New Course Request

Indiana University

Check Appropriate Boxes:  Undergraduate credit □  Graduate credit □  Professional credit [X]

1. School/Division  Business

2. Academic Subject Code  Bus-I

3. Course Number  551  (must be cleared with University Enrollment Services)

4. Instructor

5. Course Title  Global Enterprise Risk Management

Recommended Abbreviation (Optional)

(Limited to 32 Characters including spaces)

6. First time this course is to be offered (Semester/Year):  Fall 2009 (4098)

7. Credit Hours: Fixed at __________ or Variable from 1 to 6

8. Is this course to be graded S-F (only)? Yes _____ No [X]

9. Is variable title approval being requested? Yes _____ No [X]

10. Course description (not to exceed 50 words) for Bulletin publication:  Course description attached

11. Lecture Contact Hours: Fixed at __________ or Variable from __________ 1 to 6

12. Non-Lecture Contact Hours: Fixed at __________ or Variable from __________

13. Estimated enrollment: __________ of which __________ percent are expected to be graduate students.

14. Frequency of scheduling: as needed  Will this course be required for majors?

15. Justification for new course:  for registered Kelley Indianapolis student to take Kelley Direct course. Equivalent to Bloomington X520

16. Are the necessary reading materials currently available in the appropriate library?  yes

17. Please append a complete outline of the proposed course, and indicate instructor (if known), textbooks, and other materials.

18. If this course overlaps with existing courses, please explain with which courses it overlaps and whether this overlap is necessary, desirable, or unimportant.

19. A copy of every new course proposal must be submitted to departments, schools, or divisions in which there may be overlap of the new course with existing courses or areas of strong concern, with instructions that they send comments directly to the originating Curriculum Committee. Please append a list of departments, schools, or divisions thus consulted.

Submitted by:

Department Chairman/Division Director

Date 10/5/09

Approved by:

Dean

Date 10/26/09

Dean of Graduate School (when required)

Date

Chancellor/Vice-President

Date

University Enrollment Services

Date

After School/Division approval, forward the last copy (without attachments) to University Enrollment Services for initial processing, and the remaining four copies and attachments to the Campus Chancellor or Vice-President.

UPS 724

University Enrollment Services Final—White; Chancellor/Vice-President—Blue; School/Division—Yellow; Department/Division—Pink; University Enrollment Services Advance—White
X520 Global Enterprise Risk Management (3.0 cr.)

The purpose of this course is to prepare the student to understand enterprise risk management in a globalized world. From the perspective of a multinational enterprise we focus on foreign Investment Risk, Country Risk, Foreign Exchange Rate Risk ad global Non-Market Risk. We will study different monetary arrangements in the past and present, analyze the very nature of the foreign exchange market, and try to understand the causes and consequences of international currency crises. We will analyze and measure different forms of foreign exchange related risk, and we will study strategies and instruments to manage these risks. We also study the emerging field of non-market risk management. As social and environmental concerns rise, and global communication costs shrink, businesses will increasingly find all of their operations coming under increasing scrutiny, raising regulatory and social risk. We will examine the non-market business environment, defining the major players and the social and economic institutions in which operate. We then explore the successful development of non-market risk reduction strategies.
X520: Global Enterprise Risk Management
Section 29500

Course Objectives

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globalized world. From the perspective of a multinational enterprise we focus, Country Risk, Foreign
Investment risk, Foreign Exchange Rate Risk and Global Non-Market Risk. We will study different
monetary arrangements in the past and present, analyze the very nature of the foreign exchange market,
and try to understand the causes and consequences of international currency crises. We will analyze and
measure different forms of foreign exchange related risk, and we will study instruments and strategies to
manage these risks. We also study the emerging field of non-market risk management. As social and
environmental concerns rise, and global communication costs shrink, businesses will increasingly find all
of their operations coming under increasing scrutiny, raising regulatory and social risk. We will examine
the non-market business environment, defining the major players and the social and economics
institutions in which operate. We then explore the successful development of non-market risk reduction
strategies.

Course Structure and Readings

Throughout this course you are encouraged to combine economic analysis with practical experience and
application. We use two course packets as required readings for this course. In addition, we will upload
additional readings in Angles. The required readings for each class are listed below under Lessons and the
respective week. Students’ interaction is facilitated through the discussion of timely readings on risk
management issues from the Wall Street Journal, the FT, and the Economist. Regular Breeze sessions will
also enhance the interactive environment of the course.

Set up a team
Go to Communicate / Team Builder and sign up for a team as several assignments are team assignments.
We expect you to do so during first week of the quarter.

Assignments

Students may look up assignments for each week under Lessons as well as Calendar in Angles.

Over the course we will have the following types of assignments:

Quiz: See the Angel calendar and lessons areas to know when quizzes begin and end. There will be two
quizzes discussion during this quarter.
Once you start the quiz, you have 60 minutes to finish it. You have exactly one shot. Don’t forget to save
from time to time. Quizzes are open book and under Week Overview you will find what topics the quiz
covers.

Current Event Discussion Forum: Current events discussion forums are individual assignments.
See the Angel calendar and lessons areas to know when Current Events Discussion forums begin and
end. There will be two current events discussion forums during this semester.
They begin when the professor posts a current events article in the discussion forum. The Professors will post one question to begin the discussion. Students are asked to write relatively short answers – one well-written “normal” paragraph is expected – though some may be shorter. Students may directly answer the question or they may respond to answers given by other students. IMPORTANT RULE: Keep watching. Once one question is discussed enough, the professors will add another one. These forums will last a week. You might see two or three questions posted during that week.

IMPORTANT RULE: your grade depends on value-added. Please read what others have already said. Do not repeat their points.

Your professors will not intervene frequently. We will observe and grade your contributions – and we will add new questions when necessary. We may add our own comments from time to time when we think it is important.

**Exercise:** Exercises are team assignments. So make sure you sign up early for a team. We have one balance of payments booking exercise, and three numerical exercises. Please go to Week Overview for detailed instructions. For delivery, please use the Handin Tool under Communicate.

**Case Study:** Case Studies are team assignments. We will have 5 Case Studies over the quarter. Please go to Week Overview for detailed instructions. For delivery, please use the Handin Tool under Communicate.

**Breeze Sessions and Team Chat Rooms:** We will have several sessions during the quarter. Breeze sessions are an opportunity for students to interact with the instructor and ask questions regarding the course, and the material. Breeze sessions are not mandatory and will be recorded.

Private chat rooms will be provided for each team. The professors have access to these rooms but promise not to use this privilege under any circumstance.

**Course Credit:**

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quizzes</td>
<td>7.5 percent</td>
<td>Total: 15 percent</td>
</tr>
<tr>
<td>Current Event Discussion Forums</td>
<td>7.5 percent</td>
<td>Total: 15 percent</td>
</tr>
<tr>
<td>Exercises</td>
<td>5 percent</td>
<td>Total: 15 percent</td>
</tr>
<tr>
<td>Case Studies</td>
<td>7.5 percent</td>
<td>Total: 45 percent</td>
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<tr>
<td>Write Up</td>
<td>10 percent</td>
<td>Total: 10 percent</td>
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</tbody>
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**Honor Code**

You are expected to adhere to the Student Honor Code, which is based on the three principles of honesty, responsibility, and ethical behavior.
Schedule

Part I: Foreign Exchange Risk Management

Week 1: The Foreign Exchange Market  
Assignment: Breeze session, non-mandatory  
Material: Fratianni/Hauskrecht chapter 2, electronically  
Video

Week 2: The Balance of Payments Statistics and the Parity Conditions  
Assignment: Exercise  
Material: Fratianni/Hauskrecht chapters 3 and 4, electronically  
Video

Week 3: International Monetary Arrangements  
Assignments: Current Event Discussion Forum, Quiz  
Material: Fratianni/Hauskrecht chapter 1, electronically  
Video

Week 4: Speculative Attack models  
Assignment: Case (team assignment), Current Event Discussion Forum  
Material: Harvard Case Study Currency Crisis plus Notes, Taming the Snake Case, Thailand Case

Part II: Hedging Foreign Exchange Rate Risk

Week 5: Introduction to Enterprise Risk Management  
Assignment: Current Event Discussion Forum  
Material: COSO ERM Executive Summary, September 2004, CRO Interview, Strategic Risk, November 2007

Week 6: Measuring Market Risk  
Assignment: Exercise  
• Chapter 10 Introduction to Market Risk Measurement  
• Chapter 11 Sources of Market Risk

Week 7: Hedging Linear Risk  
Assignment: Exercise  
• Chapter 12 Hedging Linear Risk

Week 8: Hedging Nonlinear Risk  
Assignment: Quiz  
• Chapter 13 Hedging Nonlinear Risk  
An Introduction to CME Foreign Exchange Products, CME, 2006
Part II: Non-Market Risk Management
**Week 9:** Introduction to Non-Market Risk Management
Material: Wal-Mart’s Business Environment
Assignment: Case Questions and on-line case discussion.

**Week 10:** Managing Stakeholder Risk: Reputation Risk Management
Material: Anatomy of a Corporate Campaign: Ran-Citigroup (A)
Assignment: Case Questions and on-line discussion.

**Week 11:** Non-Market Risk Management in Project Finance
Material: RBC Financial Group and Qatar Gas
Assignment: Case Questions and on-line discussion.

**Week 12:** Crisis Management
Material: Sunk Costs: The Plan to Dump the Brent Spar
Assignments: Case Write-up