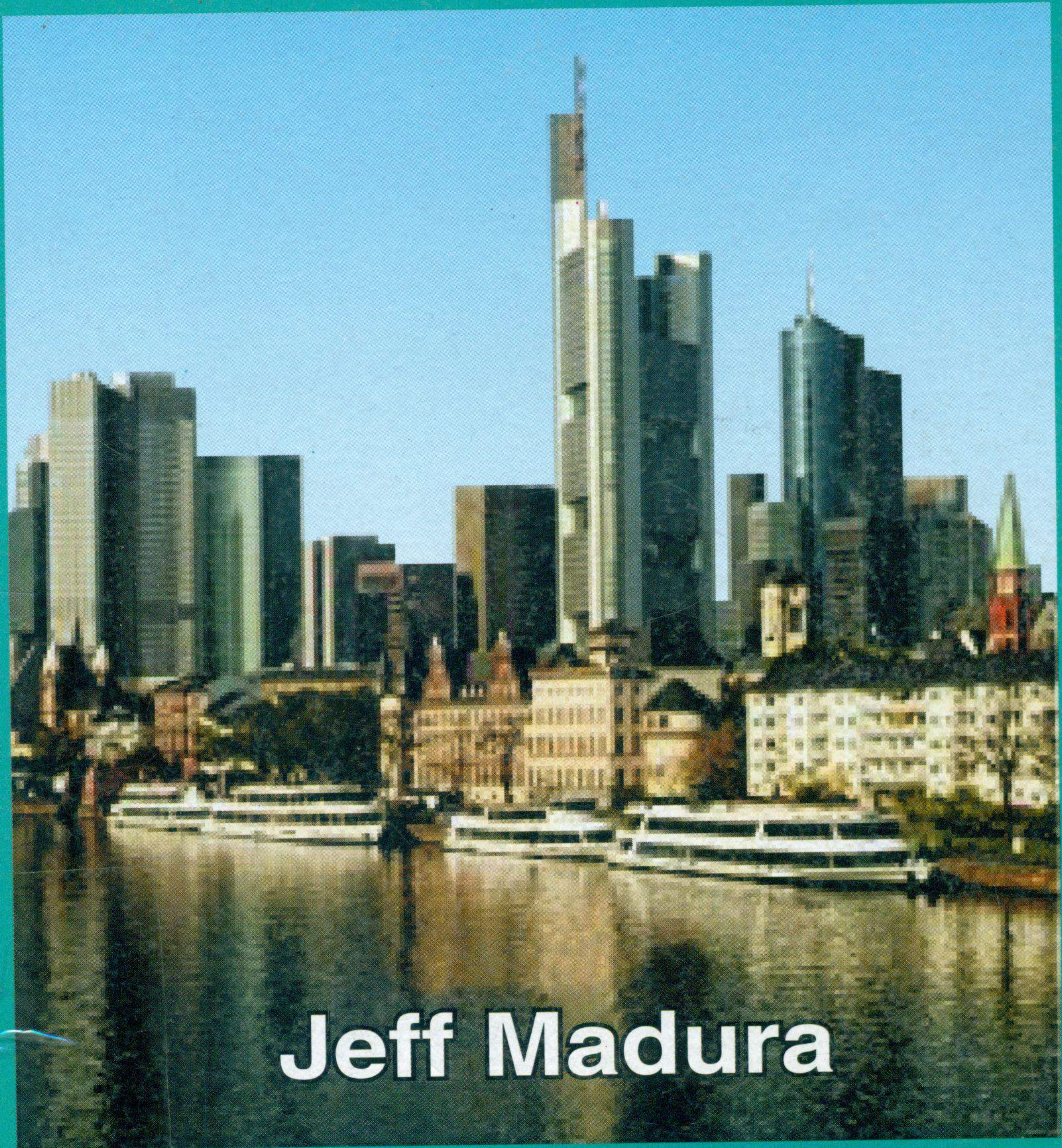


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Jeff Madura

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Jeff Madura

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Preface

Businesses evolve into multinational corporations (MNCs) so that they can capitalize on international opportunities. Their financial managers must be able to assess the international environment, recognize opportunities, implement strategies, assess exposure to risk, and manage that risk. The MNCs most capable of responding to changes in the international financial environment will be rewarded. The same can be said for the students today who may become the future managers of MNCs.

INTENDED MARKET

International Financial Management, 12th Edition, presumes an understanding of basic corporate finance. It is suitable for both undergraduate and master's level courses in international financial management. For master's courses, the more challenging questions, problems, and cases in each chapter are recommended, along with special projects.

ORGANIZATION OF THE TEXT

International Financial Management, 12th Edition, is organized to provide a background on the international environment and then to focus on the managerial aspects from a corporate perspective. Managers of MNCs will need to understand the environment before they can manage within it.

The first two parts of the text establish the necessary macroeconomic framework. Part 1 (Chapters 1 through 5) introduces the major markets that facilitate international business. Part 2 (Chapters 6 through 8) describes relationships between exchange rates and economic variables and explains the forces that influence these relationships.

The rest of the text develops a microeconomic framework with a focus on the managerial aspects of international financial management. Part 3 (Chapters 9 through 12) explains the measurement and management of exchange rate risk. Part 4 (Chapters 13 through 18) describes the management of long-term assets and liabilities, including motives for direct foreign investment, multinational capital budgeting, country risk analysis, and capital structure decisions. Part 5 (Chapters 19 through 21) concentrates on the MNC's management of short-term assets and liabilities, including trade financing, other short-term financing, and international cash management.

Each chapter is self-contained so that professors can use classroom time to focus on the more comprehensive topics while relying on the text to cover other concepts. The management of long-term assets (Chapters 13 through 16 on direct foreign investment, multinational capital budgeting, multinational restructuring, and country risk analysis) is covered before the management of long-term liabilities (Chapters 17 and 18 on capital structure and debt financing) because the financing decisions depend on the investment decisions. Nevertheless, these concepts are explained with an emphasis on how the management of long-term assets and long-term liabilities is integrated. For example, multinational capital budgeting analysis demonstrates how the feasibility of a foreign project may depend on the financing mix. Some professors may prefer to teach the chapters on managing long-term liabilities prior to teaching the chapters on managing long-term assets.

The strategic aspects, such as motives for direct foreign investment, are covered before the operational aspects, such as short-term financing or investment. For professors who

prefer to cover the MNC's management of short-term assets and liabilities before the management of long-term assets and liabilities, the parts can be rearranged because they are self-contained.

Professors may limit their coverage of chapters in some sections where they believe the text concepts are covered by other courses or do not need additional attention beyond what is in the text. For example, they may give less attention to the chapters in Part 2 (Chapters 6 through 8) if their students take a course in international economics. If professors focus on the main principles, they may limit their coverage of Chapters 5, 15, 16, and 18. In addition, they may give less attention to Chapters 19 through 21 if they believe that the text description does not require elaboration.

APPROACH OF THE TEXT

International Financial Management, 12th Edition, focuses on management decisions that maximize the value of the firm. The text offers a variety of methods to reinforce key concepts so that instructors can select the methods and features that best fit their teaching styles.

- *Part-Opening Diagram.* A diagram is provided at the beginning of each part to illustrate how the key concepts covered in that part are related.
- *Objectives.* A bulleted list at the beginning of each chapter identifies the key concepts in that chapter.
- *Examples.* The key concepts are thoroughly described in the chapter and supported by examples.
- *International Credit Crisis.* Coverage of the international credit crisis is provided in each chapter where applicable; this coverage focuses on European countries that have experienced problems in making their debt payments and on the exposure of their banks to credit problems.
- *Term Paper on the International Credit Crisis.* Suggested assignments for a term paper on the international credit crisis are provided at the end of Chapter 1.
- *Web Links.* Websites that offer useful related information regarding key concepts are provided in each chapter.
- *Summary.* A bulleted list at the end of each chapter summarizes the key concepts. This list corresponds to the list of objectives at the beginning of the chapter.
- *Point/Counter-Point.* A controversial issue is introduced, along with opposing arguments, and students are asked to determine which argument is correct and to explain why.
- *Self-Test Questions.* A "Self-Test" at the end of each chapter challenges students on the key concepts. The answers to these questions are provided in Appendix A.
- *Questions and Applications.* Many of the questions and other applications at the end of each chapter test the student's knowledge of the key concepts in the chapter.
- *Continuing Case.* At the end of each chapter, the continuing case allows students to use the key concepts to solve problems experienced by a firm called Blades, Inc. (a producer of roller blades). By working on cases related to the same MNC over a school term, students recognize how an MNC's decisions are integrated.
- *Small Business Dilemma.* The Small Business Dilemma at the end of each chapter places students in a position where they must use concepts introduced in the chapter to make decisions about a small MNC called Sports Exports Company.
- *Internet/Excel Exercises.* At the end of each chapter, there are exercises that expose the students to applicable information available at various Web sites, enable the application of Excel to related topics, or a combination of these. For example, students

- learn how to obtain exchange rate information online and apply Excel to measure the value at risk.
- **Integrative Problem.** An integrative problem at the end of each part integrates the key concepts of chapters within that part.
 - **Midterm and Final Examinations.** A midterm self-exam is provided at the end of Chapter 8, which focuses on international macro and market conditions (Chapters 1 through 8). A final self-exam is provided at the end of Chapter 21, which focuses on the managerial chapters (Chapters 9 through 21). Students can compare their answers to those in the answer key provided.
 - **Supplemental Cases.** Supplemental cases allow students to apply chapter concepts to a specific situation of an MNC. All supplemental cases are located in Appendix B.
 - **Running Your Own MNC.** This project allows each student to create a small international business and apply key concepts from each chapter to run the business throughout the school term. The project is available in the textbook companion site (see the “Online Resources” section).
 - **International Investing Project.** Located in Appendix D, this project allows students to simulate investing in stocks of MNCs and foreign companies and requires them to assess how the values of these stocks change during the school term in response to international economic conditions. The project is also available on the textbook companion site (see the “Online Resources” section).
 - **Discussion in the Boardroom.** Located in Appendix E, this project allows students to play the role of managers or board members of a small MNC that they created and to make decisions about that firm. This project is also available on the textbook companion site (see the “Online Resources” section).
 - The variety of end-of-chapter and end-of-part exercises and cases offer many opportunities for students to engage in teamwork, decision making, and communication.

ONLINE RESOURCES

The textbook companion site provides resources for both students and instructors.

Students: Access the following resources by going to www.cengagebrain.com and searching ISBN 9781133947837: Running Your Own MNC, International Investing Project, Discussion in the Boardroom, Key Terms Flashcards, and chapter Web links.

Instructors: Access textbook resources by going to www.cengage.com, logging in with your faculty account username and password, and using ISBN 9781133947837 to search for instructor resources or to add instructor resources to your account.

INSTRUCTOR SUPPLEMENTS

The following supplements are available to instructors.

- **Instructor’s Manual.** Revised by the author, the Instructor’s Manual contains the chapter theme, topics to stimulate class discussion, and answers to end-of-chapter Questions, Case Problems, Continuing Cases (Blades, Inc.), Small Business Dilemmas, Integrative Problems, and Supplemental Cases.
- **Test Bank.** The expanded test bank, which has also been revised by the author, contains a large set of questions in multiple choice or true/false format, including content questions as well as problems.
- **Cognero™ Test Bank.** Cengage Learning Testing Powered by Cognero™ is a flexible, online system that allows you to: author, edit, and manage test bank content from

multiple Cengage Learning solutions; create multiple test versions in an instant; deliver tests from your LMS, your classroom, or wherever you want. The Cognero™ Test Bank contains the same questions that are in the Microsoft® Word Test Bank. All question content is now tagged according to Tier I (Business Program Interdisciplinary Learning Outcomes) and Tier II (Finance-specific) standards topic, Bloom's Taxonomy, and difficulty level.

- **PowerPoint Slides.** The PowerPoint Slides clarify content and provide a solid guide for student note-taking. In addition to the regular notes slides, a separate set of exhibit-only PPTs are also available.

ADDITIONAL COURSE TOOLS

- **Cengage Learning Custom Solutions.** Whether you need print, digital, or hybrid course materials, Cengage Learning Custom Solutions can help you create your perfect learning solution. Draw from Cengage Learning's extensive library of texts and collections, add your own original work, and/or create customized media and technology to match your learning and course objectives. Our editorial team will work with you through each step, allowing you to concentrate on the most important thing—your students. Learn more about all our services at www.cengage.com/custom.
- **The Cengage Global Economic Watch (GEW) Resource Center.** This is your source for turning today's challenges into tomorrow's solutions. This online portal houses the most current and up-to-date content concerning the economic crisis. Organized by discipline, the GEW Resource Center offers the solutions that instructors and students need in an easy-to-use format. Included are an overview and timeline of the historical events leading up to the crisis, links to the latest news and resources, discussion and testing content, an instructor feedback forum, and a Global Issues Database. Visit www.cengage.com/thewatch for more information.

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