

INCAS Annual Conference 2017

25th and 26th of May
St Antony's College
University of Oxford

Programme



JSPS

Core-to-Core Program



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Programme at a Glance

Thursday 25th May

9:00-9:15	Welcome
9:15-10:45	Session 1 - Structural Crisis, Economic Policy, and Institutions
10:45-11:15	Coffee in the Pavilion Room
11:15-12:45	Session 2 - Boards and Diversity of Voice in Corporate Governance
12:45-1:45	Lunch in St. Antony's Dining Hall for all conference attendees
1:45-3:30	Session 3 - Stock Markets and Listing Behaviour
3:30-4:00	Coffee in the Pavilion Room
4:00-5:30	Session 4 - Structural Change, Its Processes and Effects
5:30-6:20	Keynote
6:30-7:15	Drinks Reception in the Pavilion Room
7:15 pm	Dinner in St Antony's Dining Hall for all conference attendees

Friday 26th May

9:00-10:30	Session 5 - Entrepreneurship
10:30-11:00	Coffee in the Pavilion Room
11:00-12:30	Session 6 - Activism and Anti-Discrimination Policy
12:30-1:00	Concluding Remarks and Reflections
1pm	Lunch in St. Antony's Dining Hall for all attendees

Abstracts

The Economic Policies Innovations After the 2008 Crisis: The US, the EU and China: comparing a federal State, a multilevel governance and a party-State

Professor Robert Boyer (EHESS)

Innovation studies and researches focus mainly on the technological advances made by firms and private actors and they extend the analysis to their spill overs upon national economies growth patterns. Régulation approach has pointed out that the viability of any growth regime is up to the compatibility or complementarity between technological, Organizational and institutional innovations, and each of them follow a different logic. This hypothesis can be pushed a step forwards by looking at purely ideational breakthroughs at the level of national economies policies. During structural crises, policy makers perceive the inadequacy and limits of the conception and tools of their previous economic policies. An uncertain process of trial and errors begins that is shaped by the decaying regulation mode and leading political coalition. These two hypotheses are tested against the reactions to the 2008 world crisis of the United States, the European Union, and China. Actually the responses are quite different and they are explained by contrasted basic political compromises and degree of centralization of the national state. Thus structural crises mean the end of an epoch but they do not imply the convergence towards a single conception of economic policy.

Profitability or Longevity? Cross-Country Variations in Corporate Performance

Professor Shinichi Hirota (Waseda University)

Using the data of firms listed in the Fortune Global 500 from 1980 to 2010, we compare the performance of the world's largest industrial corporations across 46 countries. We focus on two dimensions of corporate performance: profitability and longevity. We find significant variations in both profitability and longevity measures across countries. We also observe that firms in some countries are highly (less) profitable but less (more) likely to survive in the Top 500 firms. We regress profitability and longevity measures on country-level institutional factors: financial system, law, and national cultures. We find that (i) market-based (bank-based) financial system is positively (negatively) related to a firm's profitability but negatively (positively) related to its longevity, (ii) strong shareholder (creditor) rights are positively (negatively) related to the profitability but negatively (positively) related to the longevity, (iii) high individualism, low uncertainty avoidance and low long-term orientation are positively related to the profitability but negatively related to the longevity. These results suggest that a country's formal and informal institutions significantly affects a firm's objectives, behavior, and performance.

Reconciling Global Incentives, Societal Expectations, and Institutional Integrity: Structural Innovations in Japan in Comparative Context

Professor Yves Tiberghien (The University of British Columbia)

How should advanced societies reconcile their adaptation to changing global forces, social expectations for stability, and the overall optimal integrity of their institutional system? What are possible thresholds that trigger reforms? What are optimal innovative reform pathways and key reform traps? What are political processes behind such institutional experimentation?

This theoretical paper focuses on the case of Japan in a comparative perspective and reviews the 3 different responses given to those questions under reformist liberal governments (1996-2007), social-democratic governments (2009-2011) and the statist globalist government of Prime Minister Abe (2012-present). It argues that Japan has gone through a cycling process of experimentation that has not yet allowed it to optimize its economic potential or fully address public expectations. Unlike Germany, Japan has brought some systemic changes to its structure. Yet, the hybrid outcome has generated internal tensions and sub-optimal economic outcomes, despite the additional booster of a highly proactive monetary policy.

Professionals on Corporate Boards: Under What Circumstances Do They Affect The Bottom Line?

Professor Mari Sako (University of Oxford), Professor Katsuyuki Kubo (Waseda University)

Firms deal with external uncertainty, according to resource dependence theory, by being better prepared for external contingencies. One source of external interdependence causing such uncertainty is government regulation. In order to deal with it, firms may appoint professionals, such as lawyers and accountants as experts, on the board of directors to better interpret, comply, and anticipate regulatory issues. This study compares the corporate boards in heavily regulated and less regulated industries, and finds that professionals are more likely to be present in regulated industries. Moreover, firms with professionals on the corporate board are associated with better market-based performance (as measured by ROA) in heavily regulated sectors but not in less regulated sectors. We also attempt to demonstrate differential impacts of different types of professionals on corporate performance (using ROA and Tobin's Q). We employ a panel data of all publicly quoted companies in Japan covering the 2004-2015 period. We contribute to theory and policy debates on corporate governance, and clarify under what circumstances professionals act not merely as 'cops' who are risk-averse naysayers, but as 'business advisors' who contribute to creating value for the firm.

Board diversity in Japan: the role of female director

Ms Thi Phuong Thanh Ngyuen (PhD Candidate, Waseda University)

This paper examines the effects of board diversity on firm performance and behavior, focusing on the introduction of female director on board in Japanese listed firms from 2006 to 2015. I found out that the number of female directors on board has not changed over the research time span until 2013, year on that the Prime Minister Shinzo Abe's plan to revive Japan's fortunes by increasing women's participation released. Firms having female directors on board are of large size, younger board and high equity ownership.

I examined the introduction of female director on firm performance and documented that ROA of firms after having first female director on board varies with director's title and company's industry. I also examined the effect of female directors on the firm's CSR and found out that firms having introduced first female director improved their CSR ranking, showing that introduction of female director is used by several companies for symbolic reasons.

Does Employee Stock Ownership Work? Evidence from Publicly-Traded Firms in Japan

Professor Hideo Owan (University of Tokyo)

This paper provides novel evidence on the effects of employee stock ownership (ESO), using new panel data on Japanese ESO plans for a highly representative sample of publicly-traded firms in Japan (covering more than 75% of all firms listed on Tokyo Stock Exchange) over 1989-2013. Unlike most prior studies, we focus on the effects of changes in varying attributes of existing ESO—the effects on the intensive margin. Our fixed effect estimates show that an increase in the strength of the existing ESO plans measured by stake per employee results in statistically significant productivity gains. Furthermore, such productivity gains are found to lead to profitability gains since wage gains from ESO plans are statistically significant yet rather modest. Our analysis of Tobin's Q suggests that the market tends to view such gains from ESO plans as permanent. We further find that increasing the stake of the existing core participants is more effective in boosting gains from ESO plans than bringing in more employees into the trust. Our results regarding the effects on wage and Tobin's Q are found to be robust to the use of instrumental variables to account for possible endogeneity of ESO plans although those for productivity and profitability measures lost statistical significance. Finally, we explore possible interplays between ESO plans and firm characteristics such as ownership structure and firm size/age. First, the positive effects on productivity, profitability, wages, and Tobin's Q are found to become larger as the proportion of powerful institutional investors and foreign investors rises, implying that the growing importance of such powerful outside shareholders may be reducing the adverse managerial entrenchment effect of ESO plans. Second, productivity gains from ESO plans are found to be more limited for smaller and younger firms. We interpret the finding as evidence in favor of the institutional complementarity view that ESO plans are an integral part of the Japanese High Performance Work System (HPWS)—a complementary cluster of human resource management practices which are more pervasive among larger and older firms in Japan.

Going Public in Bear Markets

Mr Pengda Fan (PhD Candidate, Kyushu University)

Japanese firms in competitive industries with small variation in production costs are more likely to go public in bear markets than firms from other industries. Firms relying on bank financing are more likely to go public in bear markets than those with outstanding bonds. Firms going public in bear markets have greater sales growth from the pre-initial public offering (IPO) level and show less financing constraint during the post-IPO period than other IPO firms. These results suggest that firms placing relatively low priority on equity issues as a purpose of IPOs are willing to go public even in bear markets.

Are future capital gain opportunities important in the market for corporate control? Evidence from China (with Liping Dong and Xiaohong Hou)

Professor Konari Uchida (Kyushu University)

Stock prices of Chinese target companies react positively to the announcement of block trades. The stock price reaction is larger when publicly tradable shares (PTS) are transferred than when bidders obtain non-publicly tradable shares (NPTS). PTS transactions also experience significantly better long-term stock price performance than NPTS transactions do. These results suggest that opportunities to realize capital gains incentivize bidders to increase target firms' value. Targets of

PTS transactions experience a significant increase in assets and sales growth, while those of NPTS transactions significantly decrease fixed investments. Share tradability motivates bidders to expand target firms' businesses for capital gains.

The determinants of listing decisions of companies. Evidence from France during the Belle Époque

Mr Jérémy Ducros (PhD Candidate, EHESS)

In this paper, I shed light on the competition between stock exchanges in France during the Belle Époque by considering the listing decisions of firms. Relying on an original dataset, I provide new data on the number of primary listings, the market value, as well as industry characteristics for each organized exchange in France. The results show that French stock markets were quite specialized. I point out that the Parquet – the Parisian official market – tended to attract older and bigger (as measured by the value of listed shares) companies. Banks and insurance companies were also more likely to go public at the Parquet. The Coullisse – the Parisian unofficial market – was more specialized in the trading of gold mines and textile companies' shares. On the other hand, the Lyon stock exchange – the biggest regional exchange in France at that time – managed to attract smaller companies. A major finding, for all the markets, is that the distance, used as a proxy for asymmetric information, is negatively correlated with the listing decisions. Thus, the fragmentation of the French financial market might be explained by asymmetric information between the issuers and the investors.

Uneven use of non-regular workers at the corporate level. Investigating the Japanese case

Professor Sébastien Lechevalier (EHESS)

Although it depends on the definition one considers (contract length, working hours, title used by the workplace), there is no doubt that non-regular employment in Japan experienced an overall dramatic increase since the mid-1980s (Kambayashi, 2013; Teruyama & Toda, 2015). For example, if one considers the definition based on the title used by the workplace, the percentage of non-regular workers has increased from 15% in the mid-1980s to about 35% recently. Although, international comparisons are made difficult because of definitional issues, Japan is one of the OECD countries with the highest percentage, when one focuses on part-time employment (OECD, 2015).

What is less known is that this overall increase in the use of non-regular workers (NRW) does not concern all firms or establishments. Non-regular workers are concentrated in some specific firms or establishments. More precisely, it has been shown that the use of NRW differs by industries and by size of the firm or establishment. For example, part-time workers seemed to be concentrated in large firms and in the service industries (Kalantzis et al., 2012). However, there is no consensus on the theoretical reasons of the impact of the size (and industry) on the use of NRW : for example, on the one hand a bigger size can be associated with a greater diversity of tasks required, and using external work can in that case be useful to the organisation ; on the other hand since larger organizations tend to be more bureaucratic and have more resources at their disposal, they should be more apt to seek stable and committed employees and thus to avoid nonstandard work arrangements (Kalleberg & Schmidt, 1996). More generally, there is a need to better understand the uneven use of NRW across firms.

Our contribution can be summarized as follows. Instead of using employees survey (Labor Force Survey, Employment Status Survey), as most of the papers interested in NRW, we resort to an administrative firm survey, the Basic Survey of Japanese Business Structure and Activities

(BSBSA), in order to focus on the corporate characteristics that may explain the diverse use of NRW. The BSBSA is a unique firm level panel administrative survey (conducted annually by the Ministry of Economy, Trade and Industry) allowing us to follow about 37,000 firms with over 50 employees during the period 1994-2006. It includes information on different types of non-regular workers (part-time, temporary, dispatched workers).

In this paper, we address the following question: Which Japanese firms do resort more than others to NRW? What are their characteristics?

At this stage, our preliminary results allow us to answer to this question by going beyond variables such as the size and the sector, and can be summarized as follows:

The ratio of NRW in a given firm increases with:

- firm's age (that can be interpreted within an insider/outsider framework);
- firm's temporary profitability measured by sales fluctuation around its trend, which captures sales volatility and thus degree of uncertainty of demand faced by the firm
- export intensity (that can be interpreted in terms of product-market competitiveness)

The ratio of NRW in a given firm decreases with:

- headquarters' weight in total sales (it means that the corporate choice in terms of organizational structure are non-neutral from the viewpoint of corporate employment practices)
- with the presence of more specialized skill or knowledge (as captured through capital intensity and R&D intensity)
- with the worsening of financial condition (as captured by the debt total asset ratio, deviated from trend)

Finally, we confirm that the legal environment of the firms is non neutral as the ratio of NRW increases with the degree of easiness of institutional factors (as captured by OECD non-regular employment protection index and dispatched worker regulation dummy)

In the next steps of our research, in which we will be able to use the same dataset until 2012, we would like to have a better understanding of causality (e.g. through using instrumental variables and discuss our results by investigating the differences of corporate employment policy by types of NRW.

Financialization and corporate heterogeneity: an investigation of firm-level investment behavior in South Korea, 1990 -2016

Ms Pauline Debanes (PhD Candidate, EHESS)

An extensive literature researches the impact of financialization on the dynamic of accumulation in contemporary capitalism. In particular, mainly in the case of the United States and Western Europe, it has been shown to what extent the increase financial activities of non-financial corporations (NFCs) has been negatively impacting long-term investment and growth. One key vector identified, besides the decreasing return on manufacturing investment and the intense competition, is the increasing importance of the shareholder value (Lazonick, 2014; Krippner, 2005; Epstein, 2005; Orhangazi, 2008). It has had a far-reaching impact, not only on investment behavior but also on corporate strategy and corporate integration to global value chains (Milberg, 2008). Macroeconomic studies have shown that the increasing payments from NFC to shareholders have led to slower investment and more volatile growth (Stockhammer, 2004; Orhangazi, 2008).

Korea hasn't been a typical case study of financialization. First, the growth rate of investment and growth has remained high in the last decade compare to other OECD countries; second, the domination of large conglomerates has limited the shareholder value revolution as it has happened in Anglo-Saxon countries. Nevertheless, investment and growth are on a declining trend, and corporate governance of large firms have evolved tremendously since 1997 with a better protection of minority shareholders, the adoption of international accounting and management standards and an increasing share of foreign investors. This paper uses a firm-level panel to investigate the financialized behavior by NFCs in South Korea between 1990 and 2016 and tests the hypothesis that the rate of investment in the corporate sector is dropping due to the increasing rate of dividends (see Davis, 2013). The finding points towards local specificities of the financialization process in Korea and a rising corporate heterogeneity.

Evolution of Ownership and Control Around the World: The Changing Face of Capitalism.

Professor Colin Mayer (University of Oxford)

This chapter documents the evolution of ownership and control of firms around the world over a hundred year period from the beginning of the 20th century to today. It records the substantial changes that have taken place in the nature of stock markets and contrasts these with the persistent patterns of ownership that are observed in many countries around the world. In particular, it documents the growth in dispersion in ownership that took place in many countries from the early part of the 20th century. It reports that this took place in the absence of formal systems of investor protection but in the presence of institutional developments that facilitated the building of trust between investors and firms. Contrary to the view that concentrations of ownership necessarily undermine the operation of equity markets by exploiting minority interests, the chapter argues that in many countries they played a central role not just in exercising control but also in promoting relations between investors and firms that were central to the development of their stock markets. In particular, concentrations of ownership in the hands of families may have been a source of public as well as private benefits. The chapter concludes by looking at recent changes and argues that these reinforce the long-run patterns of the relative decline of the UK and US stock markets, the continued decline of family firms in the UK, the growth of private equity and the emergence of new forms of concentrated shareholdings.

Organization of Value Creation and Work in the Japanese Wind Power Industry: Outline of a Study of Organizational Diversity in Face of Institutional Change

Professor Jörg Sydow (Freie Universität Berlin) and Dr Manuel Nicklich (Freie Universität Berlin)

Fukushima 2011 has changed the perspective on renewable energies essentially, also in Japan. The Japanese government has started to support research and development of wind energy (particularly offshore) and decided to quadruple the installed capacity until 2030. However, despite the incidents in Fukushima as a potential triggering event opening up opportunity structures, there is rather a limited diffusion of renewables. Although the capacity has continuously increased over the last 15 years Fukushima seems to have a greater impact in other countries, such as Germany.

Given the notion that emerging fields often form and change around particular opportunities (Zietsma et al. 2017), we assume that an institutional change in the field of Japanese energy production is taking place. But since certain settings – such as the number, status and origin of involved actors for example – influence pace, linearity and scope of change (Zietsma et al. 2017: 419) it is an open question what this means for energy transition and practices within the field of Japanese renewable energy sector.

For the Japanese wind power industry, one can observe that important Japanese manufacturers such as Hitachi, Japan Steel Works (JSW), Mitsubishi Heavy Industries (MHI), and Toshiba increasingly engage in wind turbine manufacturing. The field of wind turbine manufacturing is nevertheless still in flux and the question arises how the field will be configured in terms of business models, organization of value creation, work organization and employment relations against the background of the traditional manufacturer's involvement.

Given the importance of these aspects for established companies (incumbents) as well as new market actors (new entries) the following research questions will be central for our study of the field of wind turbine manufacturing in Japan:

- What is the role of wind energy in Japan's energy transition? Which actors are involved, which structures enable and constraint the development of the field, and which are the drivers of field formation in wind turbine manufacturing?
- What means the involvement of incumbents in this field? Is there an adaption of traditional Japanese organization of value creation and work culture or a fundamental change in already existing patterns? Are there differences between the manufacturers in terms of employment relations and how can they be explained? In order to answer these questions data will be collected mainly with the help of interviews with managers and worker representatives on a firm-level as well as representatives of state agencies, non-governmental organizations and associations on an industry level. Previous research on wind turbine manufacturing in Germany (HBS Grant 2013-678-2) allows to observe commonalities but also central differences between Japan and Germany.

Preliminary results show that there is a rather endogenous change within the field of Japanese energy sector, which is first and foremost initiated and managed by the incumbents of the field, thereby preserving their status. This, however, might explain that change within the Japanese energy sector remains rather slow. For there is still a lack of ecologically oriented entrepreneurial firms –“Enviro-Capitalists” (Anderson and Leal, 1997) – as well as of political support, which might be able to challenge the position and practices of the incumbents.

IT startup communities and ecosystems – a comparison between Tokyo and Bangalore

Ms Agata Kapturkiewicz (PhD Candidate, University of Oxford)

This paper presents preliminary results of a comparative research of IT startup communities and ecosystems. It forms an initial phase of a doctoral project, which aims to investigate, among other questions, what aspects of startup communities and startup ecosystems are location specific and what aspects are universal, as well as what is the role that startup communities play within startup ecosystem as one of its elements. This focus is important because although ‘startup community’ is often cited as a vital element to creating successful entrepreneurship ecosystem, its role and characteristics are still under researched and insufficiently understood.

The study tackles the above questions through a comparison of the cases of Tokyo, Japan, and Bangalore, India, conducted in the spirit of grounded theory and engaging theoretical perspective of institutional analysis. The findings on the Tokyo part of the project are based on the Masters dissertation on ‘IT startup communities in Tokyo’, written in May 2016, and preceded by an in-depth empirical fieldwork. The results on the case of Bangalore are based on the initial fieldwork research conducted in April 2017.

Changing institutional settings for start-ups: The role of institutional organizations in Japan

Dr Thomas Schmidt (Freie Universität Berlin)

The research project will contribute to developing new theory in the field of entrepreneurial city ecosystems in mature economies like Japan. Applying case study and quantitative methodologies, we will analyze how various institutional organizations in the Tokyo ecosystem support the process of new venture creation. More specifically, we follow Richard Florida's (2002) conception of "quality of place" and analyze (1) what is there (2) who is there, and (3) what is going in Tokyo's emerging entrepreneurial city ecosystem. Tokyo is Japan's economic center and, recently, an entrepreneurial ecosystem has emerged in proximity to the established corporate landscape. Usually, these start-ups maintain strong ties with large Japanese firms, and our research aims to explore the enabling and constraining mechanisms for start-ups that stem from this specific institutional setting.

Globalisation and Institutional Change – anti-discrimination in Japan in 2016 (and beyond?)

Professor Ian Neary (University of Oxford)

Developments in the world economic system are not the only forces that have encouraged globalisation – 'the making of the world into a single space'. The emergence of an international human rights regime at the end of the C20th based mainly on the UN is another – welcomed by liberals and condemned by conservatives in almost equal measure. However in 2016 an undeniably conservative Abe government adopted a series of policies aimed to address different aspects of discrimination in Japan. How can this apparent contradiction be explained? The paper will start by briefly describing the Japan's integration into the international framework and point to some of the comments on the situation in Japan made by committees of the UN. It will then outline the legislation introduced during 2016 and consider whether this amounts to the leaders of the Japanese state accepting that it has a positive obligation to support human rights legislation. Finally, I will conclude with some observations on the strengths and weaknesses of the 2016 measures and what this might indicate about the nature of Japan's involvement in this dimension of globalisation.

Lawyers, collective actions, and legislative changes in Japan

Dr Adrienne Sala (EHESS)

In this presentation we will briefly shed light on the concept of "cause lawyers" developed in the Anglo-Saxon literature at the end of the 1990s to analyse a particular type of judiciary and legal activism (Sarat & Scheingold 1998; 2006). We will focus on several cases of Japanese activist-lawyers who managed to obtain significant legal and social changes since the late 1960s. We will analyse the role of these lawyers as potentially "new" form of social movements and explore the following questions: Can we apply the analytical concept of *cause lawyering* to the Japanese cases of activist-lawyers? How, when and why do social movements turn to and use lawyers and legal strategies? Does the Japanese lawyers' institutionalization change their actions or constraint the achievement of their goals?

Alt-labour activists as field challengers in the Japanese labour movement

Mr Jan Niggemeier (PhD Candidate, Freie Universität Berlin)

Previous research on Japanese industrial relations has put a strong focus on established forms of organised labour and their struggle to revitalise in regard of the new challenges for the labour movement. During times of intensified global economic integration, Japanese mainstream trade unions are remarkably hesitant to take a strong position towards urgent societal problems and instead maintain a distinctive enterprise-based, ultra-corporatist stance. However, apart from the mainstream trade union movement, the increasingly important role of emerging alternative forms of labour activism has been mostly neglected in research so far. In reaction to mainstream unions' shortcomings to approach urgent societal and political issues, activists in newly-emerging, less-institutionalised forms of labour activism on the grassroots- level, such as community unions, workers' cooperatives or social movement-type advocacy networks fill a niche in the Japanese labour movement. The research project elucidates transformations within the broader Japanese labour movement along examples of different forms of alternative labour activism, which in the role of field entrepreneurs challenge incumbent structures of organised labour. It aims to find out, how strategic decision-making about organisational structures approached agendas as well as applied tactics by the involved actors impacts field transformations. Approaching this phenomenon from both social movement- and organisation-theoretical perspectives allows to understand the underlying processes of field transformation in Japanese labour activism. This analysis is based on field research conducted in Japan in 2016, including interviews with organisers and members of trade unions and several different alt-labour organisations as well as participant observation within group activism.