Corporate governance in Japan has been the subject matter of a great volume of literature. The majority of discussion in the literature focuses on the reasons for the existence of the Japanese system and whether it is an efficient alternative compared with corporate governance in Anglo-Saxon countries.

The purpose of this thesis paper is, firstly, to specify the unique characteristics of the Japanese corporate governance system, and secondly, provide a theoretical explanation for cross-shareholding, a widely adopted mechanism in Japan.

The study can be divided into two parts: the first part reviews the literature on corporate governance in Japan focusing especially on the keiretsu corporate groups. I describe the evolution of corporate groups in Japan and define the main characteristics of the groups. I also analyze the present situation and evaluate the effects the globalization of the world business environment might have on the keiretsu institution. The objective of this part is to give better understanding about the background of the Japanese corporate governance system reasons for its unique characteristics. The paper also suggests a possible direction for future changes, indicating that, due to economic reason, Japan is moving eventually towards a more universal corporate governance system.

In the second part, I present two models where the impact of cross-shareholding is studied. The results of the models give one possible explanation for the declining trend of cross-shareholding in Japan - the divergence of interest between the shareholder and management under slow economic growth.

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cross-shareholding
keiretsu
Japan

Muita tietoja-Övriga uppgifter:

Additional information