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研究課題名（和文）Institutional Investor Governance: Evidence from Stewardship Code Disclosures

研究課題名（英文）Institutional Investor Governance: Evidence from Stewardship Code Disclosures

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研究成果の概要（和文）：この研究は2つの目的を達成した。第一に、投資家の規範の開示が分析され、規範の遵守とスチュワードシップ活動の程度が測定され、開示とスチュワードシップ活動のスコアが作成されました。第二に、この調査では、規範が投資家のガバナンスを改善したかどうかを評価しました。分析によると、コードの導入により、高品質の被投資先ガバナンスに対する投資家の選好が強化されることが示されています。他の調査結果は、投資家のスチュワードシップ活動が戦略的な研究開発投資に影響を与えることを示しています。全体として、この研究は、いくつかの国で採用されているスチュワードシップ規制の有用性に関する重要なデータを提供します。

研究成果の学術的意義や社会的意義

Despite the introduction of stewardship regulation worldwide, there is little research that examines its operation. The study shows that compliance with stewardship regulation positively influences institutional investor decision-making and that stewardship disclosures provide valuable information.

研究成果の概要（英文）：The research has achieved the two project aims. First, Code disclosures by institutional investors have been analyzed to measure the extent of their Code compliance and stewardship activity and to develop a disclosure and stewardship activity score. This has provided valuable evidence regarding the level and type of stewardship activities of Code compliant institutional investors. Second, the study has achieved its aim of assessing if the Code has improved institutional investor stewardship or governance. Analysis conducted has examined the association between Code compliant shareholding and investee governance quality. This shows that Code adoption strengthens investors' preference for high-quality investee governance. Other findings show that investor stewardship activity is a factor that influences strategic R&D investment. Overall, the research supplies important data about the usefulness of stewardship regulation that has been adopted in several countries.

研究分野：Accounting

キーワード：Stewardship Institutional Investors Governance

1. 研究開始当初の背景

Whether institutional investors play an effective stewardship role in connection with their investee companies is a question of long-standing discussion. A negative view of institutional investors has emerged because it is perceived they are disposed to adopt short-term investment strategies that promote excessive risk-taking (1) (e.g. Hill, J.G. 2018). The introduction of regulation to encourage institutional investors to play an active stewardship role is designed to address this problem. Such regulation is exemplified by the 2010 United Kingdom (UK) Stewardship Code. Following the UK model, the Financial Services Agency (FSA) in Japan introduced the Principles of Responsible Investing in 2014 (hereafter, the Code) (2) (FSA, 2014; the Code was revised in 2017). This study focuses on the information in Code disclosures. They open the 'black box' of institutional investor governance by supplying direct information about stewardship policies, actions and resources.

This study also focuses on the relation between variation in governance as determined by information in Code disclosures and investee company outcomes. The Code disclosures provide new insights because information about institutional investor governance has previously been limited to ad hoc public commentary (3) (McCahery, J.A., Sautner, Z. and Starks, L.T. 2016). Prior studies use investment size, concentration, or duration as governance proxies (4) (e.g. Bushee, B.J. 1998). Governance is unlikely to be homogenous for groups determined by these proxies (5) (Wang, M. 2014). Therefore, a primary contribution of the study is its development of a more direct measure of institutional investor governance.

This study uses information in Code disclosures to address two research questions. The first research question is: what is the extent and quality of governance provided by institutional investors as measured by their Code disclosures? This will be addressed by undertaking content analysis of investor Code disclosures. The disclosures provide novel information about the manner and extent of investors' fulfilment of stewardship responsibilities related to the seven Code principles. Together the disclosures offer comprehensive data from which a governance measure or score can be developed.

The second research question is: what is the relation between investee company outcomes and the extent and quality of governance provided by institutional investors as measured from their Code disclosures? This will be assessed by testing outcomes related to the quality of financial reporting, audit quality and pricing, and investee corporate governance quality. These outcomes have been previously examined in light of monitoring and engagement by institutional investors but have provided mixed results (6) (e.g. Mizuno, M. and Shimizu, H. 2015), (5) (Wang, M. 2014), (7) (Kane, G.D. and Velury, U. 2004). The analysis will offer fresh insights because it will use previously unavailable data in Code disclosures.

References

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- (2) Financial Services Agency (FSA) (2014), "The Council of Experts Concerning the Japanese Version of the Stewardship Code. Principles for Responsible Institutional Investors - Japan's Stewardship Code", available at: <https://www.fsa.go.jp/en/refer/councils/stewardship/20140407.html>.
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- (6) Mizuno, M., and Shimizu, H. (2015), "The influence of institutional investors on corporate governance and firm performance: Evidence from Japan", *Kindai Management Review*, Vol. 3, pp. 75-89.
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2 . 研究の目的

The FSA released the Code in 2014, which is a voluntary code aimed at improving stewardship by institutional investors. This research intends to examine institutional investors' Code compliance statements to understand more about their governance role. Before the Code's introduction, information about institutional investor governance was provided on an ad-hoc basis. The extensive Code disclosures supply new insights. The aim is to identify governance actions, measure variation in institutional investor governance, and examine how these are related to investee company outcomes.

3 . 研究の方法

Initially, a thorough search of relevant literature is conducted. Then, data collection from archival sources are undertaken, including: (1) Code disclosure documentation from investor companies; and, (2) financial, governance and other data from investee companies for empirical analysis. Code disclosures are subjected to content analysis to determine a disclosure score. Finally, an empirical analysis is conducted to test the relation between Code compliance and investor governance actions and outcomes for their investee companies.

4 . 研究成果

The research conducted has achieved the two aims of this project. First, the research has documented and analyzed compliance by investor companies with the Code. Data from Code disclosures by institutional investors have been obtained, which reveals the extent of Code compliance and stewardship activity by institutional investors. Detailed information from disclosures have been used to develop a disclosure and stewardship activity score. This part of the study has provided valuable evidence of institutional investors' Code implementation and the substance of their actions related to the Code's seven principles. In particular the data provides insights regarding the level and type of stewardship activities of Code compliant institutional investors.

Second, the study has achieved its aim of assessing if the Code has achieved its objective of improving institutional investor stewardship or governance. Analysis conducted has examined the association between Code compliant shareholding and investee governance quality. The results show that Code adoption strengthens institutional investors' preference for high-quality investee governance.

Analysis has also been conducted to explore the association between institutional investors' stewardship activity and the research and development (R&D) investments of their investee companies. The motive for investigating R&D investment is that it helps assess whether active stewardship aligns with the objective of promoting long-term value and sustainable growth. Using stewardship disclosures to measure stewardship activity, this analysis has shed new light on institutional investors' role in promoting R&D investment. The findings show that investor stewardship activity is a factor that influences strategic R&D investment.

The research achievements are important because there is limited prior analysis of institutional investor stewardship regulation. Despite the introduction of stewardship regulation worldwide, there is a scarcity of empirical research that examines its operation. The study contributes to the existing literature by providing insights into how compliance with stewardship regulation influences institutional investor decision-making. Overall, the results suggest the introduction of the Code has achieved useful outcomes. In addition, the findings to-date show that stewardship disclosures provide valuable information regarding the potential value enhancement associated with institutional shareholding.

A further achievement has been to disseminate the research findings by publication in an international peer reviewed journal. One paper has been published and another submitted paper received a revise and resubmit decision in early 2024. This supplies important international data about the usefulness of the Code's regulatory approach that has been adopted in several countries.

Research outcomes.

Journal Publication: Routledge, J. (2023). "Stewardship Regulation and Institutional Investors' Preference for Investee Governance Quality", *Managerial Finance*, Vol. 50 No. 6,

pp.1101-1119.

Journal Submission: Routledge, J. (2024). “Stewardship Activity and R&D Investment: Evidence from Investors’ Stewardship Disclosures”, *Journal of Accounting Literature*. Revise and resubmit decision on 1 March 2024.

5. 主な発表論文等

〔雑誌論文〕 計1件（うち査読付論文 1件/うち国際共著 1件/うちオープンアクセス 0件）

1. 著者名 Routledge James	4. 巻 50
2. 論文標題 Stewardship regulation and institutional investors' preference for investee governance quality	5. 発行年 2024年
3. 雑誌名 Managerial Finance	6. 最初と最後の頁 1101-1119
掲載論文のDOI（デジタルオブジェクト識別子） 10.1108/MF-08-2023-0532	査読の有無 有
オープンアクセス オープンアクセスではない、又はオープンアクセスが困難	国際共著 該当する

〔学会発表〕 計0件

〔図書〕 計0件

〔産業財産権〕

〔その他〕

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6. 研究組織

氏名 (ローマ字氏名) (研究者番号)	所属研究機関・部局・職 (機関番号)	備考
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7. 科研費を使用して開催した国際研究集会

〔国際研究集会〕 計0件

8. 本研究に関連して実施した国際共同研究の実施状況

共同研究相手国	相手方研究機関
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