

German Institute for Japanese Studies Tokyo (DIJ)  
Joint DIJ Business and Economics Study Group  
& DIJ Social Science Study Group Meeting



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## **Impact of shareholder-value pursuit on labor policies of large companies listed in the Nikkei 400**

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In this presentation, I will discuss how the pursuit of shareholder-value by management has affected labor policies at large enterprises listed in the Nikkei 400 index. I will focus on the issue of labor bifurcation, which refers to the division between regular and nonregular employees. The share of nonregular employees in Japan has been growing rapidly and is now close to 40% of all employees.

Drawing on a political economy view of institutions, I will argue that increased returns to stockholders during the last two decades can be explained with changes in the related domains of management and labor. In order to become "eligible" for economic benefits, stakeholders of a firm must form a 'political bloc' that lobbies management to consider their interests. Differences in political power thus explain why increased returns have benefited shareholders but have been disadvantageous to nonregular employees.

The research corroborates the positive correlation between total shareholder return and the share of nonregular workers in a firm. Moreover, it shows that foreign stockholding is not correlated with an increase in nonregular employment. On the contrary, my findings suggest that the proportion of nonregular employees is significantly correlated with domestic ownership, which implies a higher degree of managerial entrenchment.

The presentation is based on a paper, which received the 2018 FFJ (Fondation France-Japon)/SASE Best Paper Award and which will soon be published in *The Japanese Political Economy*.

**Kostiantyn Ovsianikov** is a PhD student at the Doctoral Program in International and Advanced Japanese Studies, University of Tsukuba, where he also obtained his M.A. He also holds an M.A. in Global Political Economy from the University of Kassel.

Attendance is open to all, but prior registration at <https://dij.tokyo/socscg>

or directly via [heinrich@dijtokyo.org](mailto:heinrich@dijtokyo.org) is appreciated.

Venue: German Institute for Japanese Studies Tokyo (DIJ)

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