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Round Table Discussion: Expanding Social Role of Analysts

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Role of Buy-side Analysts Who Engage with Corporate Managers: How to Build a Mutual Stewardship Relationship with Management	<i>Yasuaki Kinoshita, CMA / Mitsuru Morita</i>	26
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In recent years, a new role for buy-side analysts has emerged as they become more actively engaged with investee companies. This paper looks at such analysts who regard corporate managers as steward-type managers and who make efforts to engage with them based on mutual understanding and trust, instead of regarding them as agent-type managers as in the case of conventional agency theory. Moreover, we discuss the requirements and skill sets necessary for such analysts, and advocate a new role for analysts in general that builds a “mutual stewardship relationship” with corporate management looking toward the future of analysts.

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Responsible investment is expanding around the world because a wide range of investors are supporting the recognition that it is necessary to take into account the ESG perspective in examining the sustainability of corporate value creation. ESG analysts are required to have an integrated ability to look at various issues related to the environment, society, and economy from a broad, flexible and fair perspective, and to think in relation to corporate value.

34th SAAJ Annual Conference:

Japan's Future beyond the Tokyo Olympics: Aiming at Sustainable Growth

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Relationship between CEO Turnover and Capital Investments	<i>Yuki Ota</i>	88
This paper examines the relationship between CEO turnover and capital investments at Japanese firms. As a result of empirical analysis, it has become clear that the amount of capital investment tends to increase as CEO tenure lengthens. Furthermore, when focusing on the efficiency of capital investment, it was shown that there is a high possibility that capital investment implemented following extension of the term of office would be over-investment.		
Rules for the Construction of the Fama-French Three Factors in Japan	<i>Hitoshi Takehara</i>	99
In the last two decades, the requirement for the prompt disclosure of financial statements has become more stringent in Japan. Furthermore, the Tokyo Stock Exchange has now solidified plans for tougher listing rules to create a “Premium” market. We investigate how these changes will affect the Fama-French three factors in Japan. We find that the effect on the explanatory power of the Fama-French three-factor model triggered by these changes is marginal, while the effect on the estimated parameters is considerable.		
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