



**BUSI 4504A**  
**International Finance**  
**Fall 2016**

INSTRUCTOR	Michael McIntyre	PHONE	613-520-2600 ext. 2514
CLASS TIME	Tuesdays 2:35AM to 5:25PM	E-MAIL	<a href="mailto:michael_mcintyre@carleton.ca">michael_mcintyre@carleton.ca</a>
ROOM:	SA 520	OFFICE	DT 1718

**CALENDAR COURSE DESCRIPTION**

Management of corporate finance as it is affected by the requirements of international business. Issues related to international acquisitions, global investments, volatile exchange rates and hedging techniques. Role of international markets in financing corporate activity.

**PREREQUISITES**

Precludes additional credit for BUSI 3504 (no longer offered) and BUSI 3505.

Prerequisite(s): BUSI 2505 with a grade of C- or higher. **The School of Business enforces all prerequisites.**

**COURSE OBJECTIVES**

The purpose of this course is to do the following:

- a) Convey concepts fundamental to an understanding of the finance function in multi-national enterprises; and,
- b) Illustrate the types of problems that financial executives face in multinational enterprises, and some of the analytical tools available for the solution of these problems.

The course is offered as a combination of traditional lectures and student presentations on the following – a presentation on a country, presentation of an article on an international finance issue, and a presentation on a multi-national enterprise, with each of these topics to be approved by the instructor.

**REQUIRED TEXT**

Textbook (required): Multinational Business Finance, D.K. Eiteman, A.I. Stonehill and M.H. Moffat, 14th edition, Prentice Hall. ISBN-10: 0-13-387987-9.

	<b>Date</b>	<b>Topics</b>	<b>Chapters</b>
<b>1</b>	Sept. 13	<b>The Global Financial Environment</b> Globalization and the Multinational Enterprise Current multi-national financial challenges	<b>1</b>
<b>2</b>	Sept. 20	<b>Foreign Exchange Theory and Markets Part I</b> The International Monetary System The Balance of Payments Financial Goals and Corporate Governance <b>Topic selection form due at beginning of class</b>	<b>2</b> <b>3</b> <b>4</b>
<b>3</b>	Sept. 27	<b>Foreign Exchange Theory and Markets Part II</b> The Foreign Exchange Market International Parity Conditions Foreign Exchange Rate Determination and Forecasting Transaction, Translation and Operating Exposure (Students are not required to read the relevant reference chapters – 10, 11 and 12 – unless you wish to out of interest)	<b>5</b> <b>6</b> <b>9</b> -
<b>4</b>	Oct. 4	<b>Country Presentation</b>	
<b>5</b>	Oct. 11	<b>Country Presentation</b>	
<b>6</b>	Oct. 18	<b>Country Presentation</b>	
<b>7</b>	Oct. 25	<b>Reading week</b>	
<b>8</b>	Nov. 1	<b>Financing the Global Firm</b> The Global Cost and Availability of Capital Raising Equity and Debt Globally International Trade Finance	<b>13</b> <b>14</b> <b>16</b>
<b>9</b>	Nov. 8	<b>Article Presentations</b>	
<b>10</b>	Nov. 15	<b>Article Presentations</b>	
<b>11</b>	Nov. 22	<b>Foreign Investment Decisions</b> Foreign Direct Investment and Political Risk Multinational Capital Budgeting and Cross-Border Acquisitions	<b>17</b> <b>18</b>
<b>12</b>	Nov. 29	<b>MNE Presentation</b>	
<b>13</b>	Dec. 6	<b>MNE Presentation</b>	

## Presentation Schedule

Group	Presenting			Country			Article	MNE
	Country	Topic	MNE	Questioning Groups		Week	Week	Week
1				9	13	6	9	13
2				10	5	4	9	12
3				4	7	4	9	13
4				3	7	5	9	12
5				2	10	6	10	12
6				8	14	4	9	12
7				3	4	6	10	12
8				6	14	5	10	13
9				13	1	4	10	13
10				2	5	5	10	13
11				12	15	6	10	13
12				15	11	4	9	12
13				9	1	5	9	12
14				6	8	6	9	13
15				12	11	5	10	12
<b>120</b>				<b>114</b>	<b>126</b>			

### GRADING SCHEME<sup>1</sup>

Country presentation	20%
Article presentation	20%
MNE presentation	20%
Final Exam	40%

All course material, including content from the country presentations, article presentations, and MNE presentations, is eligible for testing on the final exam. In the event a student cannot participate in class or complete a course deliverable for a reason permitted under the university's guidelines, the weighting of the course component will be added to the weighting of the final exam provided the student submits the appropriate supporting documentation (e.g. doctor's note).

### COURSE COMPONENTS

#### *Presentation Selection Form*

To ensure no repetition of topics, the course instructor will approve all presentation topics. Accordingly, please complete the form that appears below and submit it **at the beginning of class on September 20<sup>th</sup>**. The form allows students to identify three alternatives for each of the presentation topics. The purpose of this is to provide alternatives in case two or more groups choose the same topic.

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<sup>1</sup> The country, article, and MNE presentations will be completed in groups.

### ***Country presentation***

Prepare and deliver a presentation, strictly limited to 20 minutes, on the history, status and prospects of a country's currency. The presentation is to consider the following:

- a) A brief description of the country and its economy, including key industries and products;
- b) The key political and economic events that affected the currency over the last one hundred years or so;
- c) Current key macroeconomic indicators (e.g. money supply growth, fiscal spending, deficits, balance of payments, national debt, GDP per capital, and productivity, quality of life and corruption perceptions);
- d) Current fiscal and monetary policy;
- e) Comment on how well the country has managed its currency or is managing under a currency regime imposed upon it;
- f) Whether or not the country is of interest to an MNE – e.g. as a source of supply, a market, a manufacturing location; and,
- g) Concluding comments.

Please use the concepts presented in the book and in class to support your discussion. The deliverable is a soft copy of the presentation to be emailed to the course instructor before class on the day of the presentation and a hard copy of the presentation to be handed in at the time of the presentation. Please include the country name, course number and year in the file name (e.g. CountryName 4504 F16.pptx).

For each presentation a member of two other groups will pose one or two questions intended to draw out useful insights or make a point that the presenters may have missed or under-emphasized. The schedule of assignment of questioners to groups/course weeks is included above.

### ***Article presentation***

Students are to choose a current article in the financial press or the academic literature on an international finance issue and present the contents of the article in class. The presentation will be strictly limited to 15 minutes.

The deliverable is a soft copy of the presentation to be emailed to the course instructor before class on the day of the presentation and a hard copy of the presentation to be handed in at the time of the presentation. After presentation 1, your group will be identified by its country name. Accordingly, please use a file name following this example: China XXX 4504 F16.pptx where the XXX is one or two key words that indicate the topic the article addresses.

### ***MNE presentation***

Prepare and deliver a presentation, strictly limited to 15 minutes, on the history, status and prospects of a multi-national enterprise ("MNE"). The presentation is to consider the following:

- a) A brief description of the company with particular emphasis on the products or services it delivers and its comparative advantage – what it does well compared to its competitors;
- b) The extent to which it is international – maps of locations work well here;
- c) What motivated it to become a multinational enterprise – e.g. which comparative advantages was it seeking to exploit;

- d) Challenges and difficulties the company has faced or currently faces because of its internationalization – political risk, etc.;
- e) The company's response to controlling or managing its challenges;
- f) Whether or not becoming an MNE has been beneficial for the company expressed in both strategic and financial terms; and,
- g) Concluding comments.

The company must be foreign. For the purposes of this course a country is foreign if its main share listing is not the TSE or an American exchange and its head office is outside Canada or the US. Please use the concepts presented in the book and in class to support your discussion. The deliverable is a soft copy of the presentation to be emailed to the course instructor before class on the day of the presentation and a hard copy of the presentation to be handed in at the time of the presentation. After presentation 1, your group will be identified by its country name. Accordingly, please use a file name following this example: China MNEname 4504 F16.pptx

### ***General Comments on Presentations***

The presentation marks will be divided approximately into 80% for content, and 20% for presentation skills. Your content mark will depend on the quality of your facts and explanations. Your presentation mark will depend on the quality of your presentation and your adherence to the following:

- a) Each group member must speak in the country presentation. For the article and MNE presentations groups are free to decide on which group members will present, with the caveat that generally, presentations are better done if there is more than one presenter.
- b) The presentation must be completed within the specified time limit. If it isn't, you will be asked to end your presentation and your presentation mark may be adjusted downwards.
- c) Your presentation mark will depend on the clarity of your overheads and comments, whether or not you are convincing in your arguments, and whether the story you tell is interesting.

### ***Class participation***

Students are expected to participate in all classes, especially the country, article and MNE presentations.

**BUSI 4504 International Finance  
Topic Selection Form**

Please use the following form to submit group member details, and topic selections. Each group must choose one person who is to correspond with the instructor on topic selection, and indicate with an X in the second column the identity of that person.



**PLEASE PRINT CLEARLY**

		<b>Name</b>	<b>Carleton Email Address</b>	<b>Student Number</b>
1.				
2.				
3.				
4.				
5.				

<b>Presentation</b>	<b>Name or Description</b>	<b>Comments (optional)</b>
Country	1. 2. 3.	
Article	1. 2. 3.	
MNE	1. 2. 3.	

## **ADDITIONAL IMPORTANT INFORMATION**

### **COURSE SHARING WEBSITES**

Student or professor materials created for this course (including presentations and posted notes, labs, case studies, assignments and exams) remain the intellectual property of the author(s). They are intended for personal use and may not be reproduced or redistributed without prior written consent of the author(s).

### **RECOMMENDED CALCULATOR IN BUSI COURSE EXAMINATIONS**

If you are purchasing a calculator, we recommend any one of the following options: Texas Instruments BA II Plus (including Pro Model), Hewlett Packard HP 12C (including Platinum model), Staples Financial Calculator, Sharp EL-738C & Hewlett Packard HP 10bII. Only non-programmable calculators without text storage capabilities will be allowed in the test and exam for this course.

Printed translation dictionaries are allowed, as long as they do not contain handwritten notes. Electronic translation dictionaries are not allowed.

### **GROUP WORK**

The Sprott School of Business encourages group assignments in the school for several reasons. They provide you with opportunities to develop and enhance interpersonal, communication, leadership, followership and other group skills. Group assignments are also good for learning integrative skills for putting together a complex task. Your professor may assign one or more group tasks / assignments / projects in this course. Before embarking on a specific problem as a group, it is your responsibility to ensure that the problem is meant to be a group assignment and not an individual one.

### **ACADEMIC ACCOMMODATION**

The Paul Menton Centre for Students with Disabilities (PMC) provides services to students with Learning Disabilities (LD), psychiatric/mental health disabilities, Attention Deficit Hyperactivity Disorder (ADHD), Autism Spectrum Disorders (ASD), chronic medical conditions, and impairments in mobility, hearing, and vision. If you have a disability requiring academic accommodations in this course, please contact PMC at 613-520-6608 or [pmc@carleton.ca](mailto:pmc@carleton.ca) for a formal evaluation. If you are already registered with the PMC, contact your PMC coordinator to send me your Letter of Accommodation at the beginning of the term, and no later than two weeks before the first in-class scheduled test or exam requiring accommodation (if applicable). Requests made within two weeks will be reviewed on a case-by-case basis. After requesting accommodation from PMC, meet with me to ensure accommodation arrangements are made. Please consult the PMC website ([www.carleton.ca/pmc](http://www.carleton.ca/pmc)) for the deadline to request accommodations for the formally-scheduled exam (if applicable).

### **RELIGIOUS OBSERVANCE**

Students requesting academic accommodation on the basis of religious observance should make a formal, written request to their instructors for alternate dates and/or means of satisfying academic requirements. Such requests should be made during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist, but no later than two weeks before the compulsory academic event. Accommodation is to be worked out directly and on an individual basis between the student and the

instructor(s) involved. Instructors will make accommodations in a way that avoids academic disadvantage to the student.

Students or instructors who have questions or want to confirm accommodation eligibility of a religious event or practice may refer to the Equity Services website for a list of holy days and Carleton's Academic Accommodation policies, or may contact an Equity Services Advisor in the Equity Services Department for assistance.

## **PREGNANCY**

Pregnant students requiring academic accommodations are encouraged to contact an Equity Advisor in Equity Services to complete *a letter of accommodation*. The student must then make an appointment to discuss her needs with the instructor at least two weeks prior to the first academic event in which it is anticipated the accommodation will be required.

## **ACADEMIC INTEGRITY – YOUR RESPONSIBILITY!**

Violations of academic integrity are a serious academic offence. Violations of academic integrity – presenting another's ideas, arguments, words or images as your own, using unauthorized material, misrepresentation, fabricating or misrepresenting research data, unauthorized co-operation or collaboration or completing work for another student – weaken the quality of the degree and will not be tolerated. Penalties may include; a grade of Failure in the submitted work and/or course; academic probation; a refusal of permission to continue or to register in a specific degree program; suspension from full-time studies; suspension from all studies at Carleton; expulsion from Carleton, amongst others. Students are expected to familiarize themselves with and follow the Carleton University Student Academic Integrity Policy which is available, along with resources for compliance at: <http://carleton.ca/studentaffairs/academic-integrity>.

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Using, summarizing or copying directly from another person's work, without identifying the name of the original thinker, is considered a form of cheating called "plagiarism". Plagiarism has serious consequences and can result in course / assignment failure and /or academic suspension.

When using, and/or summarizing the ideas and words of another, be it from a web site, a written text, lecture or discussion group, you must identify the source. Should you choose to use the exact words of another, you must acknowledge these words as such by enclosing them within quotation marks. However, be aware that it is not acceptable to copy large chunks from a source, even if you reference it correctly.

Examples of plagiarism and other instructional offences are identified in the Undergraduate Calendar (section 14, p. 59), parts of which read:

*Examples of plagiarism include*

- Submitting a take-home examination, essay, laboratory report, or another assignment, written, in whole or in part, by someone else.

- Using ideas or direct verbatim quotations, paraphrased material, algorithms, formulae, scientific or mathematical concepts, or ideas without appropriate acknowledgements in academic assignments
- Using another's data or research findings
- Failing to acknowledge sources through the use of proper citations when using another's works and/or failing to use quotation marks.

#### Unauthorized Cooperation or Collaboration

- ... students shall not cooperate or collaborate in the completion of an academic assignment in whole or in part, when the instructor has indicated that the assignment is to be completed on an individual basis. Failure to follow the instructor's direction regarding which assignments, or parts of assignments, should be completed by the individual alone will be considered violation of the standards of academic integrity.
- Answering with another students' **clicker** is also a violation that can lead to severe sanctions.

### **ASSISTANCE FOR STUDENTS**

Student Academic Success Centre (SASC): [www.carleton.ca/sasc](http://www.carleton.ca/sasc)

Writing Tutorial Services: <http://www1.carleton.ca/sasc/writing-tutorial-service/>

Peer Assisted Study Sessions (PASS): [www.carleton.ca/sasc/peer-assisted-study-sessions](http://www.carleton.ca/sasc/peer-assisted-study-sessions)

### **SPROTT STUDENT SERVICES**

The Sprott student services office, located in 710 Dunton Tower, offers academic advising, study skills advising, and overall academic success support. If you're having a difficult time with this course or others, or just need some guidance on how to successfully complete your Sprott degree, please drop in any weekday between 8:30am and 4:30pm. Our advisors are happy to discuss grades, course selection, tutoring, concentrations, and will ensure that you get connected with the resources you need to succeed! <http://sprott.carleton.ca/students/undergraduate/support-services/>

### **IMPORTANT INFORMATION:**

- Students must always retain a hard copy of all work that is submitted.
  - All final grades are subject to the Dean's approval.
  - Please note that you will be able to link your CONNECT (MyCarleton) account to other non-CONNECT accounts and receive emails from us. However, for us to respond to your emails, we need to see your full name, CU ID, and the email must be written from your valid CONNECT address. Therefore, it would be easier to respond to your inquiries if you would send all email from your connect account. If you do not have or have yet to activate this account, you may wish to do so by visiting <https://portal.carleton.ca/>
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