

**AS OF AUGUST 20, 2023**  
**UPDATES TO EARLIER VERSION IN RED**

**FALL 2023**

**IB 372: INTRODUCTION TO GLOBAL FINANCE AND BUSINESS**

Unique Number: 03665

**MICHAEL FROEHLS / KISHORE GAWANDE**

OFFICE HOURS FROEHLS: T 3:45-5:00 PM (CBA 6.432N) & BY APPOINTMENT

OFFICE HOURS GAWANDE: T 3:30 – 4:30 PM & BY APPOINTMENT

CLASSROOM AND TIMINGS: JES A218A, T TH 9:30 – 11:00 AM

**REQUIRED MATERIAL**

Eun, International Financial Management, 10<sup>th</sup> edition

Connect for LTA ISBN: 9781265625054

LL print optional upgrade ISBN: 9781266890550

Note: “The materials for this class are available through the Longhorn Textbook Access (LTA) program, a collaboration between UT Austin, The University Co-op and textbook publishers to significantly reduce the cost of digital course materials for students. You can access your required materials through the “My Textbooks” tab in Canvas. You are automatically opted into the program but can easily opt-out (and back in) via Canvas through the 12<sup>th</sup> class day. If you remain opted-in at the end of the add/drop period (12<sup>th</sup> class day fall/spring, 4<sup>th</sup> class day summer sessions), you will receive a bill through your “[What I Owe](#)” page. If you do not pay your bill by the specified deadline, you will lose access to the course materials and your charge will be removed. More information about the LTA program is available at <https://www.universitycoop.com/longhorn-textbook-access>

**COURSE OBJECTIVE and SET-UP**

Explore how international business and finance operates in theory, practice, and in the face of current events and megatrends. The class will focus on the financial and strategic questions of an international company in a globalized world that is constantly changing. We will focus on practical aspects of decision makers and their issues, less on Finance theory and mathematical formulas. Our journey will be issue-oriented in order to prepare you for a professional life in an international environment. We will cover a broad range of topics – Multinational Corporations, Financial Markets, Monetary Systems, Foreign Exchange and associated topics

from Corporate Governance, Tax and Transfer Pricing Issues, Corporate Scandals, and Financial Scandals and Bubbles.

The class is lecture-based with heavy student participation in every class, be it the discussion of issues and current events, the showcase of homework, discussion and presentation of smaller cases, or the final group projects.

Two more important features are part of this course. First, you will be learning some basics of data analysis with regard to large data sets in the international and finance space, putting concepts of this class to work. Second, we will have several distinguished guest speakers on topics like inflation, currency management, global stock indices, and careers in (international) finance to prepare you for a post-UT future.

## INTERNATIONAL BUSINESS AND THIS COURSE

The International Business (IB) program at McCombs offers a comprehensive set of classes to provide you with relevant tools and concepts to prepare you for an international career and leadership roles. Besides acquiring intercultural knowledge, language skills, and the command of political, economic, and social issues, a deep understanding of the financial environment and associated decision making of international companies is of essence to be successful in the international business arena. This course is designed to provide you with the necessary basic knowledge of the international business and financial context in which many of you will operate. Additionally, through class discussion and group-work you will enhance your communication and collaboration skills.

*The class is targeting beginners in this topic. No previous finance, advance math, or accounting experience is expected or required. Dr. Michael Froehls is teaching this part of the course.*

## DATA SCIENCE AND THIS COURSE

As programming skills are becoming more and more expected in the labor market, you will be exposed to learning and applying the basics of Python in some targeted group exercises for big data analysis. The topics of the exercises are closely related to the International Business content of this class and will offer a unique opportunity to analyze large data sets like those related to international trade, currency movements, or foreign investments.

*No previous programming/Python experience is expected or required. Dr. Kishore Gawande is teaching this part of the course.*

## COURSE MATERIAL

- ) **Connect** platform –We will use the Connect platform to access any material related to the text book and lectures. Things are organized by class date. For most class days, there will be reading assignments and homework you should be prepared to present in class. We will post information relevant to each class at least a week in advance. That could be additional reading material, links to interesting videos/podcasts, and preparatory questions for case discussions.
- ) **Canvas** will host general information about the class, the data projects as well as the tracking of class participation and the final group project and all grades. Book related quantitative homework and other small individual assignments will also be administered here. Class folder: <http://canvas.utexas.edu/>
- ) While we don't require it, we encourage you to read global newspapers or magazines, e.g., the *Financial Times*, *WSJ*, or *The Economist*. Keeping up with it will raise the quality of your class contribution and should enhance your final group project as well.

## GRADING:

The course will be graded on:

- **LearnSmart/Smart Book 3.0 (20%):** Almost for every class and subject matter, your textbook reading will be tested by a ~30-45 minutes (per book chapter) online quiz on Connect. Each test consists of true/false and multiple-choice questions intended to help you internalize what you have read. You usually have about two weeks for each chapter to complete LearnSmart and earn points towards this assignment. There is no grading curve – everybody can get “full points” just by doing these assignments correctly *on time*. If you don't sign up for Connect, you will not be able to do this assignment and will receive zero points for it. It is your responsibility to do these quizzes ahead of the deadline (as given on Connect), as, though unlikely, system outages are always possible. *Please note that some reading assignments will NOT be covered in class if the topic is easily digestible and would take precious class time away.*

- **Participation / Contribution to Class Discussion (22%)** We will analyze and debate various topics, mini-cases, and actual events: Class participation is mandatory and will contribute significantly to your grade. For class participation, quality of contribution matters more than quantity. There will be opportunities to share homework, prepare and lead a case or discussion. All students should complete reading assignments (including thinking about the end of chapter questions), listen to/watch podcasts/videos as given throughout the course, and be prepared to discuss the content for the date listed in the syllabus or given in class. Relevant (mini-)cases from the textbook and otherwise might be assigned separately. Coming late to class and thereby disturbing others, or general absenteeism will reduce your participation grade.
- **Individual Homework (8%):** Many classes will have some type of preparatory or after-class homework which could be of quantitative nature, research oriented, or a small piece of analysis. Depending on the nature of the task, you are expected to upload your homework or answer a few multiple-choice questions related to the solution of your homework on time (on Connect). Any presentation of your homework in class will naturally count towards Participation.
- **Group Data Analysis / Python Work (30%):** Data set analysis and visualization of the same will be done in groups of about three persons; we will facilitate group formation to ensure diversity and distribution of those students with some previous experience in data analysis. Your group composition should be the same across all data analysis tasks. You will learn the relevant parts of Python step-by-step in order to complete the homework. Please note that data analysis/Python lectures will not carry any participation grade as they are very hands-on for everybody.
- **Group Final Presentation (20%):** In groups of three (max. four in case of a large class), you will be asked to pick an international finance or business event related to the topics of our course. You will describe it, highlight the cause and key issues, and share your lessons learned in a professional presentation. Your fellow students will then have the opportunity to ask questions like in a business setting.  
The event you pick should have occurred during the last three years. It could be currency market related, inflation and interest rates related, or even an international business issue/failure/scandal with significant financial impact. The event can be on a country level (e.g., a major devaluation) or dealing with an international company (e.g., failed international investment, adverse impact of currency movement on business, hedge fund attack). The idea is

for you to apply what you have learned in class. In order to maximize your cross-cultural experience in class, you will NOT be in the same group as for the data homework assignments. Presentation will be limited to eight slides (plus an optional 1-3 pages appendix) and 16 minutes (involving each group member) to allow some room for class feedback / Q&A. This presentation (delivery and content) will replace any final exam.

- **Please not that there will be neither a written mid-term nor a final exam in this class in finals week**

**Important dates are noted in the class schedule below.**

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**Important Note:** In order that we get the best from the McCombs classroom experience, let's create an atmosphere that is respectful to your fellow students and allows us to learn from each other:

- **Please arrive to class on time**
- **Please display your name cards**
- **Please sit on the same seat or close to the same after the second class.** It really makes it easier for all of us to getting to know each other fast
- **Please come fully prepared for each class.** Otherwise, learning from the class as well as your contribution to our learning will be limited
- **Please be tolerant and respectful of everyone's views.** Disagreements will naturally arise, and we will resolve those through reasoned debate. Case studies are designed to elude a black-and-white answer or clear solution
- **Please put away your laptops and tablets, unless we do cases involving calculations**  
I understand the need to use these devices, but they also make it tempting to email and text, which can be very distracting even if you think it is not. If you absolutely feel that an electronic device is necessary for your learning, please let me know beforehand
- **Please turn off your phones.** If you need to urgently make or receive a call or text, please feel free to step outside of class to attend to it.

## Important Notifications

### **Students with Disabilities**

Students with disabilities may request appropriate academic accommodations from the Division of Diversity and Community Engagement, Services for Students with Disabilities, 512-471-6259, <http://diversity.utexas.edu/disability/>. If you need special accommodations for the test portion of the class, please present me with the relevant ADA letter as early as possible for me to plan accordingly. Late letters might not be honored. Students who need extra time or a quiet environment will take the tests in parallel to the class to the extent possible.

### **Diversity and Inclusion**

It is our intent that students from all diverse backgrounds and perspectives be well served by this course, that students' learning needs be addressed and that the diversity that students bring to this class can be comfortably expressed and be viewed as a resource, strength and benefit to all students. Please come to us at any time with any concerns.

### **Policy on Scholastic Dishonesty**

The McCombs School of Business has no tolerance for acts of scholastic dishonesty. The responsibilities of both students and faculty with regard to scholastic dishonesty are described in detail in the BBA Program's Statement on Scholastic Dishonesty at <http://my.mcombs.utexas.edu/BBA/Code-of-Ethics> . By teaching this course, I have agreed to observe all faculty responsibilities described there. By enrolling in this class, you have agreed to observe all student responsibilities described there. If the application of the Statement on Scholastic Dishonesty to this class or its assignments is unclear in any way, it is your responsibility to ask me for clarification. Students who violate University rules on scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and/or dismissal from the University. Since dishonesty harms the individual, all students, the integrity of the University, and the value of our academic brand, policies on scholastic dishonesty will be strictly enforced. You should refer to the Student Conduct and Academic Integrity website at <http://deanofstudents.utexas.edu/conduct/> to access the official University policies and procedures on scholastic dishonesty as well as further elaboration on what constitutes scholastic dishonesty

### **Campus Safety**

Please note the following key recommendations regarding emergency evacuation, provided by the Office of Campus Safety and Security. More info at <https://preparedness.utexas.edu/>.

- )] Occupants of buildings on The University of Texas at Austin campus are required to evacuate buildings and assemble outside when a fire alarm is activated.
- )] Familiarize yourself with all exit doors of each classroom and building you may occupy.
- )] If you need evacuation assistance, inform the instructor in writing asap.
- )] In the event of an evacuation, follow the instruction of faculty or class instructors.
- )] Do not re-enter a building unless given instructions by Austin or UT police or fire authorities.

Behavior Concerns Advice Line (BCAL): 512-232-5050 or online. In case of emergency, further information will be available at: <http://www.utexas.edu/emergency>

**Introduction to Global Finance and Business**  
**IB 372 (Fall 2023)**  
**Course Schedule**  
**(Subject to moderate change)**

*Please check for additional and updated reading assignments and non-Data Day homework on CONNECT. We will post additional articles, web-links, and homework be no later than 7 days before each lecture. Special discussion topics and related preparatory work will be announced throughout the semester.*

*All Data Day related assignments will be handled on Canvas*

## **August**

- Tue 22      Introductory class – a look at key terms, global issues, dependable resources, and our course ahead  
*Connect Reading: Chapter 1 – Globalization and the Multinational Firm; also watch two Connect Orientation videos*  
*Note: A representative from McGraw Hill will introduce us to the Connect platform and help with any sign-up issues*
- Thu 24      *Topic: Corporate Governance – MNC does not equal MNC and how does shareholder capitalism differ from stakeholder capitalism*  
*Connect Reading: Chapter 4 – Corporate Governance Around the World*
- Tue 29      *Topic: Strategy, Strategic Planning, and the MNC's organization – how to create a strategy, organize yourself, and plan 3 years ahead without going crazy*
- Thu 31      *Topic: An MNC's Internet presence – we can learn a lot about strategy, finances, governance, and risks (non-textbook reading and research assignment)*

## **September**

- Tue 5      *Topic: Data Day – Group Formation & Introduction to Python - Part I*
- Thu 7      *Topic: Data Day – Introduction to Python - Part II*
- Tue 12      *Topic: FDI and Cross-Border Acquisitions – why bother going abroad given all the risks out there?*  
*Connect Reading: Chapter 16 – Foreign Direct Investment and Cross-Border Acquisitions*

*Connect Reading Self-Study: Chapter 19 Multinational Cash Management*

- Thu 14      *Topic: International Tax Environment and Transfer Pricing – the taxman always wins, or doesn't he?*  
*Connect Reading: Chapter 21- International Tax Environment and Transfer Pricing*  
*Connect Reading Self-Study: Chapter 20 International Trade Finance*
- Tue 19      *Topic: International Money System – money makes the world go around, be it with \$, €, ¥, or gold*  
*Connect Reading: Chapters 2 & 3 – International Monetary System & Balance of Payments*
- Thu 21      *Topic: The Market for Foreign Exchange – what you always wanted to know about FX but never dared to ask*  
*Connect Reading: Chapter 5 – The Market for Foreign Exchange*  
*Additionally, we will initiate the Financial Event Case Group Project today – group selection, success factors, timeline, and choice of topics*
- Tue 26      *Topic: International Parity Relationships and Forecasting FX Rates – is anybody able to forecast the \$/€rate even one day out, let alone 6 months from now?*  
*Connect Reading: Chapter 6 – International Party Relationships and Forecasting Foreign Exchange Rates*
- Thu 28      Data Day: FDI – Part I
- October**
- Tue 3      Data Day: FDI – Part II
- Thu 5      *Guest Speaker Dr. Wolfgang Hammes, former McKinsey partner, investment banker, and author of “The return of high inflation” on: What can companies learn from Germany’s hyperinflation, the US in the 1970s? How to successfully manage today’s situation?*
- Tue 10      *Topic: Methods of Hedging & Transaction Exposure – no shortage of options to hedge, but do you want to?*  
*Connect Reading: Chapter 8 – Management of Transaction Exposure*

*Additionally, we will take a few minutes to allow each group to share the Financial Event they selected for the final case project and ask for feedback (formless)*

- Thu 12      *Data Day: FX – Part I*
- Tue 17      *Data Day: FX – Part II*
- Thu 19      *Guest Speaker Christopher Schumann, Head of ABS & CLO Trading at DZ Bank – Currency Management at a large bulge bucket bank. What is really going on with currency related trading, lending and hedging? Do you want to become a currency trader?*
- Tue 24      *Topic: Management of Translation and Economic Exposure – how a change in FX rates can impact your external reporting/accounting and your economic fortunes*  
*Connect Reading: Chapters 9 & 10 – Management of Economic Exposure & Management of Translation Exposure*
- Thu 26      *Data Day: Firms – Part I*
- Tue 31      *Data Day: Firms – Part II*
- November**
- Thu 2      *Topic: International Banking and Money Market – no banking, no MNCs, but what to do if banks go bust?*  
*Connect Reading: Chapter 11 – International Banking and Money Market*
- Tue 7      *Topics: International Bond and Equity Markets – where are your company’s bonds and shares sold and traded across countries?*  
*Connect Reading: Chapters 12 & 13 – International Bond Markets & International Equity Markets*
- Thu 9      *Guest Speaker – Dennis Lee – Managing Director S&P Global. The importance of global, regional, country, and industry-related indexes for investing in bonds, shares, and commodities - how to construct and manage them?*

Tue 14      *Guest Speaker Luis Kokernak, UT MBA, CFA/CFP:*  
Should you invest as an individual in foreign markets, and if so, how?  
How about a career as financial investment advisor?  
*Optional Connect Reading: Chapter 15*

*Deadline to upload all Case Group Presentation to Canvas – Wednesday, Nov 15, 11:59 pm. What you upload is what you will present.*

Thu 16      **Financial Event Case - Group Presentations (Day 1)**

22 + 23      **Thanksgiving week – no classes**

Tue 28      **Financial Event Case - Group Presentations (Day 2)**

Thu 30      **Financial Event Case - Group Presentations (Day 3)**

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**No Final exam**