

Comments on  
“Institutional Complementarities  
between Organizational Architecture and  
Corporate Governance”

and

“A Comparative Theory of Corporate  
Governance

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# Aoki(2003) and Allen and Gale(2002)

- They show that different types of corporate governance structure exist and evolve across economies.
- They provide very important theoretical frameworks to examine the evolutions of different corporate governance structures.

# Aoki(2003)

- One corporate governance structure is an instance of multiple equilibria that link games in the organizational domain and other domains of the economy.
- It can explain why some organizational architecture can become a convention in one economy but not in others.

# Aoki(2003)

- CIA Approach
- Law can affect the expectations and incentive of the agents who act strategically
- But an institution generated endogenously through the strategic interplays of the agents may different form the original intention of Law.

# Aoki(2003)

- Two governance mechanisms are not necessarily Pareto-rankable.
- Importance of relational-contingent governance.
- Importance of Silicon Valley Model  
encapsulation, flexibility

It must be very important for Japanese firms!

# Allen and Gale(2002)

- Anglo-Saxon Capitalism and Stakeholder Capitalism  
different countries use different capitalism  
(consistent with Aoki(2003))
- Stakeholder Capitalism has not been analyzed very much.

# Allen and Gale(2002)

- Stakeholder Capitalism can do better than Anglo-Saxon Capitalism.
- Key points of the theoretical model
  - J-mode firms
    - bases on consensus and cooperation
    - As a result, time horizon becomes longer.

# Allen and Gale(2002)

- Coordination game among managers  
also promotes the benefit of shareholders
- Importance of “Consensus” is shown
- Is the coordination promotes the benefit of other stakeholders?  
maybe, but they may not have sufficient authority.....

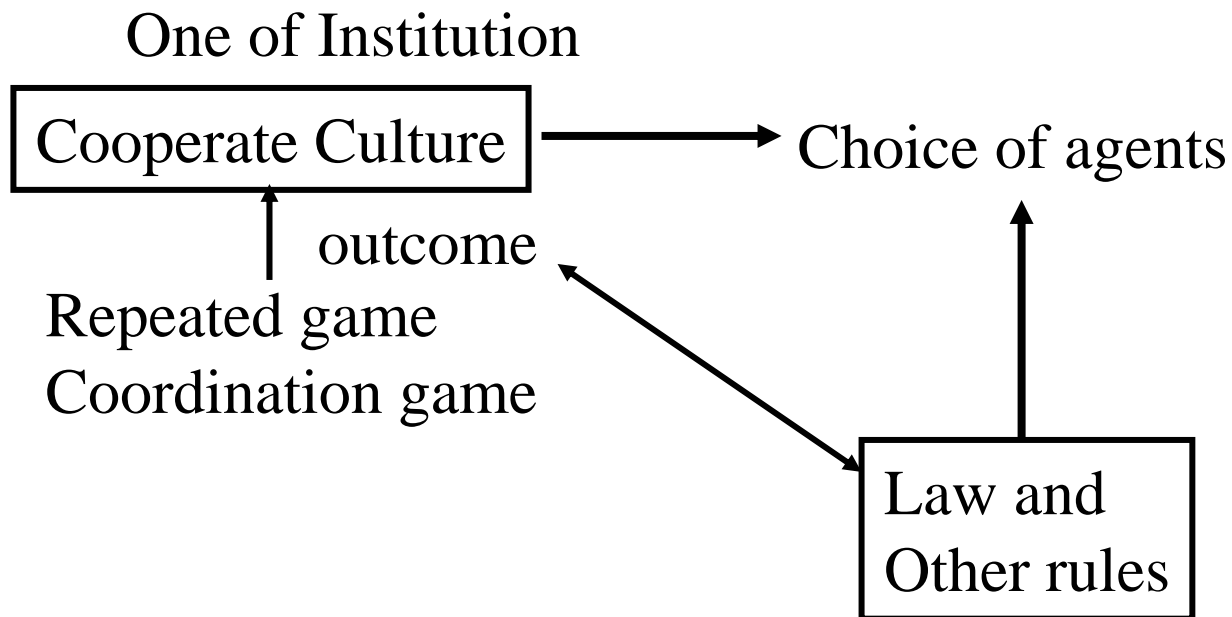


# Comments

- Coordination game among agents or the outcome of the game is important for the “actual” corporate governance structure
- In other words, Corporate Norm or Corporate Culture (and/or Social Norm) which is an outcome of the games, is important for corporate governance structure

# Comments

## Cooperate Governance Structure



# Comments

- Interactions between Corporate Norm and Law is important, but how do they interact?  
Aoki(2003) 's last section considers this.
- New environment may require new coordination game or new corporate norm.  
(such as Japan(?)), but how to generate new stable coordination games? How to choose new equilibrium?

# Comments

- Different corporate governance structures can exist within a country?

Different equilibrium can be chosen?  
even though social systems are not  
different?

- FDI and MNEs are good examples to examine this problem.