**Chapter 1:-**

**MULTINATIONAL FINANCIAL MANAGEMENT**

Multinational corporations : are defined as firms that engage in some form of international business.

الشركات متعددة الجنسيات: تعرف بأنها الشركات التي تشارك في شكل من أشكال الأعمال التجارية الدولية.

The goal/reasons of their managers is to maximize the value of the firm, which is similar to the goal of managers employed by domestic companies.

هدف / أسباب مديريهم هو تعظيم قيمة الشركة ، وهو ما يشبه هدف المديرين العاملين من قبل الشركات المحلية.

* Ways of business in multinational corporations?

- طرق العمل في الشركات متعددة الجنسيات؟

1. export products to a particular country

تصدير المنتجات إلى دولة معينة

1. import supplies from a foreign manufacturer.

مستلزمات الاستيراد من مصنع أجنبي

 3- establish subsidiaries in foreign countries.

إنشاء شركات تابعة في دول أجنبية

* Goals of multinational corporations?

- أهداف الشركات متعددة الجنسيات؟

The commonly accepted goal of an MNC:- 1- maximize shareholder wealth.

تعظيم ثروة المساهمين

1. Managers employed by the MNC are expected to make decisions that will maximize the stock price

زيادة سعر السهم إلى الحد الأقصى

1. satisfying their respective governments, creditors, or employees. إرضاء حكوماتهم أو دائنيهم أو موظفيهم
2. Maximizes sales, utility and profit.

يزيد المبيعات والمنفعة والأرباح

1. Prospective business dispenses

لتوزيعات التجارية المرتقبة

* Business disciplines by manager:-
* - التخصصات التجارية من قبل المدير
1. Motivated of contract for employee

بدافع العقد للموظف

1. Maximize share holders wealth

تعظيم ثروة المساهمين

1. Marketing is used the increase customers awareness

يستخدم التسويق لزيادة وعي العملاء

1. Accounting and information systems -> such as:- FAAS and GAP 5- Finance

6- Efficient products

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- Agency problems :This conflict of goals between a firm’s managers and shareholders

هاد بيعني انو مصالح المدير رح تتعارض مع مصالح المساهمين

What is the reasons Agency cost in multinational corporation?

ليش هاي المشكلة بتنتشر بشركات متعددة الجنسيات

1. subsidiaries scattered around the world may experience larger agency problems
2. foreign subsidiary managers raised in different cultures may not follow

uniform goals.

1. T, the sheer size of the larger MNCs can also create large agency problems.
2. some non-U.S. managers tend to downplay the short- term effects of

decisions.

- WHY FIRMS PURSUE INTERNATIONAL BUSINESS?

ليش الشركات بتسعى الى انها تساهم في هاي الشركات

1. the theory of comparative advantage.  specialization by countries can countries can increase productions effect

هسا حسب هاي النظرية الى اسمها نظرية الميزة النسبية تخصيص البلدان بزيد من الإنتاجية

1. the imperfect markets theory.  marker world is perfect so, that's the factors of production where easy transactions
2. the product cycle theory.
	* HOW FIRMS ENGAGE IN INTERNATIONAL BUSINESS

Firms use several methods to conduct international business. The most common methods are these:

* + - International trade
		- Licensing
		- Franchising
		- Joint ventures
		- Acquisitions of existing operations
		- Establishing new foreign subsidiaries
1. International trade is a relatively conservative approach that can be used by firms to penetrate markets (by exporting) or to obtain supplies at a low cost (by importing).
2. Licensing obligates a firm to provide its technology (copyrights, patents, trademarks, or trade names) in exchange for fees or some other specified benefits.
3. Franchising obligates a firm to provide a specialized sales or service strategy, support assistance , and possibly an initial investment in the franchise in exchange for periodic fees.
4. A joint venture is a venture that is jointly owned and operated by two or more firms. Many firms penetrate foreign markets by engaging in a joint venture with firms that re- side in those markets.
5. Firms frequently acquire other firms in foreign countries as a means of penetrating foreign markets. Acquisitions allow firms to have full control over their foreign businesses and to quickly obtain a large portion of foreign market share.
6. Firms can also penetrate foreign markets by establishing new operations in foreign countries to produce and sell their products. Like a foreign acquisition, this method requires a large investment