



**ITAM**  
ESCUELA DE  
NEGOCIOS  
DIVISIÓN ACADÉMICA DE  
ADMINISTRACIÓN Y CONTADURÍA

**INSTITUTO TECNOLÓGICO AUTÓNOMO DE MÉXICO**  
**INTERNATIONAL BUSINESS**  
**PROF. RUBINA VERMA**  
**FALL 2013**

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**Lecture:** Monday and Wednesday, 11:30 a.m.-1:00 p.m. RH 304

**Office Hours:** Tuesday 3:00 p.m. - 5:00 p.m. and/or by appointment

**Office Location:** ITAM, Santa Teresa (near Room 402)

**Email:** [rubina.verma@itam.mx](mailto:rubina.verma@itam.mx)

**Professor's Website:** <http://allman.rhon.itam.mx/~rubina.verma/index.html>

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### **OBJECTIVES**

In this course the students will learn: 1) the basic principles of international trade and investment; 2) the global environment in which international firms operate; 3) the financial exchange systems and institutions that measure and facilitate international transactions; 4) the rules and practice of importing and exporting goods and services; 5) an overview of international finance, accounting and auditing and a few other aspects which involve doing business in an international environment.

### **EVALUATION**

Class Attendance, Participation and Home work	10 %
Midterm Exam	40%
Quizzes	10%
Final Exam	40%

Class attendance must be at least 80%; failure to meet this requirement entails that the student should drop the course. If not, she/he will receive a N/A as the final course grade. Participation will be judged by your ability to answer questions as well as surprise quizzes on the material covered. The Home work assignments will be given in class and will consist of short answer questions. These will be collected by the instructor and graded for attempt and completion. **Incomplete assignments will NOT receive a grade.** We will discuss the answers in class for which students are encouraged to work on these assignments and then participate in class discussions based on them.

To pass this course, the student **must pass the final exam** with a grade of 6 or higher. She/he should also be present for **both the exams** and should follow the guidelines indicated in the Reglamento de Alumnos de Estudios Profesionales. If the student cannot take the midterm, then she/he must talk to the professor **before** the exam, and/or present a formal certificate of absence. If approved by the professor, the student must accept the final exam grade with a weight of 40%.

All students must take the final exam on the date assigned by the Control de Escolares; no exceptions will be made.

Presentations will be assigned in class during mid-semester; students will present in small groups and will have to submit the presentation via email to the instructor.

## READINGS

- 1) Hill, Charles W., *International Business: Competing in the Global Marketplace*, 7<sup>th</sup>/8<sup>th</sup> edition. Edition New York: Irwin McGraw Hill.
- 2) Supplementary reading material may be provided by the instructor in class.

During the semester we will cover the following topics in detail and discussion in class and exams will be based on them. The instructor may modify and/or add a little more material as the class progresses. The power point slides and other study material will be available on <http://comunidad.itam.mx/>

## DETAILED DESCRIPTION OF THEMES

1. International Trade Theory: Overview of trade theory, Principles of absolute and comparative advantage, Heckscher Ohlin theory, New trade theory, *Chapter 5*
2. Political Economy of Trade: Instruments of trade policy, Overview of World Trading System, WTO, etc. *Chapter 6*
3. Economic Integration: Economic and political reasons for and against integration at regional levels, Regional trade organizations such as NAFTA, etc. *Chapter 8*
4. Foreign Direct Investment: Sources of FDI, Theories relating to FDI, Benefits and costs of FDI, etc. *Chapter 7*
5. Entry Strategy and Strategic Alliances: Different modes of entry, Selection of entry modes, Pros and cons of different modes of entry, etc. *Chapter 14*
6. Balance of Payments: External reference (will be uploaded on comunidad)

## MIDTERM EXAM

7. The Foreign Exchange Market: Functions of foreign exchange markets, Theories of exchange rate determination, Exchange rate forecasting, etc. *Chapter 9*
8. The International Monetary System: History of exchange rate system, Types of exchange rate, Pros and cons of different exchange rate regimes, etc. *Chapter 10*
9. Export and Import: Export strategy, Export and import financing, Countertrade etc. *Chapter 15*
10. Accounting in International Business: Differences in accounting standards across countries, Accounting aspects of control systems, etc. *Chapter 19*
11. Financial Management in International Business: Investments decisions, Financing decisions, Global money management, etc. *Chapter 20*
12. National Differences in Political Economy: Different economic systems, Different legal systems, and Different concepts of economic development, Deregulation, Privatization etc. *Chapter 2*

**Note:** The students should also be familiar with the **management focus** section in each chapter, as they are a good application of the theory learnt in the chapters. The students are strongly encouraged to read the Economist, Wall Street Journal, Financial Times and other periodicals/magazines.