

Large Shareholders and Banks in Japan:
Substituting Roles between Managerial Disciplines

Takanori Tanaka*

*The Institute of Social and Economic Research, Osaka University,
6-1 Mihogaoka, Ibaraki, Osaka 567-0047, Japan*

Abstract

This paper examines interactive roles between large shareholders and banks for Japanese firms from 1993 to 1999. While banks are not likely to appoint the executives to the firms with large shareholders, executive appointments by large shareholders are sensitive to firm's performance measure. In addition, when financial conditions of banks become deteriorated, bank executives are not appointed even to firms under financial distress, but large shareholders on bank's behalf send the employees to the troubled firms affiliated with severely impaired banks. These results suggest that there are substituting roles between large shareholders and banks in Japan.

JEL classification: D23, G21, G32.

Keywords: Corporate governance; Banks; Large shareholders; Executive appointments

*E-mail: cg070tt@mail2.econ.osaka-u.ac.jp.