

RIETI政策シンポジウム

「企業統治改革と日本企業の成長」

プレゼンテーション資料



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Comments for RIETI symposium

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Great news!



- Foreign investors and independent directors are exercising effective CG in Japan through discipline of CEOs
- Independent directors and flexible labor policies have potential to improve performance of Japanese firms

We have gone beyond questions of “what form of CG is better” to “what policies will further improve CG”?



But, can we believe these results?

- From the perspective of my discipline (strategy, organization theory), statistical analyses could be more rigorous
 - Interpretation of interaction terms in logic/probit analyses
 - Issues of serial autocorrelation in within-firm observations
 - Timing of measurement of ROA etc. (is current year ROA really appropriate)
 - Firm and country level analyses suggest linear hierarchical modeling may be more appropriate

Question: Mechanism of CEO turnover



- Who decides that a CEO must leave?
- Probably not the independent directors
- Probably the retired (or many) retired CEOs, the CEO himself, general consensus, main bank
- Pressures are new (Anglo-American, OECD influenced) but process is old (Japanese style)
- Companies with 3 or more independent directors are probably stricter about CEO turnover. Hard to believe that independent directors had direct effect on turnover.

Question: ROA, ROE, share return



- Did Japanese companies really care about ROE before the Ito Report?
- Why would foreign investors be sensitive to low ROE but not ROA? (If performance is bad enough, both should be bad)
- If you are going to draw conclusions about these different performance indicators, need to be more systematic and rigorous

Has governance really improved?



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- If governance has improved, and foreign investors and independent directors do have such an influence, and CEO turnover is sensitive to performance, why do investors still complain so much?

Japanese firm performance in global comparison



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- It's really bad!
- But, South Africa looks pretty good...
- Great first steps in identifying explanatory factors

Governance and relative firm performance around the world



- Independent directors seem to be associated with better performance...
- But, is this a causal relationship or are independent directors one feature of a business system in which a greater share of returns goes to company?
- Same for labor flexibility
- Cannot conclude that simply because there is a statistical relationship between factors that improving one factor will improve another

Management attitudes and performance



- Is optimism really associated with higher performance of companies? (LOT-R)
- Is this a country-level variable or individual manager level variable?
- Is it a cause or an effect of a national business system?
- “Can’t just tell managers to be more optimistic or take more risk”
- Relationship to 攻め governance?



Conclusion

- More work of this kind, please!
- And in English!
- You cite many non-Japanese (mostly US) scholars. US/European scholars rarely cite Japanese. Let's fix this imbalance.
- It is important to study Japan and understand Japan of course. But research on corporate governance should be able to inform research on corporate governance more generally.