education Inc.

Stevenson, W. *Operations Management: 9th Edition*, Tata McGraw Hill Education Private Limited.

Suggested References:

Gaither N. and Gaither F.: *Operations Management, 9th Edition*, Cengage Learning India Private Limited.

Hugos, Michael H. (2011). *Essentials of supply chain management*, John Wiley & Sons, Inc.



MIS 633: E-Business

Program/Semester: MBA/Third Semester

Course Title: E-Business

Course Code: MIS 633

Credit Hours: 2

Lecturer Hour: 30

Course Objectives

The course is designed to provide knowledge of online business, improvements and changes brought to society, also aims to provide knowledge about the strategies, and components necessary for the implementation of e-business and processes related to e-business. The objective of the course is to introduce the fundamental concepts of e-business and how they support management and operations in the modern business environment.

Course Description

The spectrum of information technology tools used in business will be discussed along with selected applications. The roles of technology and e-Business across various business disciplines will be examined. topics will include the concept and nature of e-business and e-commerce, e-business infrastructure, e-business strategy, e-procurement management, e-contracting and e-marketing.

Learning Output

Upon completion of this course, the student should be able to:

- Identify and explain the nature and variety of e-business and e-commerce models.
- Determine an appropriate e-business model and apply it to a specific business;
- Compare different components of e-business infrastructure and apply these components in managing e-business.
- Explain the key elements of e-business strategy and describe the processes of formulating e-business strategy.
- Explain the procedures of e-procurement management and e-contracting.
- Prepare an e-business marketing plan and evaluate how it addresses the target market's needs.

Course Contents

In line with the contemporary focus of the course, the following topics have been selected and each issue topic will be explored in relation to existing literature, its relevance and practices in the global context:

Unit 1: Introduction to E-business and E-commerce

LH 6

Concept, nature, and opportunity of e-business; the concept of e-commerce and online marketplace for e-commerce; the difference between e-business and e-commerce; business models for e-products and e-services; business adoption of digital technologies for e-business and e-commerce; e-business risks and barriers to business adoption; management responses to e-commerce and e-business.

Unit 2: E-business Infrastructures

LH 5

Components of e-business infrastructure, internet technology: concept, hosting of websites and e-business service; web technology: internet-access software applications, internet standards, and internet governance; managing e-business infrastructure: hardware system, software system, internet service, hosting providers and employees' access to internet and e-mail.

Unit 3: E-business Strategy

LH 8

Concept of e-business strategy, key elements of e-business strategy, strategic objectives, information systems strategy, strategies for implementation of e-business; strategy for the internal organisation of e-business activities: determining 'make-or-buy' decisions, choosing 'separate or integrated' form of organisation, managing conflicts between online and offline distribution channels.

Unit 4: E-Procurement Management and E-contracting

LH 6

Concept and objective of procurement, types of procurement, difference between purchase and procurement, benefit and risks of e-procurement, market solutions: sell-side, buy-side and marketplace; integration of product catalogue; e-contracting: concept of generic services - information, negotiation, archiving, enforcement, reconciliation; structure of a contract; digital signature.

Unit 5: E-Marketing

LH 5

Overview and significance of e-marketing, concept and development of Web 1.0 (past), Web 2.0 (present), and Web 3.0 (future) platforms of e-marketing, effects of e-business technologies on marketing strategy, e-marketing planning process, the e-marketing plan, the marketing mix, branding, online advertising, targeting online customers, interactive television and e-marketing.

Project/practical work – as per the project work/practical manual.

Prescribed Text Books:

Chaffey, D. (2009). *E-business and e-commerce management: strategy, implementation, and practice (4th ed)*. Pearson.

Combe, C. (2006). *Introduction to E-business Management and strategy*. Elsevier.

Suggested References:

Coupey, E. (2004). *Digital Business: Concepts and Strategies (2nd Edition)*. Prentice Hall.

Jelassi, T., Enders, A., & Martainez Laopez, F. J. (2014). *Strategies for e-business: creating value through electronic and mobile commerce; concept and cases (3rd ed)*. Pearson.

Laudon, Kenneth C., Laudon, Jane P. (2013). *Management information systems, 12th ed*. United Kingdom: Pearson Education Ltd.

McKie, S. 2001. *E-Business Best Practices: Leveraging Technology for Business Advantage*. John Wiley&Sons.

Strauss, J. & Raymond F. (2014). *E-Marketing (7th ed)*. Pearson.



ENT 634: Entrepreneurship

Program/Semester: MBA/Third Semester

Course Title: Entrepreneurship

Course Code: ENT 634

Credit Hours: 3

Lecturer Hour: 45

Course Objectives

The purpose of this course is to familiarize students with the different dimensions of new venture creation and growth. The course will be concerned with content and process as well as with formulation and implementation issues that relate to conceptualizing, developing and managing successful new ventures.

Course Description

The course provides an introduction to fundamental concepts of creative and innovative managerial practices of successful entrepreneurship. It further reviews the significant economic and social contributions entrepreneurs provide to society, the intense lifestyle commitment, and the skills necessary for entrepreneurial success. The course thus provides an overview of the entrepreneurial process, creativity and innovation, strategic perspectives in entrepreneurship, international entrepreneurial opportunities, business plan preparation for new ventures, social and ethical perspectives of entrepreneurship and entrepreneurship development in Nepal.

Learning Outcomes

By the end of this course, students should be able to:

- Explain the fundamentals of entrepreneurship,
- Explore the characteristics and skills of successful entrepreneurs,
- Appreciate entrepreneurial intentions,
- Develop and analyse entrepreneurial strategy,
- Explain the concepts, nature and process of creativity and innovation,
- Identify and analyse entrepreneurial opportunities,
- Understand legal issues relating to intellectual property rights, licensing, and contracts and
- Comprehend emerging issues of entrepreneurship in Nepal.

Course Contents

Unit 1: Introduction to Entrepreneurship

LH 8

Definition, nature, skills and types of entrepreneurs; entrepreneurial traits; function of an entrepreneur; entrepreneurial process; entrepreneurial schools of thought; individual entrepreneurial mind-set; common; entrepreneurial motivations; characteristics associated with entrepreneurs; entrepreneurial mind-set in the organizations; nature of corporate entrepreneurship; conceptualizing corporate entrepreneurial strategy; entrepreneurial intention; factors influencing entrepreneurial intention.

Unit 2: Creativity and Innovation

LH 7

Concept of creativity and innovation; opportunity identification; sources of new venture ideas; methods of generating ideas; entry strategies for new entry exploitation; risk reduction strategy; idea generation from trend analysis; principles of innovation, types and process of innovation; components of creativity; indicators of creativity; nature of creative process; role of creative thinking.

Unit 3: Strategic Perspectives in Entrepreneurship

LH 8

Introduction to strategic planning; nature of strategic planning; major components of a

strategic plan; an entrepreneurial strategy matrix model, product planning and development process; venture development stages; opportunity recognition; opportunity assessment plan, growth strategies; reasons of business failure; sources of information for start-up entrepreneurs in Nepal.

Unit 4: International Entrepreneurial Opportunities

LH 5

Domestic versus international entrepreneurship; entrepreneurial entry into international business; nature of international entrepreneurship; motivation to go global; foreign market entry strategies; barriers to international trade.

Unit 5: Business Plan Preparation for New Venture

LH 5

Planning as a part of business operation, introduction to business plan; concept, nature and process of business planning; key elements and evaluation criteria of a business plan; contents and structure of business plan; preparation of business plan.

Unit 6: Social and Ethical Perspectives of Entrepreneurship

LH 5

Concept of business ethics and social responsibility; ethical and social responsibility of entrepreneur; ethical practices and code of conduct; ethical considerations in corporate entrepreneurship; approaches to managerial ethics; introduction to social entrepreneurship; gender and environmental issues confronting entrepreneurs.

Unit 7: Entrepreneurship in Nepal

LH 7

Growth of entrepreneurship in Nepal; legal structures for entrepreneurial ventures; legal procedure for establishment of new ventures in Nepal; concept and nature of the intellectual property, patents, trademarks, licensing and copyrights (legal issues with reference to Nepalese laws); Entrepreneurial Competency Development (ECD) in Nepal; the importance of small business in Nepal and emerging entrepreneurial issues; women and minority entrepreneurship in Nepal.

Prescribed Text Books:

David H Holt (2011), *Entrepreneurship and new venture formation*, Prentice Hall India

Hisrich, R. D., Shepherd, D. A. & Peters, M. P. (2016). *Entrepreneurship*. McGraw-Hill Education.

Suggested References:

Arya, K. (2016). *Entrepreneurship: creating and leading an entrepreneurial organization*. Pearson.

Ramachandran, K. (2014). *Entrepreneurship development: Indian cases on change agents*. Tata McGraw Hill.

Robinson, P. J. (2017). *A guide for writing your business plan*. Independently published.



FIN 636: Financial Markets and Institutions

Program/Semester: MBA/Third Semester

Course Title: Financial Markets and Institutions

Course Code: FIN 636

Credit Hours: 3

Lecture Hours: 45

Nature: Concentration

Course Objectives

The course aims to provide students with the fundamentals of financial markets and financial instruments, the features of the formation of modern financial markets, the practical application of financial instruments, the types of financial institutions and their roles and functions in the financial markets.

Course Description

This course includes an overview of financial markets and institutions, determinants of interest rates and value of financial securities, the central banking system and monetary policy, debt markets, equity markets, commercial banks and thrift institutions and other financial and service institutions.

Learning Outcomes

The successful completion of this course shall enable the student to:

- Explain the components of the financial system and economic functions performed by the system of financial markets and institutions.
- Understand the processes of determining interest rates in the financial system and apply the interest rates in determining the value of financial securities.
- Describe the roles of central banks in maintaining stability in the financial system.
- Explain how commercial banks and thrift institutions help in mobilizing resources from the surplus unit to the deficit unit.
- Explains the structure of the debt and equity market.
- Explains the functions performed by other financial and service institutions in the financial system.

Course Contents

Unit 1: Introduction to Financial Markets and Institutions **LH 5**

Concept and components of the financial system; economic functions performed by the system of financial markets and institutions; an overview of financial markets: primary markets versus secondary markets, money markets versus capital markets, foreign exchange markets and derivative security markets; financial market regulation; overview of financial institutions; functions performed by financial institutions; regulation of financial institutions; globalization of financial markets and institutions.

Unit 2: Determinants of Interest Rates and Value of Financial Securities **LH 10**

Loanable funds theory of interest rates- supply of loanable funds, demand for loanable funds and equilibrium interest rate; determinants of interest rates for individual securities-inflation, real interest rates, default/credit risk, liquidity risk; term structure of interest rates - unbiased expectations theory, market segmentation theory, liquidity premium theory, forecasting interest rates; application of interest rates in determining the value of financial securities: value of bonds and value of stocks.

Unit 3: The Central Banking System and Monetary Policy **LH 6**

The roles of central banks in the economy and financial system; major central banking systems: the European Central Bank, the Federal Reserve System and the Bank of England; structure and functions of Nepal Rastra Bank – the central bank of Nepal; formulation and

conduction of monetary: goals of monetary policy, monetary policy tools- open market operations, the discount rate, reserve requirements (reserve ratios) and interest on reserves; selective credit controls, major provisions of recent monetary policy of Nepal Rastra Bank.

Unit 4: Debt Markets

LH 5

Money markets: features of money markets, instruments of money markets, money market participants, yields on money market securities – discount yield, bond equivalent yields and effective annual return; bond markets: features of bond markets, bond market securities, the trading process for corporate bonds, bond quotations, bond ratings; concept and types of mortgage markets; state and local governments in the debt markets –issue of municipals.

Unit 5: Equity Markets

LH 5

Concept of primary and secondary markets; initial public offering and further public offering procedures for common stocks; right offering – right offering procedures and value of a right; securities traded in the stock market and market participants; construction of stock market indexes and NEPSE index; stock market quotations; efficiency of stock markets.

Unit 6: Commercial Banks and Thrift Institutions

LH 8

Concept and functions of commercial bank, portfolio characteristics of commercial banks - assets and liabilities structure; off-balance-sheet activities, bank size and concentration, financial statements of commercial banks, financial statement analysis using a return on equity framework, regulation of commercial banks in Nepal; thrift institutions: size, structure, composition and regulators of savings and loan associations, savings banks and credit unions.

Unit 7: Other Financial and Service Institutions

LH 6

Securities Firms and Investment Banks: functions of security brokers, dealers and investment banks; Insurance Companies: fundamentals of insurance; types of insurance – life insurance, health insurance, property and casualty insurance; regulation of insurance business in Nepal; finance companies - functions and major products; pension funds: types of pensions; private and public pension plan; practices of pension in Nepalese context; mutual funds: structure of mutual funds; types of mutual funds, net assets value, rate of return, load and charges of mutual fund and mutual fund industry in Nepal.

Prescribed Text Books:

F. S. & Eakins, S. G., *Financial markets and Institutions*. Delhi:

Saunders, A. & Marcia M. C., *Financial markets and institutions*. New Delhi: McGraw-Hill Education (India) Pvt. Ltd.

Suggested References:

Rose, P.S. & Marquis, M.H., *Money and capital markets: Financial institutions and instruments in a global marketplace*. New York: McGraw-Hill Irwin.



FIN 637: International Financial Management

Program/Semester: MBA/Third Semester

Course Title: Multinational Financial Management

Course Code: FIN 637

Credit Hours: 3

Lecture Hours: 45

Nature: Concentration

Course Objectives

The course aims to provide students the conceptual framework of multinational financial management within which the key financial decisions of the multinational firm can be analyzed treating international financial management as an extension of the principles learned in the basic course of financial management.

Course Description

International financial management focuses on decision-making in an international context and demonstrates the use of financial analysis and reasoning in solving international financial problems. This course includes an overview of multinational financial management, international capital budgeting decision, international financing decision, international working capital management, international diversification and portfolio investment and currency risk and interest rate risk management.

Learning Outcomes

The successful completion of this course shall enable the student to:

- Explain why multinational corporations are the key players in international economic competition and understand the motivations for foreign direct investment and the evolution of international businesses
- Understand international capital budgeting process along with risks in financial decision making.
- Describe the techniques that multinational corporations can use to expedite the collection of funds both within a foreign country and across borders, and to manage their working capital more effectively
- Explain how international investing and diversification can allow investors to achieve a better risk-return tradeoff than can investing solely in domestic securities.
- Explain how international financial management decisions are affected by different types of risk exposure.

Course Contents

Unit 1: An Overview of Multinational Financial Management

LH 8

Concept of multinational corporations and reasons of pursuing international business; managing the multinational corporations- business disciplines, agency problems and management structure; modes of international business - international trade, licensing, franchising, joint ventures, acquisitions of existing operations and establishment of new foreign subsidiaries; internationalization vs domestic VS financial management; international monetary system: evolution, gold standard, Bretton Woods's system, the flexible exchange rate regime and floating rates arrangements.

Unit 2: International Capital Budgeting Decision

LH 8

Estimation of cash flows from cross border investment projects; valuation techniques including adjusted present value method; risks in cross border investment decision- currency risk, political risk, country risk, inflation risk etc.; techniques for incorporating risks in cross border investment decision.

Unit 3: International Financing Decision

LH 6

International capital structure and cost of capital; determinants of capital structure of multinational corporations; dividend policy of multinational corporations; multinational transfer pricing and performance measurement.

Unit 4: International Working Capital Management

LH 7

International cash management- collection and disbursement of funds and payments netting in international cash management; management of the short-term; investment portfolio cash management; international accounts receivable management- credit terms and credit extension; international inventory management- production location and inventory control, advance inventory purchases and inventory stockpiling; sources of international short-term financing.

Unit 5: International Diversification and Portfolio Investment

LH 8

The benefits and risk factors in international investing; international diversification- risk and return aspects of portfolio; international CAPM; identification of optimal international asset allocation; international capital market; barriers to international diversification.

Unit 6: Currency Risk and Interest Rate Risk Management

LH 8

Types of risk exposure- transaction exposure, economic exposure and translation exposure; management of currency risk using currency forwards, currency futures, currency options and currency swaps; assessment of interest rate risk. management of interest rate risk using interest rate futures, interest rate swaps and other financial swaps.

Prescribed Text Books:

Madura, Jeff (2013). *International Financial Management*. Cengage Learning. 12th Edition.

Shapiro, Alan C. and Peter M. (2014) *International financial management*, John Wiley & Sons Ltd

Suggested References:

Apte, P.G. (2011). *Multinational Financial Management*. Tata McGraw-Hill, New Delhi, 6th Edition.

Bekaert, Greet & Hodrick, Robert J. (2014). *International Financial Management*. Prentice Hall, 2nd Edition.

Eun, Cheol, S. & Resnick, Bruce, G. (2017). *International Financial Management*. Tata McGraw Hill, 7th Edition.

Levi, D., Maurice (2009). *International Finance*. Routledge, 5th Edition.

Sharan, V. (2012). *International Financial Management*. PHI Learning Pvt. Ltd., 6th Edition.



