

INBS/FINC 577

SELECTED TOPICS IN INTERNATIONAL BUSINESS & FINANCE: Applications in International Finance

3 Credits

Department of International Business
School Of Business
Montclair State University

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Spring 2010

Catalogue Description:

More and more, corporate profits and investment returns are being earned by financial decisions made in a cross-border setting. This course introduces students to financial risk and opportunities and threats confronted by corporate managers in such a setting. Taking account of the cross-border factors such as exchange rates, different interest rates, changeable tax rules, country risk factors and varying economic and legal environments, the course provides prospective managers with analytical tools, skills and insights to solve the financial challenges corporations encounter in an international corporate environment.

Prerequisites: INBS 501, FIN 501 or MBA Director's approval

Required Text:

International Finance: A Casebook by Mihir A. Desai, Wiley 2007.

Course Objectives:

Utilizing a firm-centric and case-based technique, the course will challenge the students to work through analytical exercises based on actual companies and on real issues faced by their managers. Though helpful, no prior knowledge of international finance is necessary to take this course. The issues the students will familiarize themselves with will center on:

- Firm's Hedging Decision for Managing Exchange Rate Exposure
- Cross-border Valuation and Investments
- Financing Decisions Based on Opportunities Created by International Financial Markets
- International Taxation and Financial Decision Making

ADMINISTRATION

- **Office Location and Hours**
Partridge Hall #350
(973) 655 7075
e-mail: usmenn@mail.montclair.edu
Hours: Wednesdays 2:30 to 4:30 or by appointment.
- **Grading**

Exam #1	20%
Exam#2	20%
Exam #3	20%
Class Participation	10%
Attendance	10%
Peer Evaluation	20%

The cases will be discussed in class with student participation. There will be three take home exams given during the semester. You will work with your study group in preparing your response to the exam questions. Attendance will be taken at each class. Marginal grades will be determined taking into account (among other things) the extent to which the student contributed in a constructive manner to the classroom sessions.

- **Readings**

Readings from the cases will be assigned for each class. It is very important to arrive to class having read the case diligently. I reserve the right to call upon you during class to provide explanations and answers to questions or problems. Please be aware that the degree of the student's preparation (or lack thereof) may be used to determine marginal grades.

COURSE OUTLINE

Week:	Reading Assignment:
1. Overview	Introduction
2. Case #1: Foreign Exchange Markets and Transactions	Desai: pp. 6-33
3. Case#2: Exchange Rate Policy at the Monetary Authority of Singapore	Desai: pp. 33-56
4. Case #4: Hedging Currency Risks at AIFS	Desai: pp. 85-101
5. Case #6: Foreign Exchange Hedging Strategies at General Motors: Competitive Exposure	Desai: pp. 122-129
6. Exam#1 (March 3)	
7. Case#7: The Refinancing of Shanghai General Motors	Desai: pp. 135-154
8. Case#10: Valuing a Cross-Border LBO: Bidding on the Yell Group	Desai: pp. 203-220
9. Case#11: Globalizing the Cost of Capital and Capital Budgeting at AES	Desai: pp 220-243
10. Exam#2 (April 7)	
11. Case#13: Drilling South: Petrobus Evaluates Pecom	Desai: pp. 281-307
12. Case#15: Cross-Border Listing and Depositary Receipts	Desai: pp. 326-355
13. Case#16: Tax-Motivated Film Financing at Rexford Studios	Desai: pp. 355-367
14. Exam#3 (May 5)	

Educational Dimensions of the Strategic Charter Supported by Course:

A. Discipline Specific Knowledge and Competencies:

The course will provide the fundamental financial decision making skills required of a manager in companies engaged in cross border operations. The perspective will be on the firm and the challenges it faces in doing business across borders. Emphasis will be on practical applications of modern techniques and concepts in international finance. Topics covered include understanding of exchange rates, exchange rate derivatives and their markets, measuring and managing exchange rate exposure, international investing and financing.

B. Thinking Skills:

Lectures will be based on classroom discussions of the cases students prepare. Students will be expected to reflect and expand on the classroom discussions by working in groups on applications of financial policy making in a multinational company.

C. Communication Skills:

Students will be active participants in classroom discussions. They will be asked to write extensive evaluations of their analysis of the cases.

D. Change Management:

Students will be urged to think globally and will be introduced to managing the added dimensions globalization brings to their environment.

E. Self Development:

Students will be asked to retrieve information from internationally oriented publications (WSJ, FT, NYT, The Economist, Euromoney and the INTERNET), as well as professional and academic journal articles. They will work in groups on case assignments. The students will sharpen their creative and critical thinking skills to be life-long learners and team members. The skills they will be working on are focusing on the essential, information gathering, organizing, remembering, analyzing and new knowledge generating.