

## Abstracts

### Legal Framework for the New System of the Companies with Committees and Executive Officer(s)

**Hiroyuki Kansaku** (Gakusyuin University)

Within companies with committees and executive officer(s), that have optionally been introduced upon the 2002 amended Japanese Commercial Code, executive officer(s) are granted extensive discretion in the execution of business, and auditory committees, nominations committees or compensation committees constituted of a majority of independent directors are central to the control of the company. Such management teams are under obligation to manage the company according to the principle of maximizing shareholders profits on the basis of their legal character as the commercial organization of the company; however, this does not necessarily equate to maximized share prices. Support for effective management is based upon ensuring the health of the company through appropriate risk management/internal control. When constructing/operating risk management/internal control systems, which are particularly basic management policies, it is necessary to consider the profits of stakeholders and the welfare of the general public, and to aim for balance in order to achieve maximized shareholders' profits in the long-term.

### Corporate Governance and Japanese Labour Law; How is the Interest of Employees Protected ?

**Shinya Ouchi** (Kobe University)

Under the pressure for the change of Japanese management style from an employees-oriented to a stockholders-oriented one, the Japanese labour law is now called for to need reform. Certainly the employment security, which has been a pillar of the Japanese labour law, will not be maintained as what it has been. Taking account of the weak position of Japanese companies in the competitive global market, it is unrealistic that the legal rules limit excessively the corporate restructuring by economic dismissal and deterioration of working conditions. In order to harmonize the employees' interests with the stockholders' interests, managerial decision on restructuring should be respected as much as possible on the one hand, the workers' participation through information and consultation in its process should be guaranteed on the other hand.

### Impact of a Change in Corporate Governance on Employment Relationships

**Hiroshi Osano** (Kyoto University)

This paper considers a change in employment relationships that is adapted to a recent change in a corporate governance in Japanese firms. We discuss the desirable adaptation of employment relationships in the following three perspectives: (i) new incentive design scheme for employers, (ii) employers' wealth protection and incentive design scheme, and (iii) flexible labour mobility and internal promotion system.

Corporate Governance and Management Reforms at Hitachi Ltd.

**David Hugh Whittaker** (Doshisya University)

Changes in corporate governance in Japan from the late 1990s should not be seen simply as a product of clashes between the traditional 'Japanese model' and the 'US model' (exported under the banner of 'global standards'), but in the context of attempts to restore corporate vitality in a rapidly changing competitive environment. This argument is applied to a study of organization and HRM reforms in the major electronics company Hitachi Ltd., and their implications for corporate governance. It concludes that though reform is substantial, key underlying orientations remain intact; the model is modified or reformed, not abandoned.

The Role of Labor Law in Corporate Restructuring in the United States

**Stewart J. Schwab** (Cornell Law School)

This paper surveys the laws that protect American workers during corporate restructuring. Corporate law rarely mandates that boards of directors consider worker interests when they conflict with shareholder profits. Larger employers must generally give 60 days notice of mass terminations. Displaced workers receive unemployment benefits and protection on transferring health insurance benefits. In the unionized sector, successor firms sometimes must recognize and bargain with the union, and, depending on how the transaction is structured, may be bound for the remainder of the predecessor's collective bargaining contract. Individual employment contracts rarely impede corporate restructuring. Compared to other countries, American employers have great flexibility in choosing the number of workers to dismiss or transfer to other positions.