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Corporate Governance Issues in Multiple Voting Shares

Comparison with stakeholder capitalism

Policy Research Dept.
Yutaka Suzuki

Summary

- There are a number of so-called stakeholder capitalism policies that attempt to limit shareholder rights of publicly traded companies in order to narrow disparities and optimize corporate control.

- Prominent U.S. and U.K. politicians recommend that representatives of employees should be on boards, while popular economists argue that voting rights of large shareholders should be restricted.

- Under the one-share, one-vote principle, policies to place restrictions on shareholder voting rights are consistent in order to increase the allocation of corporate value to stakeholders.

- However, in order to increase corporate value, it may also be effective to entrust management to a person who is loyal to the firm and knowledgeable about the conditions in the industry. Multiple voting shares to ensure corporate control by entrepreneurs are worthy of active consideration.

- In the United States, the number of new listings of companies issuing multiple voting shares is on the rise, and in the UK, the listing rules have been revised to encourage the listing of such companies. It is a policy that attempts to realize corporate growth while limiting the spread of disparities in ways that differ from stakeholder capitalism.

- In Japan, the listing of multiple voting stock issuers has come to a stop.

- When thinking about policies to revitalize the economy through corporate growth, it would be worthwhile to consider the use of multiple voting shares.

Attention
This report is a summary translation. The official document is only in Japanese, included in the DIR Research Quarterly Review (Vol.46).