

**Multinational Business Finance**  
**FNBSLW 755**  
**Fall 2009**

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**Text:**

The required textbook is *Multinational Business Finance*, by Eiteman, David K., Arthur I. Stonehill, and Michael H. Moffett, 11<sup>th</sup> Edition, Pearson-Addison Wesley, 2007; ISBN 0-321-35796-5. According to the publisher a new edition of this book is supposed to come out in August 2009. Since it would be too late for me to update the audio and video materials, I recommend you to buy a used copy of 11<sup>th</sup> edition.

The optional instructional CD Rom will be \$7.50 per CD. Call 262-472-1281 or 1-877-266-5787 (toll free) if you would like your instructional materials shipped to you by the UW-Whitewater Bookstore. You may place your order online at [www.uwwhitewaterbookstore.com](http://www.uwwhitewaterbookstore.com).

**Course Prerequisite:**

Prerequisites for this class are: Business Finance (FNBSLW 344), Financial Management (FNBSLW 718), or equivalent. Therefore, during the semester I assume that you have prior knowledge of basic financial concepts, such as time value of money, financial assets valuation, capital budgeting criteria, and are familiar with evaluating corporation financial statements. Since most of the projects assigned in this class also require knowledge of Microsoft Excel and Word, prior familiarity with them is very important.

**Course Description:**

This course examines the problems, techniques, and policies of financial decision-making in a multinational enterprise (MNE). This course uses the combined perspectives of the chief financial officer of a foreign affiliate and the financial officer in the home-country headquarters responsible for international matters.

In early part of the course our discussion follows a macro perspective, as we discuss international markets and economic conditions in general terms. Students, for example, will learn how the international financial markets facilitate international business transactions (e.g., international flow of funds, international financial markets, exchange rate determination, and currency futures and options) or how different factors affect exchange rates (e.g., government influence on exchange rates, international arbitrage & interest rate parity, and relationship between inflation, interest rates, and exchange rates), so that they can manage the MNE's exchange rate risk.

Conversely, later in the course we follow a micro perspective, as we emphasize the managerial decisions faced by individual MNEs. In this part, students become familiar with the short-term financial decisions and short-term investment decisions of an MNE, as well as, long-term financing decisions and long-term investment decisions. The macro parts provide the background necessary to make micro (managerial) decisions.

The overall underlying assumption of this course is that financial management concepts useful in a single-country context must be modified to handle the additional variables and constraints brought by the “uniqueness” of being international.

### **Course Objectives:**

Upon completion of this course you should be able to:

1. Analyze the impact of financial events around the world on a particular investor or a multinational enterprise,
2. Apply appropriate theories to assess the impact of a current global event on a multinational enterprise, and
3. Develop and justify strategic alternatives for conducting successful business in a global environment.

### **Individual Projects:**

There are three individual projects: Global Investment Project, Problem Assignments, and Internet Discussions.

#### **1. Global Investment Portfolio Project**

This project (Modules 2, and 12) is intended to challenge you to create your own global stock portfolio containing at least four U.S.-based multinational enterprises (MNEs) and four foreign stocks. Each student will monitor the portfolio during the semester and determine why it performed well or poorly over time. You will complete reports that answer questions about the sensitivity of each stock to the U.S. market and the corresponding foreign market of foreign stock. A detail description of this project is provided on D2L. You must submit your answers as attached Word file on the Dropbox (on D2L).

Reports for this project are due on the following dates:

	<u>Due Date</u>	<u>Max. Points</u>
GI PP -01 (Module 02)	09/17/2009	30
GI PP -02 (Module 12)	12/03/2009	70

#### **2. Discussions**

This project is intended to allow each student to participate in class discussions. In every module, I have provided point and counter-point on specific topic for discussion. You are encouraged to participate in these discussions by offering your own opinion in support of one of the viewpoints.

Every student in the class must participate in the discussions by posting 10 opinions on the point and counter-point of topics discussed in the course modules during the semester. Make sure you participate in the class discussion throughout the semester. Please remember when you post a discussion in favor (point) of a topic you cannot also post a counter-point on the same topic. Discussions will count for maximum of 40 points of your total grade.

### **3. Problem Assignments**

There are two problem assignments (Modules 6, and 10) which are intended to familiarize you with the concepts discussed in the textbook. In each problem assignment you are asked to solve several problems from the selected chapters in your textbook. You must submit your answers as attached Excel file on the Dropbox (on D2L). No late report will be accepted.

Reports for this project are due on the following dates:

	<u>Due Date</u>	<u>Max. Points</u>
Problem Assignment-01 (Module 06)	10/13/2009	100
Problem Assignment-02 (Module 10)	11/10/2009	100

### **Team Projects:**

Team projects are intended to allow the students to apply the concepts in the text to the real world problems facing every multinational enterprise (MNE). Students in the class will be divided into teams of four to five. Instructor will determine members of each team. Each team must select a leader. The leader is responsible for arranging the team meetings and delegating the responsibilities among the team members. The team leader is also responsible for reporting any problem or question the team may have. If any team member does not cooperate the team leader should contact me as soon as possible so I can ask that member to provide his/her own individual reports. There are two team projects: Managing Your Own Multinational Enterprise, and Decision cases.

#### **1. Managing Your Own Multinational Enterprise**

In this project I provide you the opportunity to apply the key concepts in the course to your own idea about running a multinational enterprise. Many existing multinational enterprises are small firms that focus on exporting a single product to a single country. The exported product could be sold to a single distributor based in a foreign country or could be even sold through the mail based on demand from mail-order ads. Your idea may be an extension of an idea you had for a business within the United States. It should focus on one particular foreign country and one particular foreign currency (the local currency of that country), since many of the questions within this project will allow you to learn more about that country and currency. A detail description of this project is provided on D2L. You must submit your reports as attached Word file on the Dropbox (D2L).

Reports for this project are due on the following date:

	<u>Due Date</u>	<u>Max. Points</u>
Managing Your Own MNE - 01(Module 04)	10/01/2009	30
Managing Your Own MNE - 02(Module 14)	12/08/2009	70

## 2. Decision Cases

At the end of Modules 4, and 8 teams will be given two decision cases related to key concepts discussed in those chapters and require each team to answer questions in these cases. Each team must prepare a maximum two-page report (double space, 12 cpi, Times New Roman font) for each report. You must submit your answers as attached Word file on the Dropbox (D2L). No late report will be accepted.

Reports for this project are due on the following dates:

	<u>Due Date</u>	<u>Max. Points</u>
Decision Case-01 (Module 03)	09/22/2009	100
Decision Case-02 (Module 08)	10/27/2009	100

### Extra Credit Assignments:

I have created some Internet Exercises for you to become familiar with different web sites that provide vital financial information. If you are interested in earning extra credit, I encourage you to complete these exercises and submit them for grading.

Reports for this project are due on the following dates:

	<u>Due Date</u>	<u>Max. Points</u>
Extra Credit Internet Exercise 01 (Module 5)	10/06/2009	5
Extra Credit Internet Exercise 02 (Module 11)	11/17/2009	5

### Attention Please:

UW-Whitewater has recently engaged a plagiarism prevention service from Turnitin. I will submit all your report papers electronically to Turnitin, where the reports are checked against the Turnitin database which comprises of several generations of Internet documents, published work in commercial databases, and student submitted papers to determine the originality of the work.

Turnitin abides by a strict privacy policy to protect sensitive data. Student information and papers are secured digitally through industry-standard SSL encryption and physically through stringent security measures at Turnitin's server facility. Turnitin does not require student names to be associated with submitted papers. I suggest you do not attach your name to the paper. I can identify who has submitted paper from D2L Dropbox. Therefore, I will only accept reports submitted through D2L. Papers submitted through e-mails (in case of technical difficulties with D2L servers), must also be submitted to D2L Dropbox shortly after the D2L server is back on line.

## Grading Policy:

**Grading standards and the rubric used in evaluating all team and individual projects are presented in the Course Introduction and Requirements Module of D2L, under the heading of Project Evaluations and Grading Policy. Please make sure you read them so that you are aware how your assignments are graded in this class.**

The following grade scale is used for this class. The total grades earned from all required project reports and class discussions are 840 points. In addition, you may earn 10 points if you decide to submit extra credit assignments.

A:	595	-	640 points
AB:	563	-	594.99
B:	531	-	562.99
BC:	499	-	530.99
C:	448	-	498.99
D:	384	-	447.99
F:	Below 384		

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Grades will not be curved under any circumstances.

**Please be advised that you must observe the deadlines for ALL assignments and peer evaluations. Any project report or peer evaluation that is late is subject to 10% (per day) deduction.**

## University Policy Regarding Student Honor Code:

As members of the University of Wisconsin - Whitewater College of Business & Economics community, we commit ourselves to act honestly, responsibly, and above all, with honor and integrity in all areas of campus life. We are accountable for all that we say and write. We are responsible for the academic integrity of our work. We pledge that we will not misrepresent our work nor give or receive unauthorized aid. We commit ourselves to behave in a manner that demonstrates concern for the personal dignity, rights and freedoms of all members of the community. We are respectful of college property and the property of others. We will not tolerate a lack of respect for these values.

<http://www.uww.edu/cobe/students/honorCode.html>

## Academic Misconduct:

I take academic honesty very seriously. In this course you are expected to perform to the utmost of your ability in an honest and sincere manner. Cheating, the use of unauthorized materials, plagiarism, or any other form of academic misconduct will result in as severe a penalty as permitted in UWS Chapter 14.

## **University Policies Regarding Students with Disabilities**

The University of Wisconsin-Whitewater is dedicated to a safe, supportive and non-discriminatory learning environment. It is the responsibility of all undergraduate and graduate students to familiarize themselves with University policies regarding Special Accommodations, Misconduct, Religious Beliefs Accommodation, Discrimination and Absence for University Sponsored Events. (For details please refer to the Undergraduate and Graduate Timetables; the "Rights and Responsibilities" section of the Undergraduate Bulletin; the Academic Requirements and Policies and the Facilities and Services sections of the Graduate Bulletin; and the "Student Academic Disciplinary Procedures" [UWS Chapter 14]; and the "Student Nonacademic Disciplinary Procedures" [UWS Chapter 17].

Students with documented disabilities through the Center for Students with Disabilities (CSD) are encouraged to discuss their accommodation needs with their instructors during the first week of class. Students must submit their request for services sheet to their faculty. If necessary the forms can be emailed directly to the instructor from the CSD. Students have primary responsibility in coordinating testing accommodations. Students must have instructor approval prior to taking tests. Students who are interested in services should contact the CSD regarding documentation and services. The CSD phone number is 262 472-4711 or email [csd@uww.edu](mailto:csd@uww.edu).