



## MIM520: GLOBAL FINANCIAL MANAGEMENT

**Credit Hours:** 3

**Contact Hours:** This is a 3-credit course, offered in accelerated format. This means that 16 weeks of material is covered in 8 weeks. The exact number of hours per week that you can expect to spend on each course will vary based upon the weekly coursework, as well as your study style and preferences. You should plan to spend 14-20 hours per week in each course reading material, interacting on the discussion boards, writing papers, completing projects, and doing research.

**Faculty Information:** Faculty contact information and office hours can be found on the faculty profile page.

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### COURSE DESCRIPTION AND OUTCOMES

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#### **Course Description:**

This course examines the corporate financial management process, taking into account international variations relevant to conducting business globally. Topics include global financial markets, foreign exchange and derivatives markets, risks associated with foreign investment, and regulatory issues affecting foreign investment. Students discuss investment and financial exchange differences with a focus on limitation of loss and enhancement of returns.

#### **Course Overview:**

The course includes theories, principles, and concepts of international financial management. Topics include international financial institutions, risk management, foreign investment, international banking, and international taxation. The discussions and your assignments revolve around the practical application of the theories, principles, and concepts discussed in the textbook and course lectures. The relevant and timely discussions and readings provide perspectives on current international financial environments to facilitate the development of practical skills.

In the discussion area, students can select from two different discussion questions, regardless of the choice of discussion to respond to, students can respond to classmate's responses even if that wasn't the discussion topic selected in the original post.

#### **Course Learning Outcomes:**

1. Analyze the global financial markets and the factors that affect them.
2. Differentiate foreign exchange and derivatives markets.
3. Assess the risks associated with foreign investment and financing of offshore operations.
4. Develop a strategic finance plan for an expansion project into a foreign country.
5. Distinguish regulatory issues affecting foreign investment and exchange.
6. Demonstrate valid financial decisions based on foreign exchange and interest rate information.

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### PARTICIPATION & ATTENDANCE

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Prompt and consistent attendance in your online courses is essential for your success at CSU-Global Campus. Failure to verify your attendance within the first 7 days of this course may result in your withdrawal. If for some reason you would like to drop a course, please contact your advisor.

Online classes have deadlines, assignments, and participation requirements just like on-campus classes. Budget your time carefully and keep an open line of communication with your instructor. If you are having technical problems, problems with your assignments, or other problems that are impeding your progress, let your instructor know as soon as possible.

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## COURSE MATERIALS

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### Required:

Eun, C.S., & Resnick, B.G. (2017). *International financial management* (8<sup>th</sup> ed.). New York, NY: McGraw-Hill  
ISBN- 13: 9781259717789

**NOTE:** All non-textbook required readings and materials necessary to complete assignments, discussions, and/or supplemental or required exercises are provided within the course itself. Please read through each course module carefully.

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## COURSE SCHEDULE

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### Due Dates

The Academic Week at CSU-Global begins on Monday and ends the following Sunday.

- **Discussion Boards:** The original post must be completed by Thursday at 11:59 p.m. MT and Peer Responses posted by Sunday 11:59 p.m. MT. Late posts may not be awarded points.
- **Critical Thinking:** Assignments are due Sunday at 11:59 p.m. MT.

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## WEEKLY READING AND ASSIGNMENT DETAILS

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### Module 1

#### Readings

- Chapter 1 in *International Financial Management*
- Deb, K., & Hauk, W.R. (2017). Reveled comparative advantage (RCA) indices, multinational production and the Ricardian trade model. *International Economics & Economic Policy*, 14(1), 1-25.
- Perrot, F. (2017). Multinational corporations' strategies at the base of the pyramid. An action research inquiry. *Journal of Business Ethics*, 146(1), 59-76.

#### Discussion (25 points)

#### Critical Thinking (50 points)

Choose one of the following two assignments to complete this week. Do not do both assignments. Identify your assignment choice in the title of your submission.

#### **Option #1: Case Study: Nike and Sweatshop Labor**

Download and read the attached case study from the eighth edition of your textbook, *International Financial Management*, Chapter 1 Mini Case: "Nike and Sweatshop Labor."

Then answer the following questions (found also at the end of the case study):

1. Do you think the criticism of Nike is fair, considering that the host countries are in dire need of creating jobs?
2. What do you think Nike's executives might have done differently to prevent the sensitive charges of sweatshop labor in overseas factories?
3. Do firms need to consider the so-called corporate social responsibilities in making investment decisions?
4. What actions has Nike taken in the last couple of years regarding ethical behaviors?
5. If you were on the Board of Directors of Nike, what policies would you recommend regarding ethical behaviors?

Your paper should be 4-5 pages in length and well written. Support your answers using at least four professional sources (for the entire assignment) in addition to the textbook. Note that written assignments must have a title page, section headers, introduction, conclusion, and reference page. Your paper should conform to *CSU-Global Guide to Writing and APA*.

### **Option #2: Assessing Risks Associated with Foreign Investments**

Use the following Harvard Business Review case study for this Critical Thinking assignment:

Desai, M.A., & Veblen, M.F. (2006). Foreign exchange hedging strategies at General Motors: Transactional and translational exposures.

Read the entire case study and provide a high-level summary of the case. Next, include content that addresses the following topics:

- Examine all the financial risk management elements illustrated in exhibit 5 of the above case study (market, counterparty, corporate, and operational).
- Why should multinational corporations report in functional currency? What are the exceptions in functional currency reporting?
- What risks exist in using functional currency?
- What risks exist in not using functional currency?
- Are there credit risks associated with how currency is reported?
- What is the relationship between functional currency and being socially responsible?
- Study exhibit 4 of the case study (GM Treasury Organizational Structure) and discuss the diversity and inclusion policy of GM. How diverse is GM's Treasury Organizational Structure?

To address these questions effectively, you must read the entire case study.

Your paper should be 4-5 pages in length and well written. Support your answers using at least four professional sources (for the entire assignment) in addition to the textbook. Note that written assignments must have a title page, section headers, introduction, conclusion, and reference page. Your paper should conform to *CSU-Global Guide to Writing and APA*.

## **Module 2**

### **Readings**

- Chapter 2 in *International Financial Management*
- Dorobat, C.E. (2017). The international monetary system and the theory of monetary systems. *Quarterly Journal of Austrian Economics*, 20(2), 194-198.
- Kabir, S., & Salim, R. (2016). Can a common currency induce intra-regional trade? The Southeast Asian perspective. *Review of Urban & Regional Development Studies*, 28(3), 218-234.

## Discussion (25 points)

### Critical Thinking (50 points)

Choose one of the following two assignments to complete this week. Do not do both assignments. Identify your assignment choice in the title of your submission.

#### **Option #1: Bretton Woods Analysis**

Select one of the Bretton Woods Institutions (in place of the ITO, you can write about the WTO) and research the history of that institution. Then draft a critical analysis of the institution in today's environment, paying special attention to its role in major global financial crises.

Your paper should be 4-5 pages in length and well written. Support your answers using at least four professional sources (for the entire assignment) in addition to the textbook. Note that written assignments must have a title page, section headers, introduction, conclusion, and reference page. Your paper should conform to *CSU-Global Guide to Writing and APA*.

#### **Option #2: International Monetary System**

Discuss the criteria for a 'good' international monetary system. Include the following in your discussion of the monetary system:

- What are the criteria for a well-developed international monetary system?
- What are the benefits of a well-developed international monetary system?
- In today's climate of dependency on technology, what precautions are needed to protect international monetary systems in terms of cyber-crimes?
- International monetary systems conditionalities such as those imposed by the IMF may result in the loss of a country's authority to govern its own economy as national economic policies are predetermined under the assistance package. Discuss conditionalities and their effects on nations.

Your paper should be 4-5 pages in length and well written. Support your answers using at least four professional sources (for the entire assignment) in addition to the textbook. Note that written assignments must have a title page, section headers, introduction, conclusion, and reference page. Your paper should conform to *CSU-Global Guide to Writing and APA*.

## **Module 3**

### Readings

- Chapter 3 in *International Financial Management*
- Caliskan, A., & Karimova, A. (2017). Global liquidity, current account deficit, and exchange rate balance sheet effects in Turkey. *Emerging Markets Finance & Trade*, 53, 1619-1640.
- Kang, J.S., & Shambaugh, J.C. (2016). The rise and fall of European current account deficits. *Economic Policy*, 31(85), 153-199.

## Discussion (25 points)

### Critical Thinking (150 points)

Choose one of the following two assignments to complete this week. Do not do both assignments. Identify your assignment choice in the title of your submission.

### Option #1: Financial Crises

Mexico devalued its currency in 1994, leading to a chain of events that seriously affected many Latin American economies. Compare the crisis that resulted from that single event to a recent event, such as the effect of data breach on financial systems and financial institutions. Identify a breach and discuss how it affected stakeholders. Who are responsible for these data breaches? What recourse is necessary to protect the financial systems?

Your paper should be 4-5 pages, well written, and formatted according to *CSU-Global Guide to Writing and APA*. Support your analysis by referencing and citing at least three credible sources in addition to your textbook.

### Option #2: Analysis of Current, Capital, and Reserve Accounts

Discuss each of the following thoroughly:

1. Since the United States imports more than it exports, is it necessary for the United States to import capital from foreign countries to finance current account deficits?
2. How can a country maintain an overall balance-of-payments deficit or surplus?
3. What role do official reserve accounts play in sustaining the balance of payments?

Your paper should be 4-5 pages, well written, and formatted according to *CSU-Global Guide to Writing and APA*. Support your analysis by referencing and citing at least three credible sources such peer-reviewed articles/journals other than your textbook (though you may also cite the text).

## Module 4

### Readings

- Chapters 8, 9 & 10 in *International Financial Management*
- Bogiecevic, J., Saponja, L.D., & Pantelic, M. (2016). Foreign exchange transaction exposure of enterprises in Serbia. *Economic Annals, LXI (209)*, 161-177.
- Huang, L., & Zhang, D. (2015). Hedging or speculation: What can we learn from the volume-return relationship? *Emerging Markets Finance & Trade, 51(6)*, 1117-1128.

### Discussion (25 points)

### Critical Thinking (50 points)

Choose one of the following two assignments to complete this week. Do not do both assignments. Identify your assignment choice in the title of your submission.

### Option #1: Foreign Investment

Consider the following case problem from the eighth edition of your textbook, *International Financial Management (Chapter 9)*.

Suppose that you hold a piece of land in the city of London that you may want to sell in one year. As a U.S. resident, you are concerned with the dollar value of the land. Assume that if the British economy booms in the future, the land will be worth £2,000, and one British pound will be worth \$1.40. If the British economy slows down, on the other hand, the land will be worth less, say £1,500, but the pound will be stronger, say \$1.50/£. You feel that the British economy will experience a boom with a 60 percent probability and a slowdown with a 40 percent probability.

Answer the three questions below with respect to selling property in the city of London:

- Estimate your exposure to the exchange risk.
- Compute the variance of the dollar value of your property that is attributable to exchange rate uncertainty.
- Discuss how you can hedge your exchange risk exposure and examine the [possible] consequences of hedging.

Your paper should be 4-5 pages, well written, and formatted according to *CSU-Global Guide to Writing and APA*. Support your analysis by referencing and citing at least two credible sources, in addition to the textbook, that you used to assist you in your responses.

### **Option #2: Hedging Exchange Rate Exposure**

Download and read the attached case problem from the eighth edition of your textbook, *International Financial Management (Chapter 9)*.

A U.S. firm holds an asset in France and faces the following scenario:

|             | State 1  | State 2  | State 3  | State 4  |
|-------------|----------|----------|----------|----------|
| Probability | 25%      | 25%      | 25%      | 25%      |
| Spot rate   | \$1.20/€ | \$1.10/€ | \$1.00/€ | \$0.90/€ |
| P*          | €1,500   | €1,400   | €1,300   | €1,200   |
| P           | \$1,800  | \$1,540  | \$1,300  | \$1,080  |

Answer the three questions below with respect to euro and dollar price of assets held by a U.S firm:

In the above table, P\* is the euro price of the asset held by the U.S. firm and P is the dollar price of the asset.

- Compute the exchange exposure faced by the U.S. firm.
- What is the variance of the dollar price of this asset if the U.S. firm remains unhedged against this exposure?
- If the U.S. firm hedges against this exposure using the forward contract, what is the variance of the dollar value of the hedged position?

Your paper should be 4-5 pages, well written, and formatted according to *CSU-Global Guide to Writing and APA*. Support your analysis by referencing and citing at least two credible sources, in addition to the textbook, that you used to assist you in your responses.

### **Portfolio Milestone (10 points)**

This week, each team will submit an outline of the final Project. In addition to the following guidelines, follow the final project requirements as outlined in the final project description on Week 8 assignment page.

Your well-written outline should meet the following requirements:

- Be 2 to 3 pages in length.
- Be formatted according to the *CSU-Global Guide to Writing and APA*.
- Include at least five scholarly or peer-reviewed articles/journal in addition to the textbook. The CSU-Global Library is a good place to find these resources.
- Include a title page and references page.

## Module 5

### Readings

- Chapters 11, 12 & 13 in *International Financial Management*
- Cheung, C.S., & Miu, P. (2017). Bond laddering and bond indexing: An empirical comparison. *Financial Services Review*, 26(2), 181-203.
- Kaabi, O. (2015). Equity markets co-movements and contagion: A novel perspective. *Journal of Applied Business Research*, 31(1), 285-304.

### Discussion (25 points)

## Module 6

### Readings

- Chapter 15 in *International Financial Management*
- Boughrara, A., & Dridi, I. (2017). Does inflation targeting matter for foreign portfolio investment: Evidence from propensity score matching. *Journal of Economic Development*, 42(2), 67-86.
- Sharma, P. (2017). Economic value of portfolio diversification: Evidence from international multi-asset portfolios. *Theoretical & Applied Economics*, 4(613), 33-42. Retrieved from <http://store.ectap.ro/articole/1304.pdf>

### Discussion (25 points)

### Critical Thinking (150 points)

Choose one of the following two assignments to complete this week. Do not do both assignments. Identify your assignment choice in the title of your submission.

#### **Option # 1: Diversification**

What are the advantages of creating a diversified international portfolio? What are the risks? In answering the questions, critically assess the risk factors that an international investor faces and how diversification serves to mitigate risk. Then discuss how the theory of an optimum international portfolio (from Chapter 15) informs your analysis.

Your paper should be 4-5 pages, well written, and formatted according to *CSU-Global Guide to Writing and APA*. Support your analysis by referencing and citing at least three credible sources other than the course textbook (though you may also cite the text).

#### **Options #2: International Diversification Strategies**

Discuss how the advent of the euro would affect international diversification strategies, and what factors are responsible for the recent surge in international portfolio investment (IPI). What is the argument for and against Brexit? Where do you stand after reviewing both sides?

Your paper should be 4-5 pages, well written, and formatted according to *CSU-Global Guide to Writing and APA*. Support your analysis by referencing and citing at least three credible sources other than the course textbook (though you may also cite the text).

### Portfolio Milestone (15 points)

#### **Final Project: IMF in Crisis**

This week, each team will submit a draft of the final Project by developing the Week Four outline. In addition to the following guidelines, each team must follow the final project requirements as outlined in the final project description on the Module 8 assignment page.

Your well-written outline should meet the following requirements:

- Be 4 to 5 pages in length.
- Be formatted according to the *CSU-Global Guide to Writing and APA*.
- Include at least five potential resources you may use in your final project in addition to the textbook. The CSU-Global Library is a good place to find these resources.
- Include a title page, introduction, conclusion, and references page.

## **Module 7**

### **Readings**

- Chapters 16 & 20 in *International Financial Management*
- Bojnec, S., & Ferto, I. (2018). Globalization and outward foreign direct investment. *Emerging Markets Finance & Trade*, 54, 88-99.
- Carbaugh, B. (2015). A primer on the export-import bank: Should it continue? *Challenge*, 58(1), 64-76.
- Panzaru, S. (2017). Considerations regarding the country risk management. *Review of General Management*, 25(1), 54-64.

### **Discussion (25 points)**

## **Module 8**

### **Readings**

- Chapter 21 in *International Financial Management*
- Blane, R. (2017). Avoiding double taxation of storage services: A tale of two states. *CPA Journal*, 87(10), 52-55.
- Giegerich, T.W. (2017). Transfer pricing safe harbors: An idea whose time has come. *International Tax Journal*, 43(5), 35-45.

### **Discussion (25 points)**

### **Portfolio Project (325 points)**

#### **The International Monetary Fund (IMF) in Crisis**

This final project is based on the following Harvard Business Case Study Series: Abdelal, R., & Moss, D. (2011). The international monetary fund in crisis.

Assume your team was hired as senior financial management analysts to perform organization autopsy on the IMF. Your report must be based on the above case and other scholarly material or journals to support your analysis. To write an effective report, your team must read the case in its entirety. After reading and analyzing the case, each team is required as part of the final project to address the following:

- Write a one-page summary of the case.
- What is the case against the IMF as an international lender of last resort?
- What integration did the IMF promote?
- Why did the exchange rate system break down in 1970?
- Why was the IMF powerless to influence the U.S policy making during the 2008 financial crisis?

- Develop a strategic finance plan or a financial rescue package for economic growth/development project in a country of your choosing. Model your rescue package to the country in accordance with Exhibit 3, page 17 of the case.
- Copy and update Exhibit 2 on page 17 of the case, and write a three-paragraph bio of the current managing director of the IMF.
- Analyze the global financial markets and the factors that affect them.
- Examine regulatory issues affecting foreign investments and foreign exchange.
- Study Exhibit 6 on page 19, and discuss why some countries are overrepresented and others are underrepresented in IMF voting.

Your team's written paper should meet the following requirements:

- Be 10 to 12 **pages in length, plus exhibits or illustrations.**
- Support your project with six to seven peer-reviewed articles/professional journals in addition to the textbook. Your online library contains excellent resources for this project.
- Be formatted according to [\*CSU-Global Guide to Writing and APA.\*](#)
- Include a title page, introduction, conclusion, and references page.
- Submit a peer-evaluation form, assessing the collaborative skills, communication and effectiveness of each team member toward the completion of the project. Final grades will be assigned based on each team member's contribution.

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## COURSE POLICIES

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| Grading Scale |               |
|---------------|---------------|
| A             | 95.0 – 100    |
| A-            | 90.0 – 94.9   |
| B+            | 86.7 – 89.9   |
| B             | 83.3 – 86.6   |
| B-            | 80.0 – 83.2   |
| C+            | 75.0 – 79.9   |
| C             | 70.0 – 74.9   |
| D             | 60.0 – 69.9   |
| F             | 59.9 or below |

### Course Grading

20% Discussion Participation  
45% Critical Thinking Assignments  
35% Final Portfolio Project

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## IN-CLASSROOM POLICIES

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For information on late work and incomplete grade policies, please refer to our [In-Classroom Student Policies and Guidelines](#) or the Academic Catalog for comprehensive documentation of CSU-Global institutional policies.

### **Academic Integrity**

Students must assume responsibility for maintaining honesty in all work submitted for credit and in any other work designated by the instructor of the course. Academic dishonesty includes cheating, fabrication, facilitating academic dishonesty, plagiarism, reusing /re-purposing your own work (see *CSU-Global Guide to Writing and APA Requirements* for percentage of repurposed work that can be used in an assignment), unauthorized possession of academic materials, and unauthorized collaboration. The CSU-Global Library provides information on how students can avoid plagiarism by understanding what it is and how to use the Library and Internet resources.

### **Citing Sources with APA Style**

All students are expected to follow the *CSU-Global Guide to Writing and APA Requirements* when citing in APA (based on the APA Style Manual, 6th edition) for all assignments. For details on CSU-Global APA style, please review the APA resources within the CSU-Global Library under the “APA Guide & Resources” link. A link to this document should also be provided within most assignment descriptions in your course.

### **Disability Services Statement**

CSU-Global is committed to providing reasonable accommodations for all persons with disabilities. Any student with a documented disability requesting academic accommodations should contact the Disability Resource Coordinator at 720-279-0650 and/or email [ada@CSUGlobal.edu](mailto:ada@CSUGlobal.edu) for additional information to coordinate reasonable accommodations for students with documented disabilities.

### **Netiquette**

Respect the diversity of opinions among the instructor and classmates and engage with them in a courteous, respectful, and professional manner. All posts and classroom communication must be conducted in accordance with the student code of conduct. Think before you push the Send button. Did you say just what you meant? How will the person on the other end read the words?

Maintain an environment free of harassment, stalking, threats, abuse, insults or humiliation toward the instructor and classmates. This includes, but is not limited to, demeaning written or oral comments of an ethnic, religious, age, disability, sexist (or sexual orientation), or racist nature; and the unwanted sexual advances or intimidations by email, or on discussion boards and other postings within or connected to the online classroom. If you have concerns about something that has been said, please let your instructor know.