

# The present conditions and the problem of the Japanese model ESOP

Shuheï Koizumi

## Abstract

An ESOP (Employee Stock Ownership Plan) to assume U.S.A. origin, was the thing that a scheme was devised in 1956 by L. Kelso, but it was legislated by the ERISA method in 1974, and taxation system kind treatments spread in what was taken at a stretch between United States companies. The association of the employee makes a fund with the thing named the fault like the employee stock-ownership plan of our country, and this contributes a fund for the planned retirement bonus equivalency that a company will pay to the fund in the future, and the fund acquires a company's stock to the fund and borrowed money from the financial institution, and it is with a stockholder. There are still few ESOPs of the American model, but, in our country, the ESOP of the type that I put together with the conventional employee stocks society is gradually introduced. I propose the scheme and new role after having analyzed the problem of the Japanese model ESOP in this report.

**Keywords:** ESOP, employee stock-ownership plan, employee stockholder capitalism, Kelso, corporate governance

## Table of contents

Introduction

### 1 ESOP in the United States

- 1.1 Employee stockholder sovereignty theory of the Kelso
- 1.2 Employee rule theory of Blair
- 1.3 The kind of the ESOP
- 1.4 Voting right use of the ESOP
- 1.5 Tax break
- 1.6 Utilization example to a hostile buyout defense

### 2 Employee stock-ownership plan

- 2.1 Significance of employee stock-ownership plan

2.2 The employee stock-ownership plan of each countries

2.3 Problems in the business of employee stock-ownership plan

### **3 ESOP of our country**

3.1 E-Ship

3.2 ESOP trust

3.3 Synthetic ESOP

3.4 Employee stocks society cooperation type ESOP

3.5 J-ESOP

3.6 Stock Retirement Trust

### **4 The problem of the ESOP**

4.1 Merit and the demerit of the ESOP

4.2 Problems in the company law of the Japanese model ESOP

4.3 The voting right use in ESOP

### **5 The proposal of the Japanese model ESOP**

5.1 The ESOP as stable shareholders measures

5.2 corporate governance and ESOP

5.3 The proposal of Japan type ESOP

Conclusion

## **Introduction**

After the 19th century, the arrival of the times of the industrial production will differentiate to a lot of workers who get bread for survival only by providing their own labor with few capitalists with the means of production such as a factory and the machine. In the capitalism economy, the proprietary rights of the product belong to the owner of the means of production, but it may be said that only the times of this industrial production, the body of own were always exposed to a crisis of the survival by the unemployment as the worker who does not have a means of production.

However, it was some countries including Russia that shifted to the socialist economy that, a nation monopolized the capital as the means of production, and most of nations took the economic policies of the mixed capitalism such as the employment security by right protection and the public works project of the worker or the nationalization of the part company and intended maintenance development of the capitalism.

Furthermore, we came to demand business investment from a lot of people through

the form called stocks because the capital of the large scale was necessary when we entered in the times of the mass production after the 20th century (the principle of capital stock). As for the foundation and the development of the stock market, a large scale of the capital will push forward becoming it and decentralization to acceleration.

In other words the person who had a fund a little came to be able to become a capitalist by purchasing stocks in the stock market. But we do not make the sovereign of the company even if we own small stocks and receive allotment, or there is only financial profiting (we may suffer a loss) whether they get buying and selling gain. Thus, becoming it will push manager sovereignty from capitalist sovereignty = stockholder sovereignty the decentralization of stocks, a public stockholder.

When it is progress, the late 20th century in the times, the large-scale financial capital including an investment bank and the fund will gain power. Own fund is not big, and most of these large-scale financial capital do only that a large amount of, a fund entrusted with a fund, use keeping multiplies the custody assets to the maximum with a duty. Therefore, it is the major shareholder of the company where we sent eyes kid with and lets you discharge the fund which accumulated till now as allotment for the stockholders and grasps real power of the management by the change of the officer and sells off the core assets of the company, and what dismiss the talented person who was able to support a company is very easy.

All the institutional stockholders were Homo sapiens, too, but this financial capital is not a man called the financial capitalists, and a capitalist and a worker and a manager are the money things till now. In other words it may be said that the principle of financial capital is right the structure that Homo sapiens is employed to money.

Called stakeholder which the corporate governance is considered to be the structure that stakeholder of the company watches a manager, but is the most important when is, there is nobody for the employee of the company concerned.

In other words, a man can break with rule of the money by transferring it in the principle of employee sovereignty. An opportunity to realize the company system that I placed an employee as sovereign is going to come now.

This has a labor and management codetermination system that is frequent to be seen in Germany and the North Europe, and employee stock-ownership plan to be seen in Japan, the United States and Europe, but it cannot be said that it functions for corporate governance of the employee subject as employee sovereignty system that is most important stakeholder under the present conditions enough both.

What we should utilize here is the ESOP (Employee Stock Ownership Plan) that

some companies have begun to introduce in Japan. What's called which a scheme was devised as for this ESOP in 1956 by Louis. O. Kelso, and spread by the American ERISA method of 1974 in the United States, with the thing which evolved employee stock-ownership plan of our country, introduction is possible under the act legislation.

This paper proposes concrete structure about the Japanese model ESOP as the governance system by the employee sovereignty after having analyzed capital in the present age and the change of the role of the labor.

## **I ESOP in the United States**

### **1.1 Employee stockholder sovereignty theory of Kelso**

American Kelso is wrote by a joint work by "the Capitalist Manifesto" against this from "the Communist Manifesto" of Marx after the first century. He said, in capitalism, (1) Primitive capitalism, (2) State capitalism, (3) Mixed capitalism, (4) Just capitalism exists.

(1) Primitive capitalism... In the form of the capitalism that there was in the U.K. through the 19th century, the personal possession of the capital tool is accepted without any restriction, and the thing which productive property earned belongs all to an owner of the capital, and the thing which at last I can live a life from that, or it is not possible for is distributed between the labor public.

(2) State capitalism... By the economic system existing in Russia (the Soviet Union), we are said to be socialism. By this system, they completely centralize the proprietary rights of the capital tool in the nation and are distributed between a public worker for the welfare, but they act as the nation for improvement of the standard of living of the public, and it is said that they come to give high productive labor a various additional income.

(3) Mixed capitalism... It is said that he can call it collective capitalism, managerial capitalism or laboristic capitalism, partly socialized capitalism, welfare capitalism in the capitalism that there was in the U.S. and Britain of (the mid-1900s) in those days.

Do the private possession right of the capital tool nominally, and this mixed capitalism is left, but the proprietary rights are not institutionalized, and the excessive concentration is half like the principle of labor not primitive capitalism in mid-of the capitalism. There is the sudden rise of the labor union power, too and generally may mind the life standard of the labor public high.

(4) Just capitalism exists... In this capitalism, personal possession of the capital is

respected and disperses widely between an individual and a household. In addition, by a scientific technological change, mechanical labor decreases, and, about the production of the wealth, capital takes charge of a big part, and it is said that the labor takes charge of only an extremely small part. It may be said that this assumes the production in an automated factory. And the characteristic thing performs the distribution of the wealth according to the property of the person who engaged in the production and, as for the share, is decided depending on contribution, and, as for the evaluation, according to the free competition-like supply and demand principle, it is said. Furthermore, the capitalist justification of dispersion of the capital possession and the distribution of the wealth expects a labor union as the means of the power of the distribution of labor principles when I shall be unnecessary. In other words a place unlike mixed capitalism is a place the main producer of the wealth is not human being labor, and to be capital. And it is said that it is the place to aim at of the capitalism revolution that all nations become a capitalist, and the people come to participate in production (or the service) as labor and an owner of the capital. [Kelso & Adler (1958) Inamoto Japanese translation (1958)]

It was tied to the suggestion of the ESOP as the system that outlook on capitalism of this Kelso promoted an employee stockholder.

## **1.2 Employee rule theory of Blair**

It is Margaret Blair to have proposed employee sovereignty assuming the current capitalism economy system. It is creation of the social wealth, and, according to Blair, as for the purpose of the company, it is said that I depend on human capital that is organized ability and the creative mastery of skills of a manager and the employee than material capital at creation of this wealth not the maximization of the stockholder. She calls this human capital “firm specific human capital”, but it needs it that it is difficult for a rival company to be copied.

In addition, they have the aspect as the owner of the company, and the general expert value of the employee is paid to the employee in a meaning to be the burden person of the rest risk as a wage, but does it when they should be rewarded with stocks as contribution to creation of the wealth about the company special mark mastery of skills. Based on the rise of the software service industry in the modern advanced capitalism country, it will be said to evaluate the technical know-how that the employee has as capital.

But the measurement of the contribution degree to creation of the wealth is difficulty because the know-how except an evaluable thing will be included with the amount of

money including the patent right.

In addition, Blair nominates a Representative Director employee system and employee stock-ownership plan for becoming famous of the employee rule theory, but emphasizes the need of the ESOP-shaped employee stock ownership plans introduction to be compatible with an owner rule theory in particular. We give an expert employee the legal social position called the stockholder and consider that it leads to creation of the wealth most to authorize to control a director [Blair (1995)].

### 1.3 The kind of the ESOP

In 1956, a scheme was devised by Kelso and was become a legal system by the American ERISA method of 1974 (Employee Retirement Income Security Act), and the ESOPs in the United States spread in the United States. As for the employee stocks plan trust that utilized the trust called this ESOP, it is said more than 12 million with the target number of employees with the number of the adoption companies more than 10,000 companies in the United States (Table1, Table2).

**Table1 ESOP possession ratio of American listed company**

Company Name	Type of industry	Number of Employee	ESOP Possession ratio
United Air	Air transport	95,000	55%
Rockwell	Electronic Equipment	82,670	41%
Kroger	Supermarket	200,000	35%
JC Penny	Retail	185,000	25%
P & G	Toiletry	94,000	20%
Sears	Retail	500,000	15%
McDonald	Restaurant	183,000	15%

<source: Nceo Date2000>

**Table2 Treasury stock more than 50% of American big companies**

Walmart 85%
McDonald 72%
GE 66% Exxon 60% SunMicrosystems 60%
Dupon 57% Caterpillar 54% Mobil 53% Sears 52%
Microsoft 51% Ford 50% Texaco 50%

<source: NCEO Date 1999>

## The present conditions and the problem of the Japanese model ESOP

### · Non-leveraged ESOP

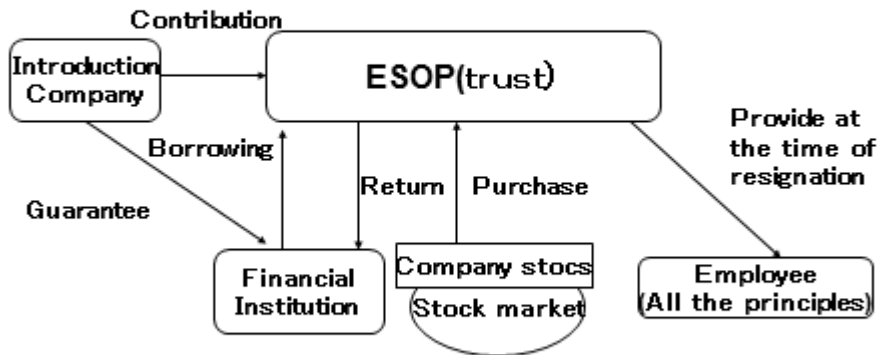
As for the non-leveraged ESOP, 1) ESOP introduction company sets trust called ESOT (Employee Stock Ownership Trust), and 2) introduction companies contribute the constant ratio of payroll (15-25% of the amount of upper limit annual salary) to this ESOT (ESOP trust) as every year, a treasury stock acquisition fund, but may contribute direct treasury stock. 3) ESOT acquires the treasury stock of the company concerned using a contribution fund. 4) ESOT changes the treasury stock which it was contributed or purchased to the account of each employee. 5) The dividend of stocks changed, to belongs to each employee, but it is usually saved as an acquisition fund of the further treasury stock by ESOT. 6) When employees retire, I issue treasury stock or the cash of the sum will be considerably paid.

### · Leveraged ESOP

In contrast, that higher than three-fourths are these types in the American company the borrowed money is financial funds for the treasury stock acquisition as for the leveraged type ESOP, and to be able to spend a large amount of fund (the The ESOP Association investigation in the United States).

As for the structure (**Table3**), 1) ESOT (ESOP trust) that companies usually set makes a company a guarantor, and there is the method (a direct loan method) that change lends the fund which an introduction company borrowed to ESOT, and (a mirror loan method) to borrow a fund from the bank does. 2) ESOT purchases a company's stock for the fund, but the stocks will do a hock as a security of the borrowed money in the bank. 3) Companies contribute every year, the constant ratio of payroll to ESOT, and 4)ESOT repays it borrowed money capital and interest for money of this contribution, and it is canceled a security, and the stocks of 5) Return parts are assigned to the individual account of the member, but 6) Dividend is usually allotted for a return fund, too. 7) In the occasion when employees retired, treasury stock or the cash of the considerable sum will be issued.

Table3 Structure of American ESOP



<source:Introduction to ESOP for Japan (Watabe Kiyoshi) Chuokeizai-sha p.7>

#### 1.4 Voting right use of the ESOP

Because the stocks allocated for the account of each employee are not issued during the holding the post of the employee concerned, it is not a legal stockholder, but can use the stockholder's rights such as distribution of profits right to claim or the voting right. But, about the dividend, cash is not issued and becomes the return fund of stocks purchase fund or the borrowed money. In addition, ESOT has the voting right, but the participation employee can give a trust manager a direction.

The New York Stock Exchange requires this pass-through voting right 10) and sends a letter of proxy invitation document to the participation employee, and it is said that you should take means to secure the direction of the voting right [2001 (Ichikawa)].

#### 1.5 Tax break

This ESOP was a taxation system kind treatment plan with the opportunity that would spread as a defined-benefit retirement annuity system rapidly in the United States.

The support expenditures from the company, the borrowed money interest of the company burden, loss of money inclusion of the dividend were accepted (in recent times, most of those are abolished).

#### 1.6 Utilization example to a hostile buyout defense

Furthermore, it will be used as a hostile buyout defense widely from the 90s. But this was the thing which deviated from an idea of the Kelso that built a system for the purpose of the management participation by the worker. It is Polaroid Corp. first to have



utilized an ESOP as a purchase defense (I say “Company P” as follows).

In 1988, Company P in confrontation with the purchase of Shamrock partners (I say “Company S” as follows) founded the ESOP of the leveraged type and incorporated 22% of total stocks there.

In contrast, if the ESOP establishment as the hostile buyout defense was illegal, Company S of the acquirer presented it to the Delaware county court, but the voting right was able to retire from a claim of acquirer Company S with the shareholding of the employee the Company P board of directors having examined ESOP introduction in the court from 1985 again because I recognized it [2009 (Shintani)].

In addition, in the same year, Lockheed Corp. hung a takeover offensive establishes an ESOP from Harrod Simmons which is investors of Dallas and lets you hold the stocks of 17% and lets you give up TOB of Simmons.

Furthermore, in 1989, Dunkin’s Donuts was exposed to the hostile buyout from the Canadian Kings bridge group, but I also founded an ESOP and let you hold 16% of all stocks and established finance company General Electric capital as a listed company and made the convertible preferred stock with dividend rates more than the double of common stocks sale, a stable shareholder in this company [1990 (Muramatsu)].

## **2. Employee stock-ownership plan**

### **2.1 Significance of employee stock-ownership plan**

Most of capitalism countries take the legislation to give a stockholder the election dismissal right of the manager by an argument “whose thing a company is” in Stakeholder in the other place. As for the employee (legally “a servant” and “a manager”), no authority is accepted for a director even if I examine the commercial law, company law of our country. In other words an employee is that an employee becomes the stockholder of the company as for the only method to predominate of the corporate governance.

Therefore it is thought whether you do not answer the purpose in employee stock-ownership plan introduced at the most of the listed company even if I do not introduce an ESOP. It is the system that an employee becomes the stockholder of the company where the self belongs to, and it is wide in the European company, and these spread through an organization called the employee stocks society.

In our country, it begins in Kanematsu incentive wages agreement of Kanematsu

Corp. of 1918, but it may be said with a company defense from foreign capital in after the war many companies in the spread [Sonoda (2004)], the late 60s and will open more. If employee stocks society becomes the major shareholder by this system, employee sovereignty is accomplished inside the frame of the existing legislation, and a company falls into the hands such as purchase funds against the intention of the employee, and it will be without being dismantled.

## **2.2 The employee stock-ownership plan of each countries**

The employee stock-ownership plan is made a legal system with most of advanced capitalism countries.

(1) The United States... It is prescribed by IRC, the ERISA method, New York business company law, Delaware company law, and the kind is a monthly basis investment program, stocks bonus plan, diverseness including the resignation stocks grant plan, too.

(2) British... company law has a rule, and a taxation system kind treatment is accomplished by the inside the country annual revenue method. There are an employee contribution type and a company contribution type, but in the latter with a profit-sharing type, stocks grant type belonging to limit, the pension type [Ichikawa (2001)].

(3) France... It is promoted as social policy, and it is prescribed by business affairs company law. "An investment combination foundation" (fond commun de presment) falling under the employee stocks society of our country manages it with the acquisition of the treasury stock of the employee [Shintani (2009)].

(4) Germany...It is promoted as a worker property formation policy from the 1920s, and property formation promotion law has a rule.

(5) Japanese... In our country, it spreads widely, but there is not the grounds method, and there are not the taxation system preferential measures, too.

## **2.3 Problems in the business of employee stock-ownership plan**

Called Stakeholder which the corporate governance is considered to be the structure that Stakeholder of the company watches a manager, but is the most important when is, there is nobody for the employee of the company concerned. The company system that I placed an employee as sovereign has a labor and management codetermination system seen in Germany and the North Europe, but the employee stock-ownership plan that is frequent in Japan, the United States and Europe is one of the employee sovereignty systems.

But the main purpose of the employee stock-ownership plan is to let you have a

company and a sense of unity by a company supporting the property formation of the employee. In addition, it is a defense for the hostile buyout by having the stable shareholder called the employee stockholder seeing from a management.

However, judging from corporate governance of the employee subject, this is a problem. The purchase ceiling of the stocks of the employee is established by a company official, and the incentive wages for the stocks purchase go out of the company, too.

In addition, a representative of the stocks society is an employee of the company officials including Director of General Affairs Department of the companies, and voting rights as the stocks society will be usually entrusted by the representative who presented the will of the company. In this, the declaration of intention unlike the administration will be absolutely difficult. In other words employee stock-ownership plan is a system named the faults like the ESOP.

In addition, more than 95% of listed companies of our country include employee stock-ownership plan, but, as for the stocks society participation rate of the employee, it may be said that approximately 45%, the composition of stockholders ratio of the stocks society are the situation that is far for an average of around 1% [Tokyo Stock Exchange (2009)] and employee sovereignty (Table4).

**Table4 Situation of Employee Stocks Society (Japan)**

Year	1989	1998	2003	2008	2009
Stock possession Ratio(market price -base)	0.88	1.07	1.01	0.95	0.96
Stock Society Mumber ratio	47.2	48.29	48.61	44.88	45.03
Stock possession Ratio(unit -base)	0.90	1.37	0.99	0.86	0.87
Number of the mean possession per one	1.35	2.63	4.48	6.28	7.02

<2009 Employee stocks society summary of the situation investigation2010/10 Tokyo stock exchange >

### **3. ESOP of our country**

#### **3.1 E-Ship**

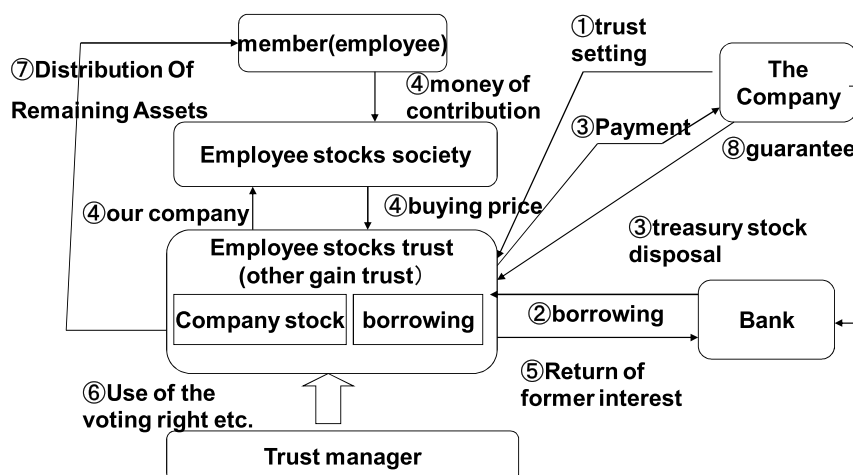
As for the past employee stock-ownership plan, an employee held the stocks of the company concerned through employee stocks society, but, in E-Ship (a trust

type employee stocks incentive plan) which Nomura Securities, Nomura Trust Bank developed, establishes stocks society and new vehicle\*<sup>1</sup> to trade (stocks society cooperation type ESOP).

The structure (Table5), 1) a beneficiary works as an employee and sets a trust mouth for exclusive use of the employee stocks society (it is said as follows with “EStrust”) as the gain trust\*<sup>2</sup>, and, 2) this EStrust borrows the share acquisition fund of the company concerned from the bank by the company concerned trusting money to you, but the company concerned performs the guarantee (EStrust bears the guarantee charges). 3) They acquire the stocks of the considerable number of companies concerned in a mass from the market and sell EStrust to the stocks society at the current price every month. 4) EStrust repays financial funds the principal and the interest of the borrowed money for the stocks sale price and the dividend from the company concerned which I got from stocks party. 5) When it is distributed between the employee with the beneficiary suitable basis when there are remaining assets at the time of the end during a trust period, and borrowed money is left, a company repays it. 6) A trust manager elected for a beneficiary will order the management of a voting right and the trust estate of the stocks which EStrust holds.

Hiroshima Gas introduces it in August, 2007, and, in 2008, Daido metal, Daiichi constructon, Otsuka HD, Kondotec are introduced, in 2009 ANA, Joshin electric equipment, Paramount bed, Tokyu electric-railroad, Minebea, in 2010 Kiyu HD, CDS, Aica Industry, Bookoff are introduced.

Table5 E-Ship (Employee Shareholding Incentive Plan)



<source:Bookoff, press release, 2010/02/16>

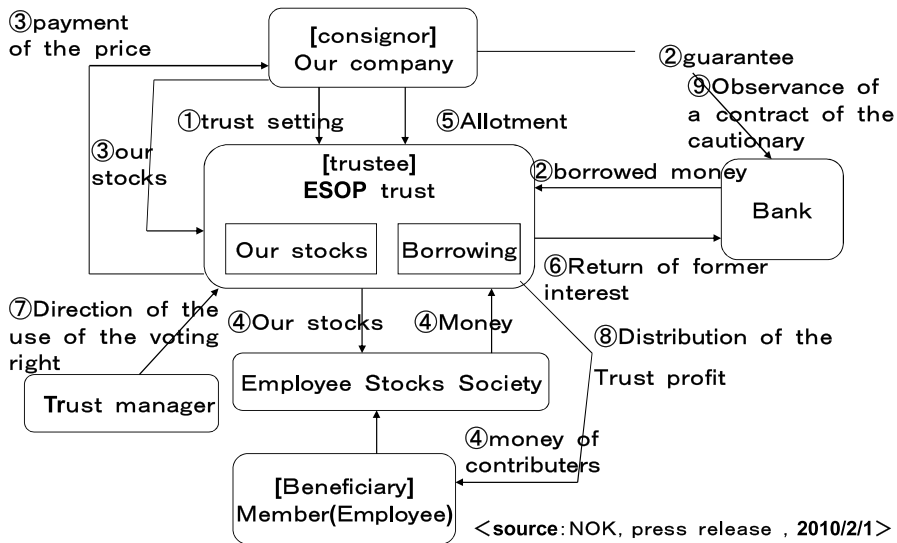
### **3.2 ESOP trust**

In the case of employee stocks ESOP trust of the Mitsubishi UFJ Trust Bank development, the ETrust as the vehicle is called “ESOP trust”, but the device is approximately similar. In other words, (**Table6**), 1) the company sets ESOP trust to assume an employee a beneficiary. 2) The ESOP trust borrows a fund necessary for the acquisition of the stocks of the company concerned from the bank, but the company concerned performs the guarantee. 3) The ESOP trust acquires treasury stock to this borrowed money in a lump from the company concerned. 4) The ESOP trust transfers it to the stocks society at the current price with money contributed to the stocks society by a constant day every month. 5) The ESOP trust receives dividend distributed as a stockholder. 6) The ESOP trust pays back capital, interest of the borrowed money from the bank as financial funds for the stocks sale price and dividend to the stocks society. 7) When there are rest stocks, it is money and, at the time of the trust end, is distributed between trust according to a contribution ratio for a beneficiary on conversion into cash, but the company concerned repays it it collectively for a bank when borrowed money stays adversely.

This ESOP trust was introduced in Yonex in September, 2009, but is introduced in Nihon chozai, NOK, Edion, AsatsuDK, Nihon kansaito Mfg. for the next 2010 years. In addition, about the employee incentive grant type ESOP of the Chuo Mitsui asset trust (a re-trust trustee: Japan Trustee Services Bank) that is a similar model, it is introduced in Company Eiko in February, 2010.

About the employee stocks society trust type ESOP of Sumitomo Trust & Banking (a re-trust trustee: Japan Trustee Services Bank), it is introduced in Toho in March, 2010.

Table6 Employee Stocks ESOP Trust



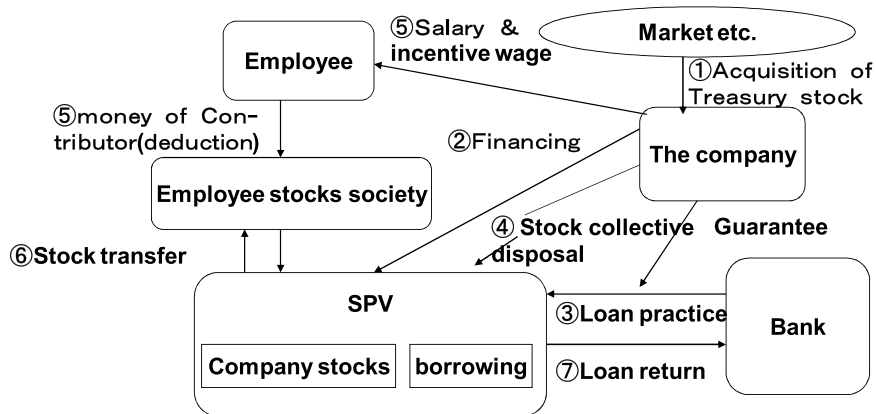
### 3.3 Synthetic ESOP

The synthetic ESOP was developed in Sumitomo Mitsui Banking, but this assumed SPV (a specific purpose company) a vehicle and was introduced for the first time in Nexyz in April, 2006, and it was introduced in Sumitomo Realty & Development in 2008.

The structure (Table7), 1) The company establishes SPV and concludes an anonymous association contract to assume a person of business, the company concerned a sleeping partner in SPV. 2) The bank gives a loan subject to the guarantee by the company concerned for SPV. 3) SPV catches the allotment of the treasury stock which the company concerned holds in a lump. 4) The stocks purchase fund deducted from the salaries of the participation employee is paid to the employee stocks society every month. 5) SPV buys the stocks of the publication company at the occasional current price and assigns a share to the account of each employee. 6) SPV repays the bank a loan with the stocks sale price that they received from the employee stocks society every month. 7) The stocks which SPV holds will be distributed between an employee by continuing transferring the collective stocks which they acquired to every month, the employee stocks society separately.

But as a cooperative non-profit corporation law as the grounds method was abolished on the end of November, 2008, we did a general corporate judicial person with a vehicle, or this synthetic ESOP changed to the structure which established the employee stocks society trust mouth in Sumitomo Mitsui Banking which was borrowing Bank.

Table7 Synthetic ESOP



<source:Nexyz, press release 2016/04/13>

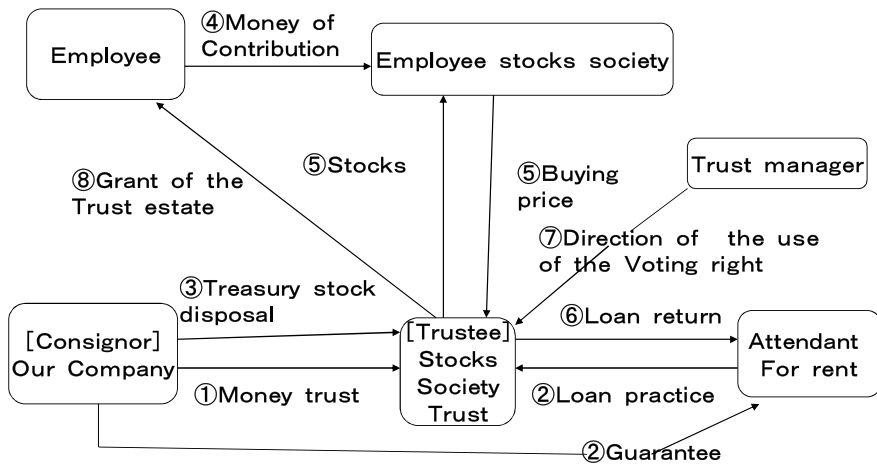
### 3.4 Employee stocks society cooperation type ESOP

It is a development type of the above (3.3), and the employee stocks society cooperation type ESOP that Sumitomo Mitsui Banking developed is made to affect in a bank in place of SPV.

The structure (Table8), 1) The company trusts money to a trustee (employee stocks society trust mouth of the company of Sumitomo Mitsui Banking concerned) of the trust as a beneficiary in (a qualified member) such as members of the employee stocks society. 2) The trustee borrows it from the bank (Sumitomo Mitsui Banking), but the company concerned performs the guarantee. 3) The company gets rid of treasury stock for a trustee. 4) The member of stocks society contributes stocks purchase fund to the stocks society with a salary and incentive wages. 5) Stocks society purchases the stocks of the company concerned at the current price from a trustee with this money of contribution and dividend. 6) The trustee repays financial funds the borrowed money for the sale price and dividend. 7) The trustee uses a voting right by the direction of the trust manager, but lets you reflect a voting right use result in the stocks society proportionally on this occasion. 8) The residual trust estate at the time of the trust end is issued by a qualified member, but, about the money that was not allotted for budgets of the trust, it is issued by the company concerned.

This type was introduced with Leopalace21, Kappa-create in introduction, 2009 in September, 2010 by Asahi HD.

Table8 Stocks Society Cooperation Type ESOP



<source:Asahi HD, press release, 2010/02/01>

### 3.5 J-ESOP

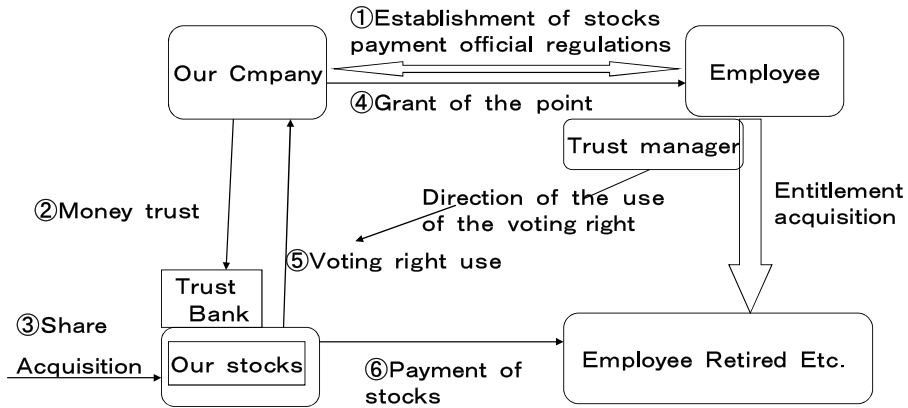
The J-ESOP (stocks payment trust) that Mizuho Trust & Banking developed determines stocks payment official regulations at resignation and they do a person of the object with a beneficiary and set gain trust, and it is structure holding the stocks of the company concerned through this and does not use stocks society.

As for the procedure (Table9), 1) introduction company establishes stocks payment official regulations for an employee. 2) Introduction companies trust money to the trust bank, and 3) trust banks acquire the stocks of the introduction company for the fund. 4) Introduction companies give a point to an employee based on stocks payment official regulations. 5) A trust bank uses voting rights by the direction of the trust manager. 6) To retired employees, the stocks of the introduction company are paid according to a point given by the trust bank.

This J-ESOP was introduced for the first time in Daido Ltd. in February, 2009, But, in same year, Kawasaki-geological-engineering, Nakamichi Lease, Yenjapan, PC-Depo and Pantech is introduced in 2010.



**Table9 Stocks Payment Trust (J-ESOP)**



<source: <http://kenplatz.nikkeibp.co.jp/article/const/news/20090624/>>

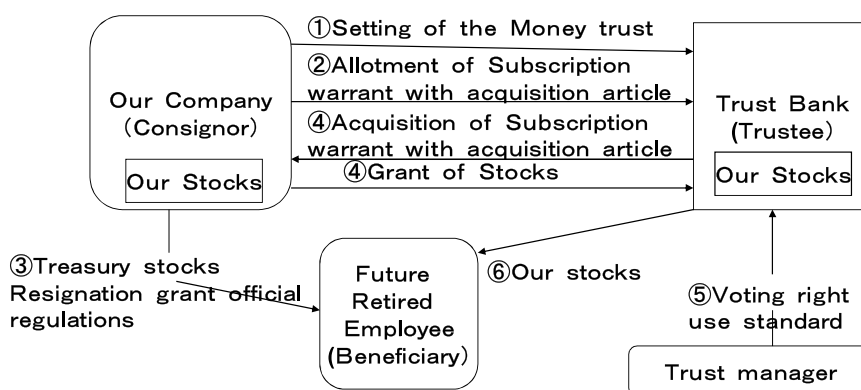
### 3.6 Stock Retirement Trust

Stock Retirement Trust (treasury stock resignation grant trust) of the Mitsubishi UFU Trust Bank is structure we are free, and to publish a subscription warrant with acquisition article which assumes other gain trust a person of undertaking.

As for the procedure (Table10), 1) introduction company enters into a money trust contract between a trust bank. 2) Introduction companies assign a subscription warrant with acquisition article to the trust bank. 3) Introduction companies set grant official regulations at treasury stock resignation for an employee. 4) The introduction company issues company's stocks in exchange for trust banks acquiring a subscription warrant with acquisition article in the trust bank. 5) Trust banks use a voting right based on the voting right use standard that a trust manager established. 6) When employees retired, stocks are issued based on grant official regulations from the trust bank at treasury stock resignation by a retired employee.

This type of ESOP was introduced by Nippon Parking Development in Japan for the first time in September, 2007, but even Pulse was introduced afterwards in 2009.

Table10 Stocks Retirement Trust



<source:Pulse, press release 2009/08/26>

## 4 The problem of the ESOP

### 4.1 Merit and the demerit of the ESOP

When there are few rise in stock prices and number of the publication stocks, in the case of employee stocks society, acquisition cost suffers, but I watch a timing when it is an ESOP and can apply it stably because the lump acquisition is possible. In addition, it is a long-term incentive plan because I draw it until resignation and cannot do it. Particularly, it shall remain in effect to draw the loyalty of the employee at the time of the management crisis. Besides, an employee is the thing which can predominate of the corporate governance because ESOP trust reflects the intention of the employee and can use a voting right.

On the other hand, a demerit is to bear the workplace and the double risk of assets for an employee because the retirement bonus is managed by company stocks.

In addition, in the case of hostile buyout, it is used for the self-protection of the manager and becomes the collusion management with the labor union (GM), and there is a threat that I become with an internal trouble (United Airlines) (Nihon Keizai Shimbun July 19, 2007 issue).

### 4.2 Problems in the company law of the Japanese model ESOP

Because a Japanese model ESOP is not a system accepted by law unlike the United States, in company law, some problems keep it.

(1) Relations with parent company share acquisition restrictions by the subsidiary\*3

When the vehicle which (company law Article 135 Clause 1) prohibited in principle catches fund contribution or the suretyship obligation from the ESOP introduction company is considered to be a subsidiary as for a subsidiary acquiring the stocks of the parent company in the company law, it is an illegal system.

In law interpretation, it is said that they do not interfere if a vehicle is not influenced substantially by the introduction company in this connection.

#### (2) Relations with the treasury stock regulation

The stocks that a vehicle acquires the point at issue in the biggest company law are points to be the treasury stock of the ESOP introduction company. The voting right use is not possible when considered to be treasury stock (company law Article 308 Clause 2), and the allotment of the surplus fund is not received (company law Article 453).

In this case it is a standard whether “it is the acquisition by the calculation of the company”. Specifically, which we consider the element that, ① where the acquisition fund of stocks goes out of, ② who decides at acquisition of stocks, a price, the time, ③ Who influences the stocks which we acquired, generally and are judged.

① The source of the fund... The source of the fund is a company and a financial institution (in the case of borrowing), but it is said that they do not interfere if it is the amount of money of a rational range because money of contribution of the company is a thing as welfare expense or the money of burden on employee for work incentive improvement. In addition, it is understood even if there is the suretyship obligation of the company as far as there is enough return possibility about the borrowed money debt when not done with the calculation of the company.

② Decision making in case of the share acquisition... Even if a company official makes an introduction scheme, will be not to have any problem if I leave concrete share acquisition time to a vehicle.

③ Stocks rule... At this point there is that is the most important, but it is a point that father that the independency of the judgment about the voting right use being found and the reversion of allotment and the gross margin are not introduction companies says.

Of these, about the former independency, it is desirable about a method to investigate the intention of guidelines on voting right use or the employee, the independency with the introduction company of the vehicle representative to exhibit.

#### (3) Relations with the prohibition of the payoff\*4

Because the fund contribution from the company in case of the ESOP is for the welfare program of the employee and improvement of the work incentive, and (company law Article 120) that it is prohibited that a company does a payoff in the property in

connection with the voting right use of the stockholder is not contribution to have you vote that is convenient for a company, it may be said that we do not fall.

(4) The relations with the principle of the stockholder equality

In the company, it is based on the position as the employee according to contents and the number of stocks not the situation as the stockholder that (company law Article 109 Clause 1) that must treat a stockholder equally has they take out the purchase fund of stocks from the company. Therefore, it is understood when they do not violate a principle of the stockholder equality.

(5) Relations with the advantageous publication of stocks\*<sup>5</sup>

About a share acquisition, a problem that it may become the equity (company law Article 199 Clause 3) by “a particularly advantageous amount of money” substantially that an introduction company does financial support keeps it.

However, the payment amount of money in the subscription for stocks act is equal, and the financial support is understood because it is only performed about the acquisition of the stocks which have been already published when we do not fall under published by advantage [Ministry of Economy, Trade and Industry (2008)].

### **4.3 The voting right use in ESOP**

(1) An American ESOP and pass-through voting right\*<sup>6</sup>

An American ESOP is that the place that is different from employee stock-ownership plan and stocks bonus system, a stock option system conclusively cannot dispose of the stocks assigned to an employee until the employee concerned resigns. The voting right of the stocks that ESOP trust assigned a more important thing to an account of each person being used indirectly by the intention of the employee who is not a legal stockholder (pass-through voting right) [Kuroda (1999)].

In other words it is not a legal stockholder, but, as for the employee in the ESOP, ESOP trust with a voting right can reflect own intention until we receive stocks by retiring by ordering a vote. In addition, among the stocks of the company which the ESOP trust holds concerned, introduction companies usually have mirror vote\*<sup>7</sup> rule (mirror voting provision) about the voting right use method of stocks of non-distribution in a personal account [Ishida (2010)].

Even if it is not assigned to an individual employee, this is because it is considered to be the possession of the employee as the object of the ESOP trust.

(2) The voting right in the Japanese model ESOP

① In the case of E-ship

Representative stocks society (the chief director) gathers the opinion of the stocks society participation employee and performs the voting right use of stocks sold to the employee stocks society like a case of the conventional employee stocks society, but a general thing using is non-desirable. Then, a trust bank has proprietary rights and the voting right of stocks because it is with the trust estate that the trust mouth (other gain trust) owns about the stocks which are not yet sold to the employee stocks society.

According to the voting right use of the employee stocks society, we direct a trust mouth whether the trust manager is based on guidelines on voting right use determined by a trust contract. The trust mouth will use a voting right according to the direction. In addition, it is similar to E-ship, and, in the case of the synthetic ESOP, a trust manager only turns into the vehicles such as general corporate judicial people.

At first it is necessary thing that the substantial control of the introduction company does not have that is that the system is such that the intention of the company is inferior to a voting right so that an ESOP is given a voting right in company law.

When the intention of the company seems to extend, the stocks before being assigned concretely are considered to be treasury stock, and it is from stocks without the decision incarnation and where it is (company law Article 308 Clause 2). In addition, the voting right use that reflected the intention as the stockholder of the employee must be done from the viewpoint of employee sovereignty system, but an employee becomes able to let corporate management reflect the intention as a stockholder more than past, and words with ..... enter because I use a voting right a trust manager representing the profit of the ... employee in the press release of the E-ship introduction companies reflects the intention of the employee, and to modify we stocks of ETrust.

② In the case of J-ESOP

In this case, by a trust contract, a trust manager is to order the voting right use for a trust mouth, but the trust manager asks an employee the yes and no about each bill along trust guidelines and should order lack of unity use of the voting right<sup>\*8</sup>. In the press release of the J-ESOP introduction companies “we do not have a direction to authority to intervene in about disposal and the stockholder’s rights use of our stocks which this trust holds at all”.

There are words that we find independency of the voting right use by we adopt method “performing the voting right use according to the attitude survey of the employee for the .....” individual treatment bill, and choosing a person admitted that the introduction company administration and the introduction company administration and the interest including the director are strong for the trust manager whom the ..... voting

right use directs.

In a Japanese model ESOP, it may be said that I propose employee sovereignty definitely most. In addition, about the structure of the voting right use, in the case of Stock Retirement Trust (treasury stock resignation grant trust) using the subscription warrant, it is similar to a J-ESOP.

### (3) The voting right use

In this way, in the ESOP, the employee as the substantial stockholder cannot use a direct voting right, and a trust bank or employee stocks society are used for the profit of the employee by other engines. However, it is a problem because the intention of the employee may vary according to the bill what kind of method the person using a voting right lets you reflect the intention of the employee by.

One method is to vote along guidelines on voting right use. The institutional investors including welfare pension funds establish voting right use guidelines and I compare it with these guidelines every general meeting of stockholders presentation bill of each company and judge it.

But this is abstract other than item about the outside director<sup>\*9</sup>, too [pension synthesis research center (2004)] and is apt to be influenced by the subjectivity of the judgment incarnation. In the first place it is the duty to manage the property which I kept, and a fund and the institutional investors do not have to let the company concerned reflect the intention of the investor because I invested it in company stocks.

We only become “an activist shareholder” to protect the fund which we invested in stocks to the last. I adopt the yes and no of the employee every bill of the general meeting of stockholders presentation to establish employee stockholder sovereignty and think that I should let you reflect the result by the voting right lack of unity use faithfully. In other words it will be necessary to institutionalize a pass-through vote and the mirror vote such as the American ESOP.

## **5 The proposal of the Japanese model ESOP**

### **5.1 The ESOP as stable shareholders measures**

The Japan type is big, and even the same ESOP is different from an American model till now as having looked. Furthermore, even Japanese model fellows are different (Table11). It is desirable that the thing suggesting it as a Japanese model ESOP met four next requirements.

The present conditions and the problem of the Japanese model ESOP

(1) We are impossible of leaving on the way: The employee stocks society and (3.1) Japan type ESOP that leaving is possible which cooperated with employee stocks society such as (3.2) (3.3) (3.4) mentioned above will not adapt on the way when I become a stable shareholder. In that respect, an American ESOP and (3.5) (3.6) Japanese model ESOP fit.

(2) Possibility of high ratio of shareholding: It is necessary to be the leverage-shaped ESOP which the borrowed money can utilize for the self-stock acquisition to secure high ratio of shareholding as a stable shareholder.

In this regard, the Japanese model ESOP will fit if it is a leveraged type.

**Table11 Difference in ESOP & Employee Employee stock-ownership plan**

	American model ESOP	Japanese model Employee stock ownership plan	Japanese model ESOP (Stock Society coop.)	Japanese model ESOP (Resignation payment model)
Contribution of financial funds	Company	Employee (option) Company incentive wages	Employee. (option) Company incentive wages	Company
Participation qualification	All the members	Company is appointed	Company is appointed	All the members
Banks borrowing	Available	None	Available	None
Stock disposal during being on the register roll	Impossible until resignation	Possible anytime	Possible Fixed period of time later	Impossible until resignation
Direction of Voting right	Trust manager	Stocks Society	Trust manager	Trust manager
Shift at change of job	Possible	Impossible	Impossible	Impossible
Introduction Company	More than 11,000 companies	Most of listed company	Approximately 30 companies	Approximately 8 companies

< Writer making >

## **5.2 corporate governance and ESOP**

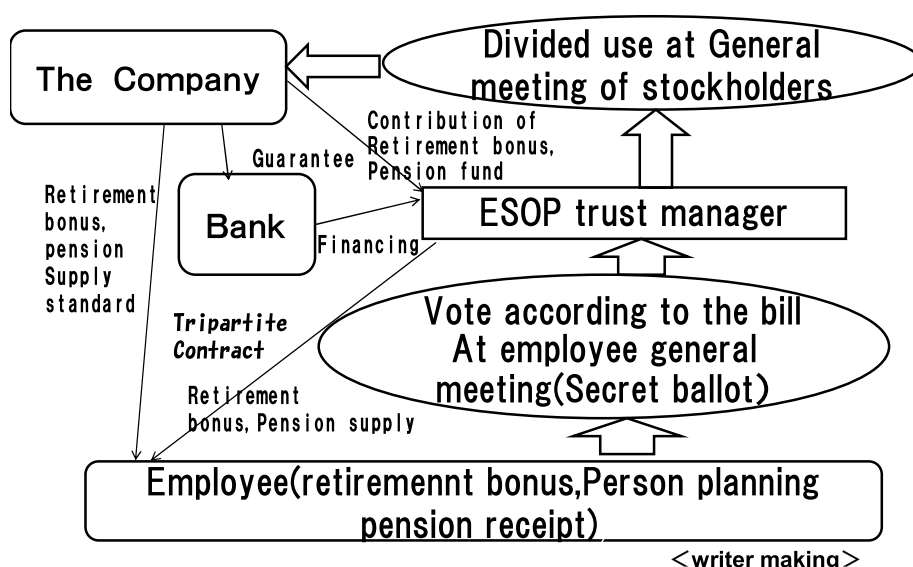
Because a company official can use a voting right, the conventional employee stocks society had a problem from the viewpoint of corporate governance, but it is necessary for pass-through voting rights that the intention of the employee is the ESOP that is reflected structure substantially. In this regard, the American model fits, but it may be said that the Japanese model is vague.

## **5.3 The proposal of Japan type ESOP**

From the viewpoint of corporate governance and stable shareholder measures by the employee sovereignty, I propose the following ESOP system (**Table12**). 1) Add the future retirement bonus, pensioner who is a company and the employee; and of the ESOP trust (a trust bank) tripartite, conclude a tripartite contract. 2) As for the thing of an agreement with the employees' union, the company establishes the retirement bonus, a pension supply standard. 3) The company supplies the retirement bonus, corporate pensions fund in ESOP trust regularly. 4) The ESOP trust acquires stocks based on this fund from a market or the company, but assumes it plural voting stocks\*<sup>10</sup> as far as ESOP trust holds it. 5) Before general meeting of stockholders holding, an employee general meeting is held, and the yes and no that accepted a share every bill of "the voting right use book" votes for the employee after having received explanation because of bill contents listed in "a notice of published by company of general meeting of stockholders call" from the trust company. 6) The ESOP trust reflects the yes and no depending on the share of the employee per possession stocks and performs the divided use of the voting right. 7) The retirement bonus and corporate pensions are paid to the employee who retired in the stocks of cash or the company concerned by ESOP trust. Realization or the paid stocks become the common stocks then. In other words I let you reflect the intention of the employee than the ratio of trust fund by assuming it plural voting stocks when an ESOP holds it.



Table12 Proposal of the Japanese model ESOP



## Conclusion

As for manufacturing industry in itself classified in secondary industry in addition to proportional increase of the tertiary industry as for the present age when capitalism matured, the industrial structure of the developed country software of making it it show a tendency. In other words a corporate value is multiplied depending on the work of the worker not I collect a large amount of capital almost the times of the conventional industrialization and invest, and many employees engaging in simplicity labor as a factory worker and will decrease.

Furthermore, (Table13) where the stable shareholder measures by the cross-shareholding are already becoming a thing of the past. The stable shareholder measures for this are ESOPs. Because not only I can secure stocks purchase financial funds of several times of the employee stocks society because treasury stock by the borrowed money is possible, but also cannot draw it in the case of an ESOP until employee resignation, I may find a stockholder of the possession for a long term.

In addition, the management monitoring by the employee is enabled by adopting a pass-through voting right and may clear the problem of the corporate governance. The company which has the retirement bonus, a retirement annuity system in 1,000 employees or more now equal to 97.1% (the Ministry of Health, Labour and Welfare investigation). In addition, is only pension trusts soon; with the balance of 43 trillion yen

(Table14).

This equal to approximately 12% of aggregate market value of the listed company (in a general electrical equipment manufacturer, refer to **Table15**). If even the introduction of the ESOP is decided about the retirement bonus, a retirement annuity in our country company, I can raise the ratio of shareholding at a stretch, and it is expected that it is a strong stable shareholder.

To that end, I give clear legal grounds about the voting right of an ESOP and the ESOP, the security of the internal right to vote of the employee, and what the kind treatment plan of the taxation system side takes will be necessary.

**Table13 Listed Company' Shareholding ratio & Change**

Year	Shareholding ratio		Cross Shareholding ratio	
	Money base	Stocks base	Money base	Stocks base
1991	41.8%	37.0%	27.8%	23.7%
1995	33.8%	29.9%	24.3%	20.2%
2000	25.0%	23.0%	12.7%	12.7%
2005	15.9%	11.0%	8.2%	5.2%
2008	17.9%	14.4%	8.2%	6.9%
2009	15.7%	11.0%	6.5%	4.9%

<source: Daiwa Soken Document>

**Table14 Balance of asset management type trust**

	balance(2011/3end)	Contribution ratio
Money Trust	96.7sign yen	16.8%
Pension Trust	43.0	7.5
Investment Trust	106.1	18.5
Others Money Trust	9.9	1.7
RE-Trust	252.4	43.9
Others	66.4	11.6
Total	574.8	100.0%

<source: (corporation judicial person) trust companies' association>

**Table15 Resignation payment balance, company distinction**

Company	Aggregate market value(11/9/15now)	Balance of resignation payment debt	B / A
Panasonic	1,888,851	22,223	1.1%
Hitachi	1,789,980	891,815	49.8%
Sony	1,575,273	271,336	17.2%
Mitsubishi	1,490,158	419,008	28.1%
Toshiba	1,372,983	204,021	14.9%
Fujitsu	790,747	181,572	23.0%
Sharp	693,077	4,618	0.7%
NEC	416,757	182,022	43.7%

<writer making>

## Notes

- \*1 A consignor company is an organization to achieve a different specific purpose, and, in the ESOP, ESOP trust (ESOT), employee stocks trust, a specific objective public corporate judicial person fall.
- \*2 It is the trust that is different from a consignor in a beneficiary.  
Because, as for the ESOP trust, an introduction company is a consignor, but a beneficiary is an employee; called the other gain trust it is expected.
- \*3 In company law Article 135 Clause 1, we prohibit the acquisition of the parent company stocks by the subsidiary and establish the penal regulations (Article 976 10). But we make an exception when we arrive in the case of organization reorganization and the mergers and acquisitions of group companies (Article 135 Clause 2, Article 800).
- \*4 It is said that the company must not give the profit in the property about the use of the right of the stockholder as for company law Article 120; for the violation with penal regulations including the penal servitude (Article 970).
- \*5 When a company publishes stocks as for company law Article 199 and gets rid of treasury stock, we do it with (Article 309 Clause 25) which must pass through the special resolution of the general meeting of stockholders about an offer matter, but am prescribed when a payment amount of money is a particularly advantageous amount of money when we must explain a reason in the general meeting of stockholders (Article 199 Clause 3).

\*6 It is not a legal stockholder, but or a person having the profit of receive benefits give a person of voting right use a direction economically. Though it is not received the grant of stocks during holding the post in the ESOP, they can use stockholder's rights such as a voting right or the distribution of profits right to claim through a trust agent.

(e)Voting rights (2)Requirements where employer has a registration-type class of securities. If the employer has a registration-type class of securities, the plan Meets the requirements of this paragraph only if each participant or beneficiary in the plan is entitled to direct the plan as to the manner in which securities of the employer which are entitled to vote and are allocated to the account of such participant or beneficiary are to be voted.

About the non-public company, in the case of merger, dissolution, a business transfer, I recognize it with Article 401 (a) (22), Article 409 (e) (3). In our country, it is not become the letter of the law, but, in interpretation, there is room to be recognized if the intention of the company does not extend to the voting right.

\*7 It is a method to use in the ratio same as the voting right use of the stocks which were distributed about the voting right of stocks of non-distribution to a personal account.

\*8 It is said that we can use company law Article 313 without unifying voting rights (article Clause 1). But, within three days before the day of the general meeting of stockholders, they must notify the company of the reason (article Clause 2), and the company official can refuse it when the stockholder "is not a person having stocks for another person" (article Clause 3). Because I fall under "a person having stocks for another person", as for the employee stocks society and the ESOP trust, the company may not refuse the divided use.

\*9 According to "the stockholder voting right use standard" of the association of welfare pension funds society, I require outside directors more than a one-third in the board of directors. Furthermore, about "the outsider characteristics" of the outside director and inspector outsider, they do it when they need that there is not the interest with the company concerned at all ("independency").

\*10 In the continent countries such as France is recognized as a hostile buyout defense ;, but if only a closed company establishes it in articles of association in our country, is recognized (company law Article 109 Clause 2). In addition, they assign the kind stocks which a voting right is 10 times to only the joint founder on the occasion of presentation of 2004 in American net search giant Google.

## References

- Akimoto Tatsuru. 1993. "*New tide of the labor movement in America*" Nihon Keizai Hyoron Inc.
- Aoki Masahiko, Jackson. Gregory. & Miyajima Hideaki. 2007. "*Corporate Governance in Japan*" OxfordBainbridge
- Ariyoshi Naoya. 2009 "For business with the legal point at issue of the ESOP for Japan" *Shojihomu*, No. 1881. No. 1882
- Blair. Margaret. M. 1995. "*Ownership and Control*" Brookings pp. 272-273, 328-330
- Blair. Margaret. M&Roe. Mark. J. 1999. "*Employees & Corporate Governance*" Brookings
- Frisch. Robert A. 1994. "*The ESOP Handbook*" John Wiley& Sons
- Frisch. Robert A. 1995. "*ESOP*" John Wiley& Sons
- Fukao Mitsuhiro & Morita Yasuko. 1997. "International comparison of the company governance structure" Nihon Keizai Shimbun, Inc., pp. 88-89
- Hashimoto Motomi. 2003. "Disclosure of voting right use information pursued in the American operative company" *Capital market quarterly*, winter of 2003 issue
- Ichida Makoto. 2010. "Structure comparison between ESOP for Japan and American ESOP" *Toyama University bulletin*, Vol. 55, pp. 3-4
- Ichikawa Kanezo. 1986. "Present conditions of the American employee stock ownership plan, *Shojihomu*, No. 1085
- Ichikawa Kanezo. 1988. "Theory and policy of the American employee stock ownership plan" Kagawa law (Kagawa University), Vol. 83
- Ichikawa Kanezo, 2001. "*Study of Employee stock-ownership*" Shinzansha, pp. 99-101, 263-264
- Igata Masahiko & Nomura Akiko. 2001. "A summary and introduction to our country of the American ESOP" *Titekishizansozo*, March, 2001 issue
- Igata Masahiko, Nomura Akiko & Kamiyama Tetsuya. 2001. "A summary and introduction to our country of the American ESOP" *Capital market quarterly*, winter of 2001 issue
- Inagami Takeshi & Mori Junjiro edition. 2004. "*Corporate governance and employee*" Toyo Keizai Shinposha
- Itami Hiroyuki. 2000. "*Japan type corporate governance*" Nihon Keizai Shimbun, Inc., pp. 101-106, 134-135, 238-279, 270-271
- Katagi Haruhiko. 2007. "Trust use model employee stocks incentive plan" "business affairs legal affairs" *Shojihomu*, No. 1814
- Keizaidoyukai, social security reform Committee. 2001. "Japanese introduction ... Japan

Committee for Economic Development of the proposal - United States ESOP of the social security system reform”

Kelso, L. O. & M. J. Adler. 1958. “*The Capitalist Manifesto*” Random. House, pp. 117-126, 161-165(Japanese translation “*Capitalism declaration*” Inamoto Kunio reason, 1958, Jiji Press, pp. 113-116, 146-159)

Kelso, L. O. & M. J. Adler. 1961. “*The New Capitalists*” Random. House

Kikuzawa Kennei. 2004. “*Comparison corporate governance theory*” Yuhikaku, pp. 115-126

Kim, Kenneth. A., Nofsinger. John. R & Mohr. Derek. J. 2009. “*Corporate Governance*” Pearson

King, T. G. 2008. “*ESOP Forever*” King Financial

Khurana RaKesh. 2005. “Charisma fantasy-limit of the americamodel corporate governance” (Kagono Tadao supervising a translation) *Zeimukeiri association*

Kuroda Atsuko. 1999. “The law of the self-stock reward, pension association of taxation system” *Zeimukeiri association*

Marshall. Shelley, Mitchell. Richard, Ramsay. Ian. 2008. “*Varieties of Capitalism*” Melbourne university

McWhirter, Darien. 1993. “*Sharing Ownership*” John Wiley & Sons

Mitino Masahiro. 1995. “study of the employee stock-ownership plan”, *Ritsumeikan University law*, Vol. 240-241

MitsubishiUFJ Research Consulting. 2007. “A guide of the employee stocks society introduction”

Monks Robert. A. G & Minow Nell. 2010. “*Corporate Governance*” Wiley

Motoyama Yoshihiko. 2003. “ESOP-Conquest of the stock prices capitalism” Springer

Motoyama Yoshihiko & Kayano Toshihito. 2008. “The Capital of the financial crisis” *Seidosha*

Motoyama Yoshihiko. 2008. “Finance power” Iwanami Shoten”, pp. 212-213,

Muramatsu Shinobu. 1990. “Leveraged ESOP and M&A” *Keirijoho*, vol 49. No. 4, p. 27

Murata Kazuhiko. 2000. “Stockholder rule and employee rule” *shogakukenkyu* (Hitotsubashi University)

Nenkin Sogo Kenkyu center. 2004. “The stockholder voting right use and the corporate governance of institutional investors” separate volume *Shojihomu*, No. 274, pp. 100-103

Nomura Akiko. 2006. “The inflection to business succession of the Leveraged ESOP in the United States” *Capital market quarterly*, spring of 2006 issue

Nomura Akiko. 2006. “Suggestion to utilization and our country of the ESOP by the American publicly traded company”, *capital market quarterly*, winter of 2006 issue

- Onishi Takeo edition. 1992. "*Economy of Germany*" Waseda University publishing division, pp. 124-128
- Osano Hiroshi. 2005. "*Corporate governance and human capital*" Nihon Keizai Shimbun, Inc.
- Ota You & Matsubara Daisuke. 2006. "Legal problems of the employee stock ownership" *Keirijoho*, No. 1134
- Ota You. 2009. "point to keep in mind in the business on the occasion of the ESOP introduction for Japan" *Shojihomu*, No. 1857
- Pendleton. Andrew. 2001. "Employee Ownership, Participation and Governance" Routledge
- Sakuma Nobuo edition. 2003. "*Company rule and corporate governance*" Hakutoshobo, pp. 271-273
- Shibuya Hiroshi, Suto Megumu & Imura Shinya edition. 2002. "*Americamodel company governance*" Tokyo University publication society
- Shintani Masaru. 2009. "New employee stock-ownership plan" Zeimukeiri association, pp. 2-4, 98-99
- Sonoda Mitsuji. 2004. "substantial study of the employee stock-ownership plan" Keisoshobo, pp. 4-5
- Stephen, M. 2008. "The New Corporate Governance in Theory and Practice" Oxford
- Theodor Baums. 1994. "Corporate governance in Germany" (Maruyama Shuhei reason) *Shojihomu*, No. 1363
- Tida Yoshiaki, Anzue Kazuhiko & Takahara Tatsuhiko. 2009. "summary of the employee allotment scheme" *Shojihomu*, No. 1858
- Tokyo Stock Exchange. 2010. "summary of the 2009 employee stocks society situation findings", p. 6
- Ushimaru Yoshio. 1986. "legal problems of the employee stock-ownership plan" *Shojihomu*, No. 1102
- Wakasugi Takaaki supervision, capital market meeting for the study. 2004. "Day when a stockholder wakes" *Shojihomu*
- Watabe Kiyoshi. 2009. "*introduction to ESOP for Japan*" Chuokeizai
- Whittaker. Hugh. D & Deakin. Simon. 2009. "Corporate Governance & managerial Reform in Japan" Oxford
- Yamamoto Naruo compilation. 2009. "Utilization and business of the stock Option" Chuokeizai
- HP (ISA, 2008) : [http://www.isatokyo.org/opportunity\\_sweden/today](http://www.isatokyo.org/opportunity_sweden/today) 10. 2010