

Table 1
Origins of Independent Auditors

<i>Origins</i>	<i>Number</i>	<i>Share</i>
Group companies	1,509	30.3 %
Professionals	784	15.7
Banks, insurance companies	622	12.5
Ex-employees	584	11.7
Other large shareholders	557	11.2
Other business partners	246	4.9
Public sector	175	3.5
Others	506	10.2
Total	4,983	100.0 %

Source: Toyo Keizai, *Kigyo Keiretsu Souran* [1995] quoted by Fukao [1997]
Note: responses from 2,632 large companies having capital of JPY 0.5 billion or more or debts of JPY 20 billion or more.

Table 2
The Roles of Main Banks

(%)

	<i>First Section listed</i>	<i>Second Section listed</i>	<i>OTC registered</i>	<i>Private</i>
Underwriting of bond issues	100.0	100.0	96.9	76.6
Providing guaranty in bond issues in abroad	88.9	96.6	100.0	88.9
Being the largest creditor	87.2	75.8	80.9	81.5
Having the largest deposits of the company	70.1	80.9	83.6	72.2
Having the longest history of transaction with the company	71.7	64.3	70.9	67.6
Holding a large amount of stock of the company	91.6	72.0	70.9	14.1
Having the largest share in handling the employee accounts for salary receipts	59.2	63.7	66.4	55.0
Acceptance of personnel as the board member	45.2	35.0	28.2	16.8
Acceptance of personnel as employees	10.3	12.7	17.3	10.0

Source: Fuji Research Institute [1993] quoted by Fukao [1998]

Note: The result of the questionnaire research conducted in January 1993. The valid responses came from 321 firms listed on First Section, 157 on Second Section, 110 of OTC registered, and 518 not publicly traded firms, except for the first and second items for which the responses were 239, 69, 65 and 128 concerning the first item and 162, 29, 6 and 9 for the second one.

Table 3
Expectations by Companies for Main Bank Support in times of Crises

(%)

	<i>First Section listed</i>	<i>Second Section listed</i>	<i>OTC registered</i>	<i>Private</i>
Will obviously help.	63.0	52.9	39.4	41.9
May not help depending on our situation, but we hope they will.	30.1	37.4	50.5	42.9
We used to think they would, but do not any more.	5.4	7.1	6.4	4.9
We have never expected them to.	1.6	2.6	3.7	10.2
	100.0	100.0	100.0	100.0

Source: Fuji Research Institute [1993] quoted by Fukao [1998]

Note: Percentage of respondents choosing responses to the question, "Do you think your main bank will provide financial support and loans if you are in crisis?" The valid responses came from 315 firms listed on First Section, 115 on Second Section, 109 of OTC registered, and 508 not publicly traded firms.

Table 4
Contribution to the Main Banks

(%)

	<i>First Section listed</i>	<i>Second Section listed</i>	<i>OTC registered</i>	<i>Private</i>
Contribution to deposits	27.9	22.2	21.8	21.0
Intensive orders for payments and employees-related transactions	21.3	15.8	13.6	14.9
Addition to interest rates	8.8	4.4	1.8	6.4
Purchase of bank stock	7.5	5.1	5.5	5.6
Borrowing of more than needed amounts	2.8	4.4	2.7	4.1
Payment of high bond underwriting fees	8.8	1.9	0.9	1.4
Acceptance of personnel	5.6	3.8	0.9	1.4
Others	0.3	1.3	0.0	0.4

Source: Fuji Research Institute [1993] quoted by Fukao [1998]

Note: Percentage of respondents choosing responses to the question, "If you pay costs for your main bank, in what way(s) do you do so?" The valid responses came from 319 firms listed on First Section, 158 on Second Section, 110 of OTC registered, and 618 not publicly traded firms.

Table 5
Projection of Financing by Sources
(159 firms with more than JPY 10 billion sales)

<i>Financing sources</i>	<i>Current Ratio</i>	<i>Increase</i>	<i>No change</i>	<i>Decrease</i>
Borrowing from main banks	14.5%	21.5%	65.1%	15.6%
Borrowing from other banks	33.4%	12.4%	57.0%	30.6%
Borrowing from group companies	0.4%	1.1%	97.7%	1.1%
Borrowing from business counterparts	1.2%	4.7%	88.4%	7.0%
Other borrowing	7.2%	9.7%	75.3%	15.1%
Domestic bond issue	24.1%	33.7%	51.5%	14.9%
Overseas bond issue	7.1%	20.9%	62.6%	16.5%
Domestic equity issue	7.0%	7.1%	87.1%	5.9%
Overseas equity issue	0.5%	4.9%	92.6%	2.5%

Source: Mitsubishi Research Institute, *Research on Japanese corporate system*

Table 6
Share Buybacks by Japanese Firms

	<i>Companies announced</i>	<i>Companies implemented</i>
1995	5	5
1996	16	16
1997	262	78
1998	1,179	186
Total	1,462	285

Source: Life Insurance Association [1998]

Table 7
Measures to Improve Corporate Governance*

(%)

	<i>Taken</i>	<i>Will Take</i>	<i>Will Not</i>	<i>Not Know**</i>
appointing independent directors***	35.6	4.0	37.9	22.5
appointing executive officers	3.5	10.6	54.9	31.0
downsizing the board of directors	28.6	9.9	31.9	29.6
setting a remuneration committee	0.4	2.0	74.6	23.0
setting an appointment committee	0.6	2.0	74.3	23.1
setting a body for legal compliance	25.8	10.0	38.8	25.4
setting an advisory body of outsiders	3.8	2.6	71.3	22.3

Source: Tokyo Stock Exchange [1998b]

Note* : Percentages of 1,137 responding companies out of 1,822 companies listed on the Tokyo Stock Exchange.

** : including “plan to take other measures for the same purpose”.

*** : directors who have not been director or employee of the company and its subsidiaries for the last 5 years.