

# **FIN490C: Japanese Financial Management: Spring 2024**

## **PROFESSOR MITSURU MISAWA**

Class Time: Wednesday and Friday: 10:30a.m. - 11:45 a.m. D103  
Office Room: BusAd E601e  
Office Phone: 956-9713  
E-Mail: misawa@hawaii.edu  
Office Hours: Wednesday and Friday Noon – 3:00 p.m.  
Website: <http://www2.hawaii.edu/~misawa>

### **Required Text:**

Michael Moffett, Arthur Stonehill, and, David Eiteman, Fundamentals of Multinational Finance, 6<sup>th</sup> Edition, Addison-Wesley Publishing, February 2017

Misawa, M. (2023). *Book written by Misawa, " International Business and Finance in Japanese Corporations, Recent Harvard-Listed Case Studies and Insights (978-9811277252 ed., pp. 188). World Scientific Publishing Co. Pte. Ltd., Imperial College Press in London.*

Within this casebook, you will find my most recent seven cases listed on Harvard Business Publishing, two of which have achieved remarkable success by ranking as bestsellers and among the top 20 most popular case studies sold on Harvard:

1. "The Toshiba Accounting Scandal: How Corporate Governance Failed."
2. "Negative Interest Rates: The Bank of Japan Experience."

### **Reference Book:**

Mitsuru Misawa, Current Business and Legal Issues in Japan's Banking and Finance Industry, 2<sup>nd</sup> Edition, World Scientific Publishing, 2011.

Mitsuru Misawa, Cases on International Business and Finance in Japanese Corporations, 2<sup>nd</sup> Edition, World Scientific Publishing, 2015 or (Mitsuru Misawa, Cases on International Business and Finance in Japanese Corporations, Hong Kong University Press, November 2007)

\*All books are available through the UH Bookstore. If you purchase my book, 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.

**Exam Policy:** Open book exam. Students can bring books, notes, handouts and any. Students should bring finance calculators to the exams. Laptops are allowed but Smartphones (I-phones) are not allowed. Make-up exams will only be given under extreme circumstances, such as injury or illness. There will be two midterm exams and a final exam at the end of the semester.

**Grading Policy:** The final grade will be based upon the following formula:  
 $\text{Mid} (1 + 2)/2 \times 0.6 + \text{Final} \times 0.4$ . The first 40% is for A, the second 40% is for B and the remaining 20% is for C. 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. All the handouts are provided through Laulima.

I 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:** Professor Misawa – Honjo International Fellowship is available to selected undergraduate and graduate students who want to study in Japan. Total of \$30,000 a year is distributed to 5-6 students. Students taking my FIN 321, F490C or FIN 637 are given first preference. The students interested in the scholarship should see Professor Misawa and also visit his website. **The year of 2024 is the 17 years: Total Amount Awarded \$510,000 and 73 Recipients Under This Fellowship.**

**Misawa's Cases:** My 23 Cases are listed in the US on Harvard Business Online. See Harvard Business Online Under Misawa:

<https://hbsp.harvard.edu/search?N=&Nrpp=10&Ntt=MITSURU+MISAWA>

Through Harvard, 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, 4295 copies in 2015, 2833 copies in 2016, 4093 copies in 2017, 5158 copies in 2018, 4607 copies in 2019, 4630 copies in 2020, 5214 copies in 2021 and 4053 copies in 2022 (total number sold in the **past 16 years is 50,997 copies**) to worldwide universities and companies.

**Suggested Readings:**

**Read my Harvard listed cases. My recent 2 cases below are the bestsellers at Harvard.**

Misawa, M. (2023). *BANK OF JAPAN'S DILENMA--EXTRA EASY MONETARY PLOLCY SHOULD BE ENDED UNDER INFLATION PRESSURE AND EXTRA WEAK YEN?* (Vol. HKU 1390,22/740C, p. Main 18p. TN 9p.). Harvard Business School Cases by Harvard Business Publishing.

Misawa, M. (2021). *Rethinking Saizeriya's Currency Hedging Strategy* (Vol. HKU 1299, 21/700C, p. Main 21p. TN 14p.). Harvard Business School Cases by Harvard Business Publishing.

Misawa, M. (2020). *Negative Interest Rates: The Bank of Japan Experience* (Vol. HKU 1235, 20/651C, p. 17 pages (Main Text) and 17 pages (Teaching Notes)). Harvard Business School Cases by Harvard Business Publishing. ---BEST SELLER AT HARVARD

Misawa, M. (2019). *Toyota's New Business Model: Creating A Sustainable Future* (Vol. HK1205, 17/595C, p. 12 pages (Main Text) and 17 pages (Teaching Note)). Harvard Business School Cases by Harvard Business Publishing.

Misawa, M. (2017). *Interest-rate Swap Offered by Sumitomo-Mitsui Bank: Was This for Hedging or Speculation?* (Vol. HKU1105,16/586C, p. 15 pages (Main Text) and 13 pages (Teaching Note)). Harvard Business School Cases by Harvard Business Publishing.

Mitsuru Misawa, (2016). "The Toshiba Accounting Scandal: How Corporate Governance Failed", *Harvard Business School Cases by Harvard Business Publishing*, Main 21p, Teaching Notes 11p, HKU1097, vol. 16/579C, (POPULAR) ---BEST SELLER AT HARVARD

Mitsuru Misawa, (2015). "Sales Tax Increase in 2014 Under Abenomics: The Japanese Government's Dilemma", *Harvard Business School Cases by Harvard Business Publishing*, Oct 2015, Main 14p, Teaching Notes 9, HK1073, vol. 15/563C.

Mitsuru Misawa, (2014). "Saizeriya and the Use of Foreign Currency Coupon Swaps: Was This for Hedging or Speculation?", *Harvard Business School Cases by Harvard Business Publishing*, Mar 2014, Main 38p, Teaching Notes 15 pages, HK1037, vol. 14/538C.

Mitsuru Misawa, (2013). "Abenomics of Japan: What Was it? Could This Conquer Japan's Decade-Long Deflation?", *Harvard Business School Cases by Harvard Business Publishing*, Oct 2013, revised Dec 2013, Main 22p, Teaching Notes 11p, HKU1017, vol. 13/534C.

Mitsuru Misawa, (2013). "Ina Food Industry (2): Marketing Strategies in a Deflationary Environment", *Harvard Business School Cases by Harvard Business Publishing*, Aug 2013, Main 13p, Teaching Notes 9p, HKU1011, vol. 13/531C.

Mitsuru Misawa, (2012). “Tokyo Disneyland (3): New Pricing Policy Needed For Sluggish Demand”, *Harvard Business School Cases by Harvard Business Publishing*, Nov 2012, Main 17p, Teaching Notes 8p, HKU986, Ref. 12/454C ed.

Mitsuru Misawa, (2012). “Licensing Arrangement or Joint Venture (4): An Ex-Post Case Study of Tokyo Disneyland”, *Harvard Business School Cases by Harvard Business Publishing*, Nov 2012, Main 20p, Teaching Notes 11p, HKU988, Ref.12/512C ed.

Mitsuru Misawa, (2009). “Softbank's New Strategy: The Largest LBO in Japan”, *Harvard Business School Cases by Harvard Business Publishing*, Jan 2009, Main 22p, Teaching Notes 8p, HKU793, Ref.06/302C ed.

Mitsuru Misawa, (2008). “World Co. Ltd, Japan: Why Go Private?”, *Harvard Business School Cases by Harvard Business Publishing*, Jan 2008, Main 19p, Teaching Notes 7, HKU699, Ref.07/362C ed.

Mitsuru Misawa, “Hostile Takeover Battle in Japan: Fuji TV vs. Livedoor for NBS”, *Harvard Business School Cases by Harvard Business Publishing*, May 2006, Main 30p, Teaching Notes 9p, HKU577, Ref. 06/287C ed.

Mitsuru Misawa, “Ina Food Industry: A New Management Philosophy for Japanese Business”, *Harvard Business School Cases by Harvard Business Publishing*, Nov 2006, Main 13p, Teaching Notes 16p. HKU607, 06/307c ed.

Mitsuru Misawa, “Livedoor: The Rise and Fall of a Market Maverick”, *Harvard Business School Cases by Harvard Business Publishing*, Jun 2006, Main 13p, Teaching Notes 12p, HKU579, Ref. 06/288C ed.

Mitsuru Misawa, “Nireco Co., Japan: Introduction of the Poison Pill”, *Harvard Business School Cases by Harvard Business Publishing*, Oct 2006, Main 26p, Teaching Notes 11, HKU593, Ref. 06/294C ed.

Mitsuru Misawa, “OSG Corporation: Risk Hedging Against Transaction Exposures”, *Harvard Business School Cases by Harvard Business Publishing*, Dec 2006, Main 22p, Teaching Notes 8p, HKU618, Ref.06/302C ed.

Mitsuru Misawa, “A Rogue Trader At Daiwa Bank: Management Responsibility Under Different Jurisprudential Systems, Practices And Cultures”, *Harvard Business School Cases by Harvard Business Publishing*, Nov 2005, Main 15p, Teaching Notes 22p. HKU442, Ref. 05/268C ed.

Mitsuru Misawa, “Rogue Trader at Daiwa Bank (B): The Board Meeting on September 25th 1995 in Japan”, *Harvard Business School Cases by Harvard Business Publishing*, Nov 2005, Main 4p, Teaching Notes 6p, HKU444, Ref. 05/269C ed..

Mitsuru Misawa, “Tokyo Disneyland and the DisneySea Park: Corporate Governance and Differences in Capital Budgeting Concepts and Methods Between American and Japanese

Companies”, *Harvard Business School Cases by Harvard Business Publishing*, Mar 2006, Main 26p, Teaching Notes 12 p, HKU568, Ref. 06/281C ed.

Mitsuru Misawa, “Tokyo Disneyland: Licensing vs. Joint Venture”, *Harvard Business School Cases by Harvard Business Publishing*, Aug 2005, Main 26p, Teaching Notes 12p, HKU420, Ref. No 05/254C ed.

### **Course Calendar:**

#### **(1) Foreign Exchange Rate Determination Chapter 9**

**Date: Jan.10, 12, 17**

#### **(2) Abenomics Chapter 6**

**Cases:**

- 1. Misawa, “Abenomics of Japan: What was it? Could This Conquer Japan’s Decade-Long Deflation?”, 2013**
- 2. Misawa, “Sales Tax Increase in 2014 Under Abenomics: The Japanese Government’s Dilemma”, 2016**
- 3. Misawa, “The Bank of Japan’s Negative Interest Rate”, 2017**
- 4. Misawa, “Bank of Japan’s Dilemma: Should Its Ultra-Easy Monetary Policy End Under Inflationary Pressure and A Weak JPY?”**

**Date: Jan. 19,24,26,31, Feb.2**

#### **(3) Foreign Investments and Operations-Multinational Capital Budgeting Chapter 18**

**Cases;**

- 1. Misawa, “Tokyo Disneyland and the DisneySea Park: Corporate Governance and Differences in Capital Budgeting Concepts and Methods between American and Japanese Companies”, 2006**
- 2. Misawa, “Tokyo Disneyland – Joint Venture vs. Licensing”, 2005**
- 3. Misawa, “Tokyo Disneyland (3): “New Pricing Policy Needed for Sluggish Demand”, 2012**

**Date: Feb.7,9,14,16,21,23, 28**

### **March 1: Midterm Exam (1)**

#### **(4) Foreign Exchange Exposure- Transaction Exposure Chapter 10**

**Case;**

**Misawa, “OSG Corporation: Hedging Transaction Exposure”, 2006**

**Date: March 6,8,13**

**(5) Foreign Exchange Exposure- Translation Exposure  
Chapter 11**

**Date: March 15,27, 29**

**(6) Foreign Exchange Exposure- Operating Exposure  
Chapter 12**

**Date: April 3,5**

**April 10: Midterm Exam (2)**

**(7) Interest Rate Risk and Swaps  
Chapter 8**

**Cases:**

**1. Misawa, “Saizeriya and the Use of Foreign Currency Coupon Swaps: Was this for Hedging or Speculation?”, 2014**

**2. Misawa, “Interest-rate Swap Offered by Sumitomo-Mitsui Bank: Was This for Hedging or Speculation? 2017**

**Date: April 12,17,19**

**(8) Multinational Tax Management  
Chapter 15**

**Date: April 24, 26**

**May 1; Last day of the class (no class)**

**May 10, 9:45-11:45am; Final Exam. (D103)**