MODULE FOR BUSINESS/MANAGERIAL FINANCE (BUS 225)
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Rowan-Cabarrus Community College

Introduction

As global markets have become more interdependent, so has international finance become a more important element in managing global companies often called Multinational Companies (MNC). These firms have international assets and operations in foreign markets and receive part of their revenue and profits from those markets. These assets are often direct investments in facilities and equipment to operate a full-scale business. Today, people and companies make portfolio investments in foreign stocks and bonds all the time.

Certain factors unique to global companies tend to complicate the financial management of MNCs. International business is an increasingly large part of commercial activity in the United States, therefore, it is essential that we understand the basic financial principles of doing business with companies in foreign lands. In the present international environment, MNSs face a variety of laws and restrictions and several additional complications and risks when operating in different nations. The legal and economic problems are significantly different from those a domestic firm would face.

Description of Module

The objective of the module is to expose the students to the difference between domestic and multinational corporations and the impact the differences have on financial management of multinational corporations. We will also incorporate the study and impact of the host government rules and regulations imposed on a multinational corporation such as, taxes, hiring practices, and repatriation of profits. Along with the financial restrictions, we will look at how the culture, political climate, and general business practices effect ways of conducting business for a multinational.

Objectives:

At the end of this module, students should be able to:

1) Distinguish these major differences between a multinational and domestic corporation.
2) Understand the economic and legal ramifications, and the role of governments in conducting business in a host nation.
3) Gain a basic knowledge of the International Monetary System as to exchange rates and monetary arrangements.
4) Describe foreign direct investment, investment cash flows and decisions, and factors that influence capital structure.
5) Calculate foreign exchange rates including cross rates, currency quotations, and spot and forward rates.
6) Know the effects of inflation, interest rates, and exchange rates and how they influence future production and cost in the home operations and abroad.
7) Understand Capital Budgeting and structures of multinational corporations.
Methodology

1) Lectures and class discussions
   a) Lectures and discussions will consist of different daily topics in the financial world and the effects on world economies. –
      1. Presentation and discussion of financial articles taken from the local newspaper (Charlotte Observer) and magazine articles, chiefly from *Time Magazine* and *MONEY Magazine.*
      2. Use of internet articles from John Jubak
   b) Special interest placed on calculating the exchanges rates.
      1. Tracking exchange rates of the US dollar and the Euro and other country currency
      2. Visit websites (from list) to calculate exchanges rates
      3. Chart changes in rates for a period of two (2) weeks
   c) Sessions on monetary and political risk of multinational. –
      1. Chief topic will be on exchange rate risk and the effect of inflation on the risk.
      2. Discussion of Political risk as it refers to actions of host governments
      3. Discussion of the Business climate as to a host country social and economic environment.
   d) Case discussion: The case study will focus on a local business, Food Lion. Listed as [www.delhaizegroup.com](http://www.delhaizegroup.com)
      1. Study of the consolidated financial statements of Food Lion and DelHaize.
      2. The impact of exchange rates
      3. The differences in GAAP and the IASB (the International Accounting Standards Board)

2) Student Report
   a) Each student will give an oral report on a country of their choosing.
   b) Report to include monetary system, dollar value exchange rate (at date of report), and the culture and protocol of conducting business in the host nation.

3) Guest Speaker—will have a guest speaker from a local bank of non-American descent or working in the international banking field.

4) Library research for student report project.

Evaluation
Student will be evaluated at the end of module by an in-class exam and the project presentation. The module will account for 20% of the overall grade.

Points awarded will be included and calculated with the overall points awarded for the semester.

Class grades will be given according to the standards set by the college (RCCC) and are as follows:

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<tr>
<th>Score Range</th>
<th>Grade</th>
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<tbody>
<tr>
<td>100-93</td>
<td>A</td>
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<tr>
<td>92-84</td>
<td>B</td>
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<tr>
<td>83-77</td>
<td>C</td>
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<tr>
<td>76-70</td>
<td>D</td>
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