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 研究課題名（和文）The Japanese Stewardship Code: Compliance and Outcomes

 研究課題名（英文）The Japanese Stewardship Code: Compliance and Outcomes

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研究成果の概要（和文）：本研究の目的は達成された。まず、金融庁発行「責任のある機関投資家の諸原則（コード）」の投資家企業による遵守を文書化し、2015年から17年までのコード開示のデータを取得した。コード開示の詳細情報は、開示スコア指数の作成に使用された。これは、コードの実施に対する機関投資家の反応やコンプライアンスの性質と程度に関する貴重な情報を提供する。次に、本コードが機関投資家のスチュワードシップに影響を与えたかを評価した。投資家のコードの遵守と投資先企業の成果の関連性を、報告された収益の質と監査報酬の指標を用いて分析した。その結果、機関投資家のコードの遵守は、投資先企業の成果に正の関係があることを示した。

研究成果の学術的意義や社会的意義

The study shows the Code's beneficial effect on the governance role of institutional investors. Dissemination of findings through publications and presentations has supplied data about the Code's regulatory approach. This is important because of limited prior analysis of stewardship regulation.

研究成果の概要（英文）：The aims of this research have been achieved. First, the research has documented compliance by investor companies with the 'Principles of Responsible Investing (the Code) issued in 2015 by the Financial Services Agency (FSA). Data from Code disclosures for 2015 to 2017 have been obtained. Detailed information from Code disclosures has been used to develop a disclosure score index. This part of the study provides valuable information on institutional investors' response to the Code's implementation and the nature and extent of their compliance. Second, the study has assessed if the Code has influenced Institutional investor stewardship. Analysis conducted has examined the association between investor Code compliance and investee company outcomes, using measures of reported earnings quality and audit fees. The results show that Code compliance by institutional investors is positively related to investee company outcomes.

研究分野：社会科学

キーワード：Stewardship Institutional investors Governance

様式 C - 19、F - 19 - 1、Z - 19 (共通)

1. 研究開始当初の背景

It is suggested that institutional investors should play an effective and active role in the stewardship of investee companies (OECD, 2011). Perceived failure in this regard has brought their actions under scrutiny (Hill, 2018) and caused regulators in several countries to implement regulation to enhance institutional investor engagement. The first such regulation was the UK Stewardship Code published in 2010 (Financial Reporting Council, 2010). Subsequently, other countries including Japan have released or proposed similar codes. In 2014, the Financial Services Agency (FSA) released the 'Principles of Responsible Investing' (the Code).

Doubt has been expressed that the policy approach of the stewardship Code will have the desired impact on engagement and responsible stewardship. There have been calls for research to assess the effectiveness of the Code's regulatory approach because it has been argued that it lacks depth and rigour, includes trivial provisions, and mistakenly views institutional investors as a governance solution rather than a problem (Cheffins, 2010; Reisberg, 2015).

This study responds to these calls by addressing two research questions. The first research question is: what is the extent and quality of Code compliance by Japanese institutional investors? This is addressed by undertaking content analysis of investor Code disclosures. The Code operates on a 'comply or explain' basis, which suggests there is variation in disclosed code compliance as institutional investors to respond to the 'spirit and aim' of the Code (FSA, 2014, p.4). This analysis provides useful data on the initial implementation of the Code and the manner and extent of investors' fulfilment of stewardship responsibilities related to the seven Code principles.

The second research question is: what is the relation between Code compliance by investor companies and investee company outcomes? Answering this research question provides valuable data on achievement of the Code's aims, which is important because failure of responsible stewardship can have a significant negative economic effect (Butler and Wong, 2011). The FSA anticipates that Code compliance will result in constructive engagement by institutional investors resulting in effective monitoring. The study shows whether investor Code compliance is associated investee company outcomes such as earnings quality and audit fees.

References

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2. 研究の目的

The FSA released the 'Principles of Responsible Investing' (the Code) in 2014, which is a voluntary code aimed at improving stewardship by institutional investors of investee companies. This research examines investor Code compliance, and whether compliance is associated with investee company outcomes such as the quality of their reported earnings. This study is important as high levels of institutional ownership suggests significant economic benefits can result from responsible investor stewardship.

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 investee company outcomes including the quality of reported earnings.

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 'Principles of Responsible Investing (the Code) issued in 2015 by the Financial Services Agency (FSA) in Japan. Data from Code disclosures by institutional investors for 2015 to 2017 have been obtained, which reveals the extent of Code compliance. Detailed information from disclosures have been used to develop a disclosure score. This part of the study has provided valuable evidence institutional investors' response to the Code's implementation and the substance of their compliance with the Code's seven principles.

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 investor Code compliance and investee company accountability, using measures of reported earnings quality and audit fees. Results of empirical work related to this second aim of the study show that Code compliance by institutional investors is positively related to investee company outcomes. To date, the results of analysis suggests institutional investor Code compliance is: (1) positively related to investee company reported earnings quality; and, (2) associated with lower audit fees due to enhanced monitoring by institutions.

The research achievements are important because there has been very limited prior analysis of institutional investor stewardship regulation. The results of empirical work show Code compliance by institutional investors is having a beneficial effect on the stewardship or governance role of institutional investors. Overall, the results suggest the introduction of the Code has achieved useful outcomes.

A further achievement has been to disseminate the research findings through conference presentations and by publishing the empirical work and findings in an international peer reviewed journal. 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 (2020) "Stewardship Regulation and Earnings Quality: Evidence from Japan", *Accounting Research Journal*, accepted for publication 26 April 2020.

Journal Submission: Routledge J., "Institutional Investors, Stewardship Code Disclosures and Audit Fees". Submitted to *Asian Review of Accounting* (May 2020).

Presentation: Routledge, J. (2019) "Investor Stewardship Code Compliance and Investee Earnings Quality: Evidence from Japan". *8th Conference of the World Accounting Frontiers Series*. University of Macau, Macau, December 4-6.

Presentation: Routledge, J. (2019) "Investor Stewardship Code Compliance and Investee Earnings Quality: Evidence from Japan". *27th Annual Conference on Pacific Basin Finance, Economics, Accounting and Management*. National Taiwan University, Taiwan, June 15-16.

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 James Routledge	4. 巻 -
2. 論文標題 Stewardship regulation and earnings quality: evidence from Japan	5. 発行年 2020年
3. 雑誌名 Accounting Research Journal	6. 最初と最後の頁 -
掲載論文のDOI（デジタルオブジェクト識別子） 10.1108/ARJ-11-2019-0205	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2件（うち招待講演 0件/うち国際学会 2件）

1. 発表者名 James Routledge
2. 発表標題 Investor Stewardship Code Compliance and Investee Earnings Quality: Evidence from Japan
3. 学会等名 8th Conference of the World Accounting Frontiers Series（国際学会）
4. 発表年 2019年

1. 発表者名 James Routledge
2. 発表標題 Investor Stewardship Code Compliance and Investee Earnings Quality: Evidence from Japan
3. 学会等名 27th Annual Conference on Pacific Basin Finance, Economics, Accounting and Management（国際学会）
4. 発表年 2019年

〔図書〕 計0件

〔産業財産権〕

〔その他〕

Journal submission under review with Asian Review of Accounting, "Institutional Investors, Stewardship Code Disclosures and Audit Fees", submitted May 2020.

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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