Abstracts

The Main Bank System and Employment Adjustment in Firms

Masayo Tomiyama (Hitotsubashi University)

This paper presents evidence that the bank-oriented governance system has important effects on employment. I examine two hypotheses; (1) that the institutional complementarity between the main bank system and the long-term employment influences the stability of employment, and (2) that the main bank relationships help alleviate the liquidity constraint of the firms and maintain employment of those in the state of financial distress. Empirical analyses indicate that the speed of employment adjustment for main bank-affiliated firms is slower than that for independent firms. This pattern is observed even in industries that are not human capital intensive. These results suggest the main bank liquidity supply is an important factor in employment adjustment.

The Effect of Corporate Governance on Employment Adjustment in Japanese Manufacturing Firms

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This study compared examines employment adjustment at "promoted-manager firm" and "owner-manager firm," using a partial-employment adjustment model based on data collected from 206 manufacturing companies using eight points panel data.It was found that the speed of employment adjustments is more rapid at owner-manager firms than small- and medium-sized promoted-manager firms, which is noteworthy in a recession. These findings suggest that managerial decision-making is advantageous for the stockholder (creditor) in an owner-manager firm and for the employee in a promoted-manager firm due to differences in corporate governance structures. Such differences, however, do not have a significant effect on employment adjustment speeds at large firms.