

Abstracts

Examining Characteristics of Japanese Companies Introducing Defense Measures against Hostile Takeovers in 2005: The Initial Stage of Introduction of Defense Measures

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In Japan, defense measures against hostile takeovers were not introduced until 2005. We compare the characteristics of companies that introduced defense measures in 2005 with those of companies introducing them in 2006. Firstly, we examine stock market response to adoption of them using usual event study methods. We confirm a statistically significant negative average abnormal return for companies introducing defense measures in 2005 when adoption of defense measures was approved at a board meeting, while we don't find any significant abnormal return for those introducing them in 2006. Secondly, we analyze what factors relate managements' decisions to introduce defense measures through probit analysis. The results of probit analysis show companies that introduced defense measures either in 2005 or 2006 had a low ratio of stable shareholding. Other than this aspect, we don't find any factor relating the decisions to introduce defense measures in 2005. On the other hand, three variables, aggregate market value of listed shares, book value of assets and Simple Q, are significantly related to the decisions in 2006. The results of our analysis indicate that the decisions to adopt defense measures in 2005 were surprising news to the market participants and revealed some information relating those companies value, for example, prospects of business performance or quality of managements. However, in 2006, adoptions of defense measures no longer played such an information provision role.

Is Merger a Bad News for Employees?

Katsuyuki Kubo (Waseda University)

This paper examines previous researches on the effects of merger activities on employment conditions in Japan. It is often the case that firms try to reduce the number of employee after mergers. Some firms try to do this by stop hiring new employees while others solicit voluntary retirement by offering attractive benefits before and after the merger. Econometric studies show that there is a significant drop in employment after the M&A. An estimation using the 1999-2003 dataset founds that employment decreased by 9.6%. Annual salaries typically increased by 400 thousand yen (3333 USD) after the M&A. They found that post-M&A wage increases were larger after 1999 than before. A study using employees' individual shows that workers with lower performance appraisal tend to leave. Overall, there is no evidence that employment condition of those who stay the firm worsened after the merger.

Mergers & Acquisitions and Employees' Career Development

Hiroshi Yamamoto (Aoyama Gakuin University)

From the viewpoint of employees, M&A means career transition and getting over some boundaries in the boundaryless career conditions. In the case that workers change their jobs, they must experience inter-organizational career, and solve tasks about organizational re-socialization.

And, M&A may cause the decline of motivation due to the collapse of the external career (career route). However, it is possible to develop workers' career through the execution of the continuing career strategy, flexible deliberation which can cope with accidents, and behaviors which made career resilience a background.

Legal Techniques and Forms of Enterprise Reconstruction and Labour Law

Mari Kobayakawa (Mie University)

The forms of M&A are different according to the objects on which this technique is applied. And the diversity of the legal techniques and forms cause many different problems relating to labour law. In this article, we examine, first, the legal problems in cases of the transfer of one total enterprise to another entity. After that, we focus on the problems which would be caused in the case of the transfer of one part of an enterprise. It seems that the discussion on this theme in Japan has been limited to the type of labour contract at the time of transfer. There should, however, be discussion of certain problems such as negotiation and modification of contracts before or after they come into force.

The Enrichment of HRM Practices for Non-Standard Employees, and Their Impact on Standard-Employees' Work Attitudes

Ikutaro Enatsu (Hitotsubashi University)

Recently, many Japanese firms have been increasing the number of non-standard employees and offering the equal treatment to both standard and non-standard employees. In this paper, we analyze the influence of this trend on the level of standard employees' satisfaction regarding employment stability and workplace quality with the help of a secondary analysis of data used in the Japan Institute for Labour Policy and Training (2004). For this analysis, we divided the firms into "Under-developed firms," "Moderately-developed firms," and "Well-developed firms" depending on the degree of equal treatment. The level of satisfaction with employment stability is positively affected by an increase of non-standard employees in under-developed firms (1) and well-developed firms (2). However, there is no significant relationship between these two variables in moderately-developed firms (3). The level of satisfaction with job content and human relations are not also affected by an increase of non-standard employees (4).

Previous research indicates that standard employees share the "core-periphery model" as their psychological contract, which regards standard employees as the core workforce and non-standard employees as the peripheral workforce. Although this assumption explains (1) and (3), it does not fully explain (2) and (4). Additional analysis focusing on satisfaction with employment stability will presumably show various kinds of psychological contracts among standard employees. Standard employees of well-developed firms accept an increase of non-standard employees positively. This is possibly because the development of equal treatment eased the psychological burden of standard employees in terms of changes their employer or employment pattern.