

Business 357 – International Corporate Finance
Sec 1; T, R 12:30 – 1:45; CPS 322
University of Wisconsin – Stevens Point
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And by appointment

PLEASE READ THIS SYLLABUS CAREFULLY AND RETAIN IT FOR FUTURE REFERENCE; IT CONTAINS YOUR RESPONSIBILITIES TO SUCCESSFULLY COMPLETE THIS COURSE. THIS SYLLABUS IS SUBJECT TO ANY CHANGES ANNOUNCED IN CLASS OR THROUGH CAMPUS E-MAIL; IT IS YOUR RESPONSIBILITY TO BE AWARE OF ANY CHANGES THAT ARE ANNOUNCED.

SBE Mission Statement

The UW-SP School of Business and Economics educates and inspires students and prepares graduates for success in positions of leadership and responsibility. We serve the students, businesses, economy and people of the greater central Wisconsin region. Our students achieve an understanding of regional opportunities that exist within the global economy.

Evidence of our graduates' level of preparation will be found in their ability to...

- Analyze and solve business and economics problems
- Understand the opportunities and consequences associated with globalization
- Appreciate the importance of behaving professionally and ethically
- Communicate effectively

SBE Program Assurance of Learning Objectives

1. *Students will be able to apply core concepts, models and methods from business, accounting and economics in identifying and solving problems.*

Bus 357 Learning Outcome

A discussion of core concepts, models and methods in international finance will be discussed throughout the course, including:

1. international financial markets and innovation in these markets
 2. the various types of financial derivatives and how these derivatives can be used
 3. currency systems and parity conditions
- 2a. *Students will be able to identify the regional benefits from a greater presence of local business in global markets.*
- 2b. *Students will be able to describe the structural changes in the local economy that results from globalization.*

Bus 357 Learning Outcome

The impact of globalization on firm performance and consequently the local economy is discussed through:

1. Factors affecting international trade and product sourcing
2. Factors affecting global mergers and acquisitions
3. Available corporate financing through international markets.

3a. Students will be able to appreciate the importance of behaving professional and ethically.

Bus 357 Learning Objective

The international implications of the U.S. financial crisis are discussed.

3b. Students will be able to work effectively with others in team settings.

Bus 357 Learning Objective – not required

4a. Students will be able to craft and present an effective professional oral presentation.

4b. Students will be able to successfully write an effective professional report.

Bus 357 Learning Objective

Students will be required to select a company and analyze its international strategic objectives and the use of financial derivatives in its operations; the analysis will culminate in a class presentation.

Course Description

Introduction to international financial markets, exchange rate determination theory, concepts/measurement of foreign risk exposure, financial instruments to hedge risk, and financing multinational enterprises. Prereq: Bus 350.

Course Objective

The goal of this course is to provide you with a broad understanding of international concepts and issues applicable to multinational corporations. The course has the following objectives:

1. cover theories and concepts necessary to obtain a broad understanding of international corporate finance and current issues
2. cover both international economic and financial concepts (they are inextricably intertwined) necessary to understand the challenges faced by multinational corporations
3. study recent and current economic events that have impacted the financial markets
4. increase student awareness as to what firms are doing internationally

Required Materials

Textbook: Jeff Madura, International Financial Management, (Abridged 12th ed.), Cengage

As the preface to the textbook indicates, the text is suitable for both graduate and undergraduate courses in international corporate finance. As a result, some of the material in the text will be emphasized; other material will not. The text material that is important for this course will be emphasized in class; the text material that is not important for this course will not be covered in class. Thus, it is important to know what is discussed in class. This is the important material that is emphasized and provides the basis for exam questions.

Class Format

For each chapter and topic, there will generally be a comprehensive Powerpoint presentation, and accompanying Review Questions. The Review Questions, assigned homework, and class discussion (which may include websites and articles in addition to the Powerpoint presentations and review questions) will provide the basis for exam questions. The distribution of materials will be available two ways: 1) e-mail, and 2) Desire 2 Learn (D2L). For each topic, I will e-mail the materials via the UWSP class distribution e-mail list. The material will also be available in D2L for Business 357.

Our class discussions will include the Powerpoint presentations – you can use The Review Questions to test your knowledge of the material presented in the Powerpoint slides. The Powerpoint slides are usually quite detailed. I have tried to design the slides so they are an excellent and generally complete source in providing answers to the Review Questions.

The Review Questions are an excellent way to study for exams, as they will provide the basis for exam questions covering the material presented in the Powerpoint slides and articles. In addition to Powerpoint slides, classes may also cover website material, articles, and current events.

Your Responsibilities

For this course:

- 1) Study the relevant chapter material, including Powerpoint slides and Review Questions.
- 2) Attempt to do any homework before it is discussed in class.
- 3) Attend class.
- 4) BEFORE EACH EXAM, diligently study the Review Questions, Powerpoint Slides, homework questions and problems, and any additional material (such as current events, websites, articles) that is discussed in class. Exam questions are taken from this material.
- 5) **Take the exams at the designated times.**

I believe that you will benefit from attending class. If you choose to attend class, please be respectful towards the class by minimizing talking and turning off your cell phone. For a listing of student rights and responsibilities at UWSP, please see the Division of Student Affairs.

GRADING**EXAMS**

YOUR GRADE WILL BE BASED ON YOUR SCORE FROM THREE EXAMS, AND AN INTERNATIONAL CORPORATE FINANCE PROJECT. EACH EXAM WILL COMPRISE 30% OF YOUR FINAL GRADE; THE INTERNATIONAL CORPORATE FINANCE PROJECT WILL COMPRISE 10% OF YOUR FINAL GRADE.

THERE ARE THREE MID-TERM EXAMS, EACH COUNTING FOR 30% OF YOUR FINAL GRADE. ALL THREE MID-TERM EXAMS ARE ONLINE.

Once you start the exam, you will have 90 minutes (one hour and 30 minutes) to complete the exam. Obviously, exams are open note, open book exam. **YOU ARE TO WORK ON THE EXAM INDEPENDENTLY.** There are 40 equally-weighted multiple choice questions on the exams. There are different versions of the exam; however, the questions are sequentially arranged (approximately) in the order that the material was covered in class. You will not be allowed to move back to a previous question on the exam.

YOU ARE RESPONSIBLE FOR KNOWING WHAT IS ANNOUNCED IN CLASS REGARDING THE REQUIREMENTS FOR EACH EXAM. Students copying or supplying answers to others during an exam are subject to academic misconduct. Don't do it.

PROJECT

An international corporate finance project worth 10% of your final grade will be assigned following Spring Break. The project will consist of a short presentation on a selected public company. The presentation will be approximately 10 – 15 minutes. Your presentation will consist of 3 sections for your selected public company:

1. Company Overview
2. Discussion of International Operations
3. Discussion of the use of foreign currency derivatives and hedging in the company's operations.

Harley-Davidson will be used as the example for the project, so you cannot select Harley-Davidson for your company. Details regarding the project will be provided after Spring Break. An objective for the presentations is to increase your awareness as to what companies are doing internationally, and how financial derivatives play a role in their operations. As part of your grade, attendance will be required on presentation days.

GRADING SCALE

Unless a curve is necessary, the following standard grading scale will be used:

- A 90-100%
- B 80-89
- C 65-79
- D 50-64
- F < 50

Pluses and minuses will be used. For example, 80-82 will be a B-; 83-86 B; and 87-89 B+.

If the cumulative class median grade is below 80% based upon the three Mid-term exams and the Project, a curve will be used. Those scoring above the class median will receive a grade of B- or better. (This means approximately 50% of students will be in the A or B range – approximately the top 20% of students will receive an A or A-.) Pluses and minuses will be used with the curve.

Students copying or supplying answers to others for exam questions are subject to academic misconduct. Don't do it.

EXTRA CREDIT IS NOT AVAILABLE FOR THIS COURSE. YOU NEED TO UNDERSTAND THE MATERIAL PRESENTED ON A TIMELY BASIS AND PERFORM WELL ON THE EXAMS IF YOU WANT TO DO WELL IN THE COURSE. EXAM DATES ARE INDICATED ON THE COURSE OUTLINE BELOW.

TIMETABLE - THE TIMETABLE, TOPICS, CHAPTERS, AND HOMEWORK LISTED BELOW ARE TENTATIVE AND SUBJECT TO ANY CHANGES ANNOUNCED IN CLASS OR THROUGH E-MAIL. IT IS YOUR RESPONSIBILITY TO BE AWARE OF ANY CHANGES THAT ARE ANNOUNCED.

<i>Week of</i>	<i>Topics</i>	<i>Chapters</i>
January 23	Introduction to the Course The Financial Crisis and International Financial Markets	
January 30	The U.S. Economy since the Financial Crisis International Financial Management	1
February 6	International Trade – NAFTA	
February 13	International Trade – NAFTA	
February 20	Mid-term Exam 1 <u>You may take mid-term exam 1 anytime between Saturday, February 17 at 8:00 a.m. and Thursday, February 22 at 5:00 p.m. The exam must be completed by 5:00 p.m. on February 22.</u>	
February 27	International Financial Markets	3
March 6	Exchange Rate Determination	4
March 13	Currency Derivatives	5
March 20	Mid-tem Exam 2 <u>You may take mid-term exam 2 anytime between Saturday, March 17 at 8:00 a.m. and Thursday, March 22 at 5:00 p.m. The exam must be completed by 5:00 p.m. on March 22.</u>	
March 27	Spring Break	
April 3	Project Discussion Managing Economic and Translation Disclosure Hedging Disclosure	12
April 10	Exchange Rates and Exchange Rate Systems	6
April 17	International Investing and other (maybe International Trade documentation)	
April 24, May 1, May 8	Mid-term Exam 3 and Presentations <u>You may take mid-term exam 3 anytime between Monday, April 23 at 8:00 a.m. and Thursday, May 10, at 5:00 p.m. The exam must be completed by 5:00 p.m. on May 10.</u>	

Homework for each chapter will be assigned as we progress through the chapters.