

The Japanese Corporate Board Network

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We analyze the Japanese corporate board network from 2004–2013. Our data set contains around 3,600 corporations which are part of the TOPIX market. Furthermore we have collected data on the roughly 40,000 board members on a yearly basis. With this we can construct networks of corporations, where the latter are connected by the fact that some executives are associated with several companies. Our aim is to shed light on the dynamics of the network of corporations as well as the destinies of the board members. For this we combine our data with basic balance sheet characteristics for the corporations and information on the board members. Previous research for the US and Germany has shown that board networks are very persistent over time and that small groups of board members can link to a large share of large corporations, which likely has implications for interest group formation and the adoption of business practices. Furthermore, ties between corporations are often of strategic nature and are likely to be replaced when board members retire. Preliminary findings indicate that the same is true for the Japanese case, but that historically grown conglomerated of corporations still leave traces in the network structure. Since our data set is larger than the ones used in most other studies it allows to analyze also different sized firms, sectoral effects, and group structures. More preliminary results show that executives with multiple mandates do not only exist in between the market leaders but also within smaller conglomerates and that the mobility of board members between different corporations is extremely low.

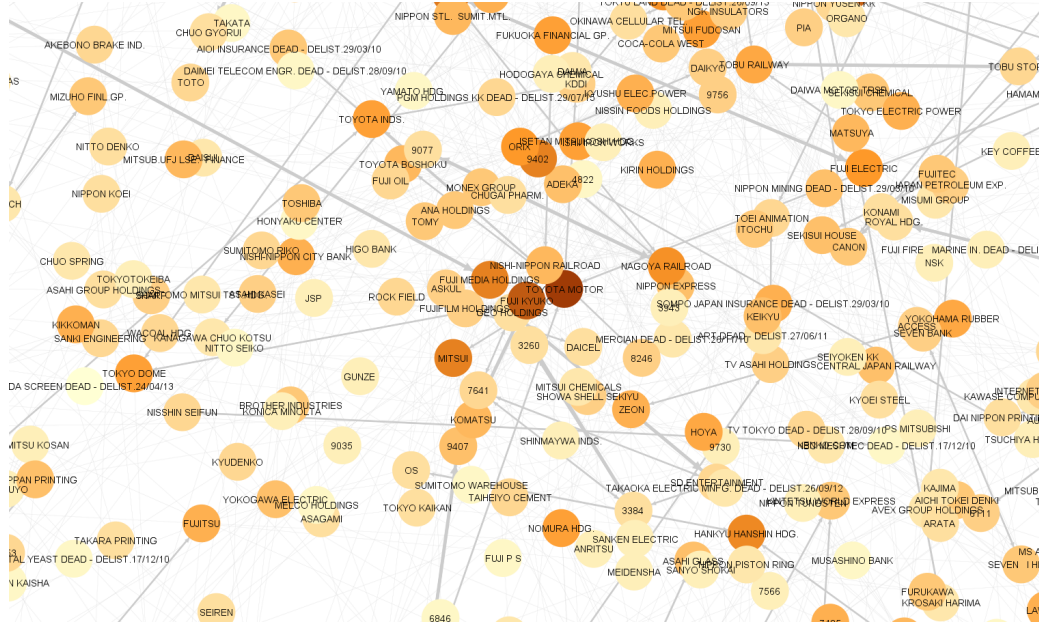


Figure 1: Snapshot of the center of the corporate network in 2004.

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
MF R^2	0.0071	0.0180	0.0068	0.0101	0.0108	0.0156	0.0148	0.0162	0.0183
LR r	257.7	722.0	274.7	405.0	368.9	546.3	497.5	498.9	510.9
N	42175	42635	43121	41998	39907	38759	37731	36884	36452
survivors	35589	34998	35488	34276	33769	32266	31548	31469	31764
const	1.9569 (32.26)	1.8349 (28.86)	1.5866 (26.46)	1.3504 (26.92)	1.8192 (32.37)	1.9528 (34.70)	2.1018 (37.29)	2.2074 (37.20)	2.4642 (36.29)
mand $_{t-1}$	0.5069 (10.51)	0.6577 (14.02)	0.5495 (12.18)	0.6095 (12.82)	0.5903 (11.46)	0.6800 (13.20)	0.6704 (12.74)	0.7582 (12.79)	0.7959 (12.20)
age	0.0003 (1.82)	-0.0348 (-21.03)	0.0005 (4.32)	0.0002 (1.83)	-0.0185 (-10.49)	-0.0293 (-16.66)	-0.0286 (-15.85)	-0.0258 (-13.49)	-0.0286 (-13.98)
female	0.3158 (2.13)	-0.0314 (-0.25)	-0.0888 (-0.80)	0.0260 (0.22)	0.1092 (0.80)	0.4961 (3.31)	0.2913 (2.10)	0.4529 (3.03)	0.6935 (4.08)
log MV	-0.0228 (-3.87)	-0.0018 (-0.30)	0.0077 (1.35)	0.0251 (5.24)	0.0063 (1.16)	-0.0064 (-1.16)	-0.0201 (-3.64)	-0.0189 (-3.27)	-0.0287 (-4.35)
outs. board	-0.4197 (-6.64)	-0.5002 (-8.72)	-0.4112 (-7.31)	-0.5475 (-10.36)	-0.4586 (-7.96)	-0.3224 (-5.56)	-0.2243 (-3.84)	-0.4197 (-7.43)	-0.2781 (-4.64)
outs. audit	0.2885 (7.28)	0.0668 (1.92)	-0.0555 (-1.66)	0.2167 (6.19)	0.2633 (6.73)	0.0360 (0.99)	0.0209 (0.56)	0.2054 (5.03)	0.2771 (6.27)

Table 1: Determinants of director survival, Logit model. Independent variables are the number of mandates, age, sex, market value of the corporation, and two role dummies.