FIN490C: Japanese Financial Management:
Spring 2020

PROFESSOR MITSURU MISAWA

Class Time: Wednesday and Friday: 10:30a.m. - 11:45 a.m. D104
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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’s Cases: My 19 Cases are listed in the US on Harvard Business Online. For the case of “Tokyo Disneyland – Joint Venture vs. Licensing” and my other cases, see Harvard Business Online Under Misawa:

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, I 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, 2778 copies in 2014, 4085 copies in 2015, 2833 copies in 2016, 4093 copies in 2017 and 5158 copies in 2018 (total number sold in 12 years is 32,473 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 my cases.

**Noteworthy in 2018 was one of my recent case on Toshiba was the best seller on Harvard.** The case is titled with “The Toshiba Accounting Scandal: How Corporate Governance Failed.” Through Harvard, I sold 2032 copies of Toshiba case in 2018. The Toshiba case was very popular and ranked as the top 20 most popular case at Harvard.

**Misawa’s Case Book:** The 2nd edition of his case book with the 20 cases was 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.

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.

**Exam Policy:** Students should bring finance calculators to the exams. Smartphones (I-phones) 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 x 0.6 + Final x 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:** Your attendance will be taken in each class. If you expect to miss more than ten 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. I also do not permit my lectures to be recorded on cellphones. My lectures are protected by copyright and recordings of lectures for onward distribution are strictly prohibited.

**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. Professor Misawa – Honjo International Fellowship is available to selected undergraduate and graduate students who want to study in Japan. Students taking FIN 321, FIN 490C or F637 are given first preference. The students interested in the scholarship through the Center should see Professor Misawa and also visit his website.

**Suggested Readings:**


1. Tokyo Disneyland: Licensing versus Joint Venture
2. Tokyo Disneyland and the DisneySea Park: Corporate Governance and Differences in Capital Budgeting Concepts and Methods between American and Japanese Companies
4. A Rogue Trader at Daiwa Bank (B): The Board Meeting on September 25, 1995, in Japan
5. Hostile Takeover Battle in Japan: Fuji TV versus Livedoor for NBS
6. Livedoor: The Rise and Fall of a Market Maverick
7. Nireco Japan: Introduction of the Poison Pill
8. Ina Food Industry: A New Management Philosophy for Japanese Businesses
9. OSG Corporation: Hedging Transaction Exposure
10. Bank of Japan’s Meeting in March 2006: An End to the Quantitative Easing Policy?
11. World Co. Ltd, Japan: Why Go Private?
13. SOFTBANK’s New Strategy: The Largest LBO in Japan
14. Keidanren: Foreign Political Contributions in Japan
15. Licensing Arrangement Or Joint Venture (4): An Ex Post Case Study of Tokyo Disneyland
17. Ina Food Industry (2): Marketing Strategies In A Deflationary Environment
19. Abenomics of Japan: What was it? Could This Conquer Japan’s Decade-Long Deflation?
20. Saizeriya and the Use of Foreign Currency Coupon Swaps: Was this for Hedging or Speculation?
(3) Misawa’s Most Recent Cases:
1. Misawa, M. (2016). *Sales Tax Increase in 2014 Under Abenomics: The Japanese Government's Dilemma* (vol. 15/563C, pp. 14 pages (Main Text) and 9 pages (Teaching Note)). Asian Case Research Center (ACRC), The University of Hong Kong
2. Misawa, M. (2016). The Toshiba Accounting Scandal: How Corporate Governance Failed (vol. 16/579C, pp. 21 pages (Main Text) and 11 pages (Teaching Notes)). Asian Case Research Center (ACRC), The University of Hong Kong.
3. Misawa, M. (2017). The Bank of Japan’s Negative Interest Rate (vol. 217-0011-1, pp. 15 pages (Main Text) and 10 pages (Teaching Notes)). The Case Center, UK.
4. Misawa, M. (2017). Interest-rate Swap Offered by Sumitomo-Mitsui Bank: Was This for Hedging or Speculation? (vol. 16/586C, pp. 15 pages (Main Text) and 13 pages (Teaching Note)). Asian Case Center (ACRC), University of Hong Kong.
6. Misawa, M. (2019). Toyota’s New Business Model: Creating A Sustainable Future (vol. 17/595C), pp. 12 pages (Main Text) and 17 pages (Teaching Note)). Asian Case Center (ACRC), University of Hong Kong.

**Course Calendar:**

**Text Book:** Eiteman’s *Multinational Business Finance*

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<thead>
<tr>
<th>Date</th>
<th>Textbook</th>
<th>Chapter</th>
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| Jan 15, 17, 22, 24, 29 | (1) Foreign Investments and Operations-Multinational Capital Budgeting Cases;  
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<tr>
<th>Date(s)</th>
<th>Topic</th>
<th>Case Studies/Readings</th>
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<tbody>
<tr>
<td>Jan. 31,</td>
<td>(2) Foreign Exchange Exposure- Transaction Exposure Case;</td>
<td>Read Ch. 10</td>
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<td>Feb. 14, 19, 21</td>
<td>(3) Foreign Exchange Exposure- Translation Exposure</td>
<td>Read Ch. 11</td>
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<td>Feb. 26</td>
<td>Midterm Exam (1)</td>
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<td>Feb. 28,</td>
<td>(4) Foreign Exchange Exposure- Operating Exposure</td>
<td>Read Ch. 12</td>
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<td>March. 4, 6, 11</td>
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<td>March 13, 25, 27,</td>
<td>(5) Abenomics Cases:</td>
<td>Read Ch. 6</td>
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<td>April 1</td>
<td>1. Misawa, “Abenomics of Japan: What was it? Could This Conquer Japan’s Decade-Long Deflation?”, 2013</td>
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<td>3. Misawa, “The Bank of Japan’s Negative Interest Rate”, 2017</td>
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<td>April 3</td>
<td>Midterm Exam (2)</td>
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<td>April 8, 15, 17</td>
<td>(6) Interest Rate Risk and Swaps Cases:</td>
<td>Read Ch. 8</td>
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<td>1. Misawa, “Saizeriya and the Use of Foreign Currency Coupon Swaps: Was this for Hedging or Speculation?”, 2014</td>
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<td>2. Misawa, “Interest-rate Swap Offered by Sumitomo-Mitsui Bank: Was This for Hedging or Speculation?, 2017</td>
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<td>Date</td>
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<td>April 22, 24</td>
<td>Multinational Tax Management</td>
<td>Read Ch. 15</td>
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<td>April 29, May 1</td>
<td>Foreign Exchange Rate Determination</td>
<td>Read Ch. 9</td>
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<td>May 6</td>
<td>Last day of the class (no class)</td>
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<td>May 11 (Monday)</td>
<td>Final Exam. (Cumulative)</td>
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