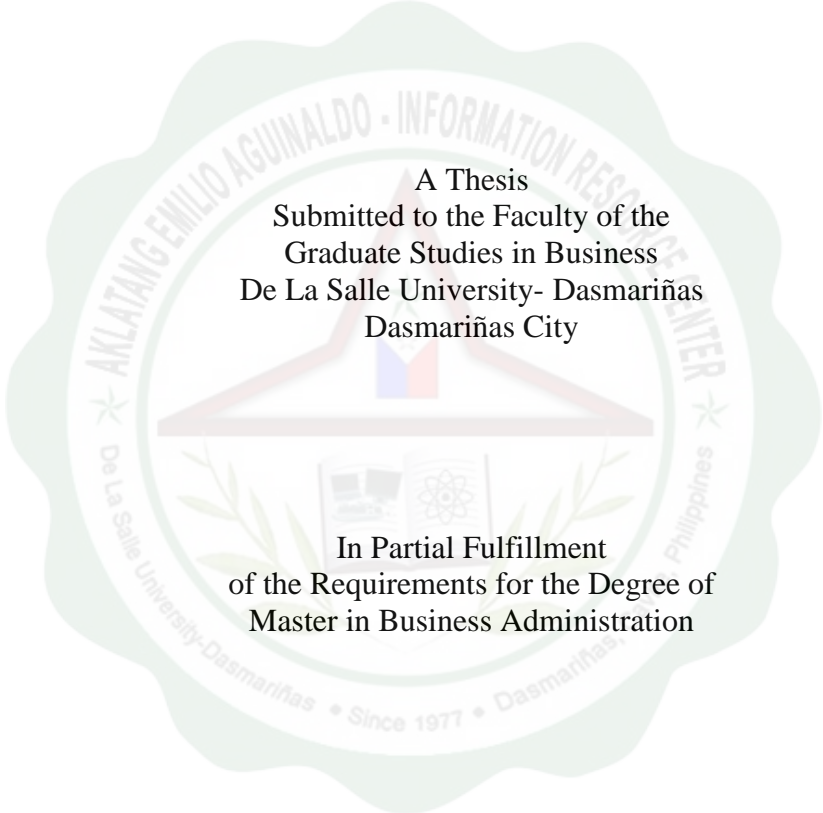


**FACTORS AFFECTING THE EXCHANGE RATE RISK MANAGEMENT
PRACTICES OF JAPANESE MANUFACTURING FIRMS INSIDE
SELECTED ECONOMIC PROCESSING ZONES
IN THE PHILIPPINES**



A Thesis
Submitted to the Faculty of the
Graduate Studies in Business
De La Salle University- Dasmariñas
Dasmariñas City

In Partial Fulfillment
of the Requirements for the Degree of
Master in Business Administration

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January 2010

ABSTRACT

CASTELLTORT, C, C., Factors Affecting the Exchange Rate Risk Management Practices of Japanese Manufacturing Firms Inside Selected Economic Processing Zones in the Philippines. Master in Business Administration, De La Salle University-Dasmariñas City, January 2010. Adviser: Mr. Don S. Malabanan.

This study aimed to determine and analyze the factors affecting the exchange rate risk management practices of Japanese manufacturing firms inside Economic Processing Zones for the year 2008. The hedging practices of Japanese manufacturing firms inside EPZ's and their demographic variables were investigated using survey questionnaire composed of demographic variables for both the decision maker and their respective company. Other firm-specific profiles were also investigated to determine their relationship with the Japanese firms hedging practices. Moreover, Likert statements were also used to measure non metric human factors.

The responses to each question were statistically treated using percentage, mean, frequency count, standard deviation, ANOVA and multiple regression analysis. Pearson's correlation was also made to determine the association of each variable to the hedging practices of Japanese manufacturing firms. A cross-tabulation of various metric and non metric variables and the breakdown of respondents as to hedgers and non hedgers were also made. Multiple regression analysis was made to test if selected predictor variables can explain the variability of the exchange rate

risk management practices of Japanese manufacturing firms, represented by the variable extent of hedging.

Pearson's correlation test showed that demographic variables, total number of employees and total asset value; and human factors, financial knowledge and managerial motivation were found to have a positive association with the hedging practices of Japanese manufacturing firms. Regression results showed that educational attainment, managerial motivation, total asset value and risk tolerance were found to be significant in the study. The first three variables showed a positive relationship while risk tolerance exhibited a negative relationship to extent of hedging.



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