FIN490C: Japanese Financial Management:
Spring 2016

PROFESSOR MITSURU MISAWA

Class Time: Wednesday and Friday: 10:15 -11.45a.m. D204
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Office Phone: 956-9713
E-Mail: misawa@hawaii.edu
Office Hours: Wednesday and Friday 11.45 a.m. – 1:00 p.m.
Website: http://www2.hawaii.edu/~misawa

Required Text:


Reference Book:


*All books are available through the UH Bookstore. If you purchase either of the reference books, Professor Misawa would be happy to autograph them.

Objectives of the Course:

Japan’s economy spurred by “Abenomics” has showed promising signs of life after more than 20 years of deflation. The financial management of Japanese corporations is attracting attention from all over the world. There are significant differences remain between the financial management philosophy and techniques used within Japanese companies and those used in the US. These include the significant differences in the use of capital budgeting techniques, economic and political assessment of projects, decision-making styles, and techniques of corporate governance.
Misawa published his 21 cases on Japanese corporations, all of which are listed on the Harvard Business Publishing online. See Harvard Business Online Under Misawa.

https://cb.hbsp.harvard.edu/cbmp/search?term=misawa&navigation=&coursepackName=&libraryItemId=

They are also listed on the European Case Clearing House (http://www.ecch.com/) in Europe and on the Asian Case Research Center (ACRC) at University of Hong Kong (http://www.acrc.org.hk/) in Asia.

The 2nd edition of his case book with the 20 cases will be published soon by World Scientific (Imperial College in London). These cases are the fruit of his insight into Japanese corporations which was nurtured during his tenure at the Industrial Bank of Japan (now Mizuho Financial group) as an investment banker for 30 years and by his current field studies consisting of numerous visits to and interviews with managers of those corporations. These case studies teach the students the analytical techniques for international business and financial management which are indispensable for fully understanding Japanese corporations and which also provide a perspective for analyzing the corporate cultures, customs and systems unique to Japanese corporations.

They are also listed on the European Case Clearing House (http://www.ecch.com/) in Europe and on the Asian Case Research Center (ACRC) at University of Hong Kong (http://www.acrc.org.hk/) in Asia. Through them, Misawa sold 2060 copies of my cases in 2007, 1555 copies in 2008, 1895 copies in 2009, 2327 copies in 2010, 1492 copies in 2011, 1798 copies in 2012, 2575 copies in 2013 and 2778 copies in 2014 (total number sold in 8 years is 16,304 copies) to worldwide universities and companies. Harvard Business School (MBA) purchased 1063 copies of my cases for their own use in 2010. Other major universities such as MIT, USC, Wharton and Cornell are also constant users of Misawa’s cases.

Case reading will provide you with both the building blocks on which to construct your understanding of key international current issues and the innovative tools to help keep you at the forefront of international finance and management thinking.

Prerequisites: This course is an extension of F321, which is not a prerequisite but recommended to take in advance.

Case Introduction to the Class: Cases are to be assigned to the students in advance for introducing it to the class.

Exam Policy: Students should bring finance calculators to the exams and laptops are not allowed. Make-up exams will only be given under extreme circumstances, such as injury or illness. For each exam, students can bring in one-page note prepared in advance (both sides). There will be two midterm exams and a final exam (cumulative) at the end of the semester.
Grading Policy: The final grade will be based upon the following formula:
Mid \((1 + 2)/2 \times 0.6 + \text{Final} \times 0.4\). There is no change in grading standards and plus/minus grades are given.

Homework Problems: Homework problems are assigned for each chapter. These are not collected and graded, nor do they count explicitly toward a student’s grade. However, it is impossible to master the material in this course without doing the homework problems conscientiously. There will be a high correlation between exam material and homework assigned. ANSWERS to most homework problems will be provided in class.

Course Attendance Policy: Students are expected to attend every class, though occasionally other obligations may take precedence. (If you expect to miss more than four class meetings, you should consider taking this course another semester.) Please get the notes and any handouts for the preceding class from your fellow students.

Scholarships: Through the Center for Japanese Global Investment and Finance, a total of $30,000 a year is distributed as scholarships to the students of Shidler College of Business. Professor Misawa – Honjo International Fellowship is available to 4 selected undergraduate and graduate students who want to study in Japan (each will get $7,500). Students taking Professor Misawa’s FIN 321 or FIN 490 are given first preference. The students interested in the scholarship through the Center should see Professor Misawa and also visit his website.

Course Calendar


1. Investment

1. Cases in the Text (1)
Misawa, “Tokyo Disneyland – Joint Venture vs. Licensing”, 2005
Misawa, “Hostile Takeover Battle in Japan: Fuji TV vs Livedoor for NBS”, 2006

2. Cases in the Text (2)
Misawa, M&A for Foreign Investments in Japan (Chapter 10)
Misawa, Financing Japanese Investments in the United States: Case Studies of a Large and a Medium-Sized Firm (Chapter 13)

3. Cases in other texts
2. Derivatives and Swaps

1. Cases in the Text (1)
   Misawa, “Saizeriya and the Use of Foreign Currency Coupon Swaps: Was this for Hedging or Speculation?” March 2014
   Misawa, “A Rogue Trader At Daiwa Bank: The Board Meeting on September 25th1995 in Japan”, 2005

2. Chapters in the Text (3) Chapter 8

3. Abenomics

1. Cases in the Text (1)
   Misawa, ”Ina Food Industry (2): Marketing Strategies In A Deflationary Environment”, August 2013

2. Cases in the Text (2)
3. Cases in other texts

4. Chapters in the Text (3) Chapter 7

4. Transaction Exposure/Heading and Translation Exposure
1. Cases in the Text (1)
2. Cases in the Text (2)
3. Chapters in the Text (3) Chapter 9 and 10

5. Global Financing

1. Cases in the Text (1)
Misawa, “SOFTBANK’s New Strategy: The Largest LBO in Japan”.
2. Cases in the Text (2)
Misawa, Tokyo as the International Market for Foreign Issuers and Required Disclosure (Chapter 2)
Misawa, Japan’s Big Bank Reform (Chapter 3)
Misawa, Banks and Bad Loans in Japan (Chapter 4)
   Part One – Bad Loans: A Comparative Study of U.S. and Japanese Regulations Concerning Loan Loss Reserves
   Reserves
   Part Two – Bank Director’s Decisions on Bad Loans:
   A Comparative Study of US and Japanese Standards of Required Care
   Part Three - Case Study of the Long Term Credit Bank of Japan
Misawa, Disclosure Principle in Japan (Chapter 5)
   Part Two – Case of Seibu Group – Recent Problems on Japanese Corporate Disclosure System
Misawa, Sales Recognition in Japan and the U.S. – Possibility of Adopting International Accounting Standards in (Chapter 6)
Misawa, The Japanese Issues and Perspective on the Convergence of International Accounting Standards (Chapter 7)
Misawa, Shareholders’ Action and Director’s Responsibility in Japan (Chapter 8)
Misawa, A New Trend in Japan’s Security Regulations –Efficiency Test of US Laws in the Different Markets (Chapter 9)
3. Cases in other texts
6. Managing Global Operations

1. Cases in the Text (1)
2. Cases in the Text (2)
   Misawa, Sales Recognition in Japan and the US — Possibility of Adopting International Accounting Standards in Japan (Chapter 6)
3. Cases in other texts
4. Chapters in the Text (3)  Chapter 8, 11 and 12

7. Corporate Ownership, Goals and Governance

1. Cases in the Text (1)
   Misawa, “Keidanren: Foreign Political Contributions in Japan”. October, 2009
2. Cases in the Text (2)
   Misawa, Japanese Shareholders’ Lawsuits Concerning Political Donations (Chapter 12)
3. Cases in other texts
   Misawa, New Japanese-Style Management in a Changing Era (Chapter 14)
   Misawa, Successful Japanese Management Cases as a Contrarian (Chapter 15)
4. Chapters in the Text (3)  Chapter 1
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<tr>
<th>DATE</th>
<th>CLASS</th>
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<tbody>
<tr>
<td>1/13,15</td>
<td>(1) Investments (International Capital Budgeting)</td>
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<td>1/20,22,27</td>
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<td>1/29, 2/3,5,10</td>
<td>(2) Derivatives and Swaps</td>
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<td>2/12,17,19,24,26</td>
<td>(3) Abenomics</td>
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<td>3/2</td>
<td>MIDTERM EXAM (1)</td>
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<td>3/4, 9,11,16</td>
<td>(4) Transaction Exposure/Heading and Translation Exposure</td>
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<td>3/18,23,25,30</td>
<td>4/1 (5) Global Financing</td>
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<td>4/6</td>
<td>MIDTERM EXAM (2)</td>
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<td>4/8,13,15,20,22,27</td>
<td>(6) Managing Global Operations</td>
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<td>5/4,6</td>
<td>(7) Corporate Ownership, Goals and Governance</td>
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<td>5/13</td>
<td>FINAL EXAM (9.45-11.45am)</td>
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