Title	Chaebol reform and corporate governance in Korea
Sub Title	
Author	柳町, 功(Yanagimachi, Isao)
Publisher	慶應義塾大学大学院政策・メディア研究科
Publication year	2004
Jtitle	総合政策学ワーキングペーパーシリーズ (Policy and governance working paper series). No.18
JaLC DOI	
Abstract	After the IMF crisis of 1997, rapid chaebol reform was started by the Kim Dae-jung administration. Korean chaebol, characterized by two features; absolutely closed concentration of ownership within the family of the founder, and their highly diversified business structure, were considered as main culprits causing the IMF crisis. Chaebol reforms were initiated by two aspects; one is to destroy the traditional characteristics of chaebol, the other is to build an Anglo-American corporate governance system. Through forcible chaebol reform by the government, accountability, transparency and financial health in the chaebol were drastically improved. For example, the obligation for outside directors was enforced on large scale chaebol affiliates. However, the most important issue is whether the outside directors actually have adequate power to monitor the absolute control by the owners. The outside directors system is just an initial step. The rapid increase of foreign ownership has become one of the most important issues after the crisis; which has brought two aspects, the acceleration of the Anglo-American corporate governance system, and the risk of M&A. Defending the right of management has been a serious issue for chaebol. For the purpose of acquiring the global competitiveness, an Anglo-American corporate governance system would have to be harmonized with the traditional Korean business climate, especially the chaebol system.
Notes	The 21st century center of excellence program "Policy innovation initiative: human security research in Japan and Asia"
Genre	Technical Report
URL	https://koara.lib.keio.ac.jp/xoonips/modules/xoonips/detail.php?koara_id=BA76859882-00000018-0001

Policy and Governance Working Paper Series No.18

Chaebol Reform and Corporate Governance in Korea

Isao Yanagimachi*

February 2004

The 21st Century Center of Excellence Program
"*Policy Innovation Initiative: Human Security Research in Japan and Asia*"
Graduate School of Media and Governance
Keio University, Japan

Presented at the First Keio-UNU-JFIR Panel Meeting "Economic Development and Human Security: How to Improve Governance at the Inter-Governmental, Governmental and Private Sector Levels in Japan and Asia," held in Tokyo, February 13-14, 2004, organized under the auspices of Keio University COE (Center of Excellence) Program.

*Graduate School of Media and Governance, Keio University, Japan (iyanagi@sfc.keio.ac.jp)

Chaebol Reform and Corporate Governance in Korea

Isao Yanagimachi

Abstract

After the IMF crisis of 1997, rapid chaebol reform was started by the Kim Dae-jung administration. Korean chaebol, characterized by two features; absolutely closed concentration of ownership within the family of the founder, and their highly diversified business structure, were considered as main culprits causing the IMF crisis. Chaebol reforms were initiated by two aspects; one is to destroy the traditional characteristics of chaebol, the other is to build an Anglo-American corporate governance system. Through forcible chaebol reform by the government, accountability, transparency and financial health in the chaebol were drastically improved. For example, the obligation for outside directors was enforced on large scale chaebol affiliates. However, the most important issue is whether the outside directors actually have adequate power to monitor the absolute control by the owners. The outside directors system is just an initial step. The rapid increase of foreign ownership has become one of the most important issues after the crisis; which has brought two aspects, the acceleration of the Anglo-American corporate governance system, and the risk of M&A. Defending the right of management has been a serious issue for chaebol. For the purpose of acquiring the global competitiveness, an Anglo-American corporate governance system would have to be harmonized with the traditional Korean business climate, especially the chaebol system.

Key Words: Korean Chaebol, Kim Dae-jung, Corporate Governance, Ownership Structure, Foreign Capital

1 Introduction

This paper aims to examine the background and features of corporate governance in Korean chaebols[1)], family-owned and family-managed conglomerates.

The traditional structure of Korean chaebol can be explained by two of their features; their absolutely closed concentration of ownership within the family of the founder, and their highly diversified business structure. This ownership concentration, which results in the lack of a proper corporate governance mechanism, has been considered by the Kim Dae-jung administration as main culprit causing the IMF crisis of 1997[2)].

In early January 1998, President-elect Kim Dae-jung and five tycoons of Korean largest chaebols agreed to drastically reform the business practices of the chaebols. The five-points of the accord, which became the main targets of President Kim s chaebol-policies, were: a) to hold chaebol leaders more accountable for managerial performances; b) to boost managerial transparency; c) to improve financial health; d) to focus on core businesses; and e) to eliminate loan guarantees among affiliates.

A later presidential announcement in August 1999, added three supplementary items to the chaebol reform agenda: a) prohibiting the domination of finance by industrial capital; b) suppressing circular investment and unfair transactions among chaebol affiliates; c) preventing improper bequests or gifts to chaebol heirs. These “ 5+3 ” principles were aimed at the fundamental reform of the chaebol structure[3)].

In the last few years many drastic changes have been implemented in Korean business practices, such as to improve transparency, to increase the right of minority shareholders, to reform board of directors through nominating independent directors. However, it these moves have often been criticized by claiming that the Korean government is pushing the current reform program without adequate preparation or study.

The Korean government has indicated its interest in introducing an Anglo-American corporate governance system. However, it seems to be very difficult for the Anglo-American system to take root in Korean soil, which is highly characterized by the lack of dispersion of corporate stock holdings[4)].

However, after the IMF crisis, the influence of foreign capital on Korean economy

---

1) This word “ chaebol ” is an original Korean pronunciation. In Japan we also use the same Chinese character. But we pronounce it “ zaibatsu. ”So we have to make an attention to using this word (Yanagimachi 2000).
2) About the background of the IMF crisis of 1997 see these papers; Fukagawa (1999), Ko (2000, 2001), Taniura (2000).
3) Federation of Korea Industries (FKI) (2002), OECD (2001).
4) Hattori (1988).

has remarkably increased. The presence of foreign capital has been a decisive influence for the development of the Korean economy,. In this paper, the influence of foreign capital on the chaebol structure will be presented.

2 Korean Management Climate

First I will point out some characteristics of the Korean managerial climate. The first thing to note is that most of Korean Big Business takes a chaebol form, having the two aspects noted above,

- absolutely concentration of a closed ownership structure
- highly diversified business structure

These are aspects that in a sense resemble the former Japanese Zaibatsu structure.

However, in the case of Korean chaebol, the founding family realizes overwhelming stocks possession and holds the decision making right as top management. In the background, there are traditional situations such as the lack of the dispersion of corporate stock holdings. In this paper I use the term " owner management system " when explaining these aspects. In addition, it may be said that it is another characteristic of Korean chaebol not to have an original bank sector in its holdings.

Second, the Korean government formally uses the term, a large scale business group, instead of chaebol. Every year, the Korean Fair Trade Commission (KFTC) announces the top 30 large scale groups from the viewpoint of regulating the concentration of economic power[5]. This announcement proceeding began in April 1987 in accord with an anti-trust law. Under this regulation business groups are prohibited from cross-shareholdings with other affiliated firms along with cross-payment guarantees. From 2002, the 30 large scale groups have been categorized into two types (Table 1).

- The A type business groups; subjected to limiting their total amount of equity investment
-The B type Business Groups; subjected to limiting cross shareholdings and cross-debt guarantees.

According to the announcement in April 2003, 17 groups were categorized as A type and 49 groups as B type. Table 1 shows the top 10 largest groups of 2003. According to this table, KEPCO (No.1) and Korea Highway Corp. (No.7) are the state-owned groups. KT (No.6) and POSCO (No.10) are the privatizated groups. They are former state-owned groups. And other groups, Samsung, LG, SK, Hyundai Motors, Hanjin, and Lotte are the

5) Korea Fair Trade Commission (KFTC) (2001, 2003).

Table 1　10 Largest Business Groups Under Regulatory Controls

(As of April 1st 2003. trillion won, number)

Rank	Business Group	Total Asset	Affiliates	Type of Group
1	Korea Electric Power Corp.(KEPCO)	92.1	13	both A and B
2	Samsung	83.5	63	〃
3	L G	58.6	50	〃
4	S K	47.5	60	〃
5	Hyundai Motors	44.1	25	〃
6	K T	30.8	10	〃
7	Korea Highway Corp.	28.3	3	〃
8	Hanjin	21.0	23	〃
9	Lotte	20.7	35	B
10	POSCO	20.5	15	〃

Note:
A type (17 Groups): limit their total equity investments
B type (49 Groups): limit cross shareholdings and cross-debt guarantees.
Source: KFTC (2003).

private groups; they are the chaebols; whereas KT and POSCO are not chaebol because they are not controlled by the owner family.

3　Development of Corporate Governance

A historical premise of corporate governance is that stocks are extensively dispersed with the expansion of a company's scale, so that functional separation of ownership and control occurs[6]. However, in the case of Korea, this premise did not apply and the issue of corporate governance has not been seriously raised before[7]. In the economic crisis in 1997, many chaebols became insolvent (Table 2). According to Table 2, we can recognize the influence of Kia group's insolvency. However, after being sold to Hyundai group, Kia

6) Nakata (1999), Uetake (1994).
7) Yanagimachi (2000, 2002). Sakuma (2003).

became a " good " company. However, as the chaebols were recognized as the main culprit in the crisis, the Kim Dae-jung administration initiated many government-backed

Table 2 Insolvent Chaebols

(Unit: billion won)

	Assets	Debt	Status
Hanbo	4,470	4.091	Court receivership; sale underway
Sammi	2,515	875	Court receivership
Jinro	3,898	1,917	Composition
Daenong	1,759	1,172	Court receivership
Hanshin Construction	1,326	502	Court receivership
Kia	14,186	6,624	Sold to Hyundai
Ssangbangwool	1,420	595	Court receivership
Taeil Media	1,102	588	Composition
Haitai	3,397	3,046	Court receivership; sale underway
New Core	2,803	1,215	Applied for Court receivership
Soosan Heavy	1,267	639	Court receivership
Halla	6,627	6,453	Court receivership
Chunggu	1,897	728	Court receivership
Total	46,667	28,445	

Source: OECD (2001), p.212.

policies involving reforms of the chaebol.

Two aspects of the chaebol policy in the early period of the Kim Dae-jung Administration need to be pointed out.

(1) To satisfy the conditions imposed by the IMF and to facilitate and early lifting of IMF controls the chaebol reform programs were started with very strong political support.

(2) Criminal investigations were launched into those chaebols seen as being responsible for the economic crisis.

In January 1998, the President-elect Kim Dae-jung had a meeting with the heads of the 5 largest chaebol and came to an agreement having five major points.

(1) to boost managerial transparency
- combine financial statements
- disclose major financial or corporate information

(2) to eliminate loan guarantees among affiliated firms

(3) to improve financial health of the chaebols

- reduce the debt ratio of the whole group by the end of 1999 to less than 200%

(4) to focus on core businesses

- get rid of non-related business diversifications and concentrate management resources in the field of their core business; increase the level of their global competitiveness

(5) to hold chaebol heads more accountable for their managerial performance

- eliminate group chairmen unless prescribed by law
- dissolve group headquarters, so called secretarial or planning and coordination offices, which effectively function as the coordinators of chaebol group activities
- increase the rights of minority shareholders
- reform boards of directors and make them more responsible
- reinforce inheritance and gift taxes to prevent irregularity inheritances occurring

In August 1999, President Kim Dae-jung announced a further three (supplementary) principles for chaebol reform.

(1) restrict chaebol control of the non-banking financial sector,

(2) suppress circular investments and unfair transactions among chaebol affiliates

(3) prevent improper bequests as gifts to chaebol heirs

As Kim (2004) noted, the "5+3" principles were aimed at fundamental reforms of the chaebol structure, namely reform involving corporate governance. Some of these principles had a direct impact on the immediate financial distress of the chaebol. To facilitate a house-cleaning of the distressed firms, the Korean government utilized methods such as court-supervised insolvencies, out-of-court settlements, and so-called "Big Deals." In using these processes the Korean government also sought to rely on foreign capital as an effective means of restructuring.

As mentioned above, the chaebol heads or their family members have held absolute power based on their vast stock ownership. As one part of the reform program regarding accountability and transparency, the outside director system was forced onto most chaebol affiliates in February 1998. The outside director system is considered one of typical characteristics of the Anglo-American corporate governance system.

From January 2001, the obligation concerning outside directors was also enforced on large scale chaebol affiliates, those with more than 2 trillion won of assets. More than 1/2 of all directors had to be from outside the chaebol, and the minimum level was 3 outside directors. The qualifications and regulation of outside directors were made very strict. At well, a committee to recommend candidates for the position of an outside director was made obligatory for all large scale affiliates.

Table 3 Distribution of Outside Directors

(Unit: %)

Number of the Outside Directors	2001		2002		2003	
	Number of companies	Share	Number of companies	Share	Number of companies	Share
1	200	31.25	193	31.33	217	34.07
2	269	42.03	279	45.29	273	42.86
3	107	16.72	69	11.20	71	11.15
4	26	4.06	34	5.52	41	6.44
5	10	1.56	16	2.60	12	1.88
6	8	1.25	7	1.14	8	1.26
7	5	0.78	8	1.30	4	0.63
8	7	1.09	4	0.65	2	0.31
9	4	0.63	3	0.49	4	0.63
10 over	4	0.63	3	0.49	5	0.79
Total	640	100	616	100	637	100
Average	2.3		2.22		2.18	

Source: Korea Stock Exchange (2003d).

As Table 3 shows, companies with 1 or 2 outside directors now are in place in about 80% of all chaebol affiliates, a consistent tendency over the past several years. Additionally, outside directors now average 2.2 (Table3). Banks generally have many outside directors, and the Korea First Bank (KFB) has the highest ratio, 92.9%. The KFB board of directors consists of 14 directors with 13 being outside directors.

In KFB[8], we can recognize the huge influence of foreign capital. The chairman of the, Board of Directors is Robert T. Barnum and the President & CEO is Robert A. Cohen. Share holders are;

8) A brief History of the KFB: In December 1997, Korea 's economy collapsed and KFB was severely impacted. Due to business failures of some of its corporate customers, a sharp increase in NPLs and the departure of customers from the Bank, it experienced many difficulties.

During this process, its workforce shrank by over 40% and it was twice recapitalized. The government took over the bank in 1997, with a view to protecting depositors, and ultimately searched for a foreign investor to rebuild it. In December 1999, the government sold nearly 51% of KFB to Newbridge Capital, a private equity firm from the U.S. This was a precedent setting transaction.

Newbridge Capital invested won 500 billion into Korea First Bank in January 2000, and appointed Wilfred Y. Horie as the Bank 's new president, followed shortly thereafter by the installation of a new management team. (http://www.kfb.co.kr/)

- KFB Newbridge Holdings (private) Ltd. 50.99%
- Korea Deposit Insurance Corp. 45.92%
- Ministry of Finance & Economy 3.09%

As well, 35 companies had foreign outside directors in 2003[9].

Table 4 Outside Directors in Major Chaebols

(Unit: %)

	2002				2003			
	Number of companies	Total Number of Directors	Number of Outside Directors	Ratio of Outside Directors	Number of companies	Total Number of Directors	Number of Outside Directors	Ratio of Outside Directors
Samsung	14	109	46	42.20	14	108	46	42.59
Hyundai Motors	6	46	22	47.83	6	44	21	47.73
S K	9	70	26	37.14	11	84	29	34.52
L G	14	87	38	43.68	15	104	46	44.23
Hyundai	6	38	19	50.00	4	27	12	44.44
Hanjin	7	52	23	44.23	7	48	23	47.92
K T	1	15	8	53.33	1	15	9	60.00
Hanwha	4	35	15	42.86	4	25	10	40.00
Doosan	4	50	22	44.00	4	44	20	45.45
Dongboo	6	43	13	30.23	7	45	15	33.33
Total	71	545	232	42.57	73	544	231	42.46

Source: Korea Stock Exchange (2003d).

From Table 4 the distribution of outside directors in major chaebols can be ascertained. In the case of Samsung's 14 companies, they are obligated to elect outside directors and 46 outside directors are now in place (Table 4). Similar situations can be seen in the other chaebols.

However, there are still some problems that need highlighting. The most important

9) Korea Stock Exchange (2003d).

issue is whether the outside directors actually have adequate power to monitor or to object to the absolute control or decision making by the chaebol heads. Likewise, the lack of a market or a system to supply outside directors needs to be considered. The framework for outside directors was formed rapidly and forced on the chaebols by the Kim Dae-jung government; as a result it is difficult to determine if the outside directors system is functioning well.

4 Ownership Structure and Foreign Capital

We can determine some characteristics of Korean stock distribution from viewing the placements of shares and their market value (Table 5 & 6).

Table 5 Stock Distribution by Investor Type (Number of Shares)

(Unit :%)

Investor	1998	1999	2000	2001	2002
Government	17.32	17.71	12.65	7.31	7.41
Banks	3.58	3.50	5.38	11.48	17.77
NBFLs	6.19	10.17	10.42	7.71	6.82
Corporations	19.89	17.27	19.99	20.32	21.03
Individuals	38.79	38.98	37.74	38.52	35.43
Foreigners	10.39	12.37	13.80	14.66	11.54
Total	100	100	100	100	100

Note: NBFLs=Non-Bank Financial Institution

Source: Korea Stock Exchange, *Stock*, March, 2003.

Table 6 Stock Distribution by Investor Type (Market Value)

(Unit :%)

Investor	1998	1999	2000	2001	2002
Government	19.72	16.43	14.35	8.14	5.66
Banks	3.09	2.97	2.59	6.60	5.51
NBFLs	10.56.	13.94	13.24	9.15	10.34
Corporations	19.78	19.11	19.60	17.16	20.15
Individuals	28.87	25.87	20.04	22.32	22.33
Foreigners	17.98	21.69	30.19	36.62	36.01
Total	100	100	100	100	100

Note: NBFLs=Non-Bank Financial Institution

Source: Korea Stock Exchange, *Stock*, March, 2003.

After the IMF crisis of 1997, the composition of ownership has undergone changes. Government ownership has declined because it has promoted privatization of state-owned or state-controlled banks and large scale companies such as POSCO. Bank ownership of shares saw a rapid increase after 2000. Foreign investors now hold around 12~15% of shares, but they have increased their share of the market value from 17.98% (1998) to 36.01% (2002). The rapid increase of foreign ownership has two aspects. One is positive; the acceleration of the Anglo-American corporate governance system. The other is negative; considered to be the risk of mergers and acquisitions.

Table 7 Largest and Foreign Stockholders

(As of December 31, 2003. Unit: %)

Company	Largest Stockholder		Ratio of Foreign Stockholders
	Name	Ratio	
POSCO	POSTEC	3.77	66.71
Hyundai Development	Chung, Mong-gu	17.02	59.80
Samsung Electronics	Lee, Kun-hee	15.31	57.30
Cheil Communications	Samsung Corp.	26.55	54.29
Daelim	Daelim Corp.	34.96	51.71
Hyundai Motors	Hyundai Mobis	23.71	51.25
Shinsegae	Lee, Myung-hee	32.57	48.89
SK Telecom	S K	35.06	47.02
K T	NPC	28.77	45.37
Shindoricoh	Woo, Suk-hyung	44.72	45.04

Note: POSTEC :Pohang University of Science and Tecnology

Source: Korea Stock Exchange (2004a).

Table 7 shows comparisons of the largest and foreign stockholders. In POSCO, Hyundai Development, Samsung Electronics, Cheil Communications, Daelim, and Hyundai Motors, foreign stockholders hold over 50% of shares, huge blocks of foreign shareholdings.

Also of note is that individual ownership in 2002 was 35.43%, a figure that has been slowly declining since the crisis of 1997. By numbers of shares, individual ownership occupies the largest ratio; however, by market value, the ratio for foreign investors is much bigger than that for individual shareholders (Tables 5 & 6)[10].

Table 8 Internal Ownership of the 10 Largest Business Groups (Total)

(Unit: %)

Ownership	2000	2001	2002	2002
Chaebol head and family	11.30	8.97	8.64	8.72
Affiliated companies	31.46	32.35	32.91	32.27
Corporate equity shares	3.84	4.65	4.27	3.93
Total	46.60	45.97	45.82	44.92

Source: Korea Stock Exchange (2004b).

Table 9 Internal Ownership of the 10 Largest Business Groups

(Unit: %)

	2000	2001	2002	2003
Samsung	22.39	22.46	22.64	23.18
L G	40.29	34.39	32.85	32.07
S K	42.78	43.16	41.76	39.33
Hyundai Motors	45.73	45.44	46.55	43.54
Hanjin	44.00	43.36	40.57	37.18
Lotte	49.25	49.39	55.44	56.85
Hanwha	48.83	49.45	48.84	45.32
Kumho	42.46	54.41	60.24	61.96
Doosan	68.92	53.32	51.33	50.94
Dongboo	61.33	64.26	58.03	58.03
Total	46.60	45.96	45.83	44.92

Source: Korea Stock Exchange (2004b).

Tables 8 and 9 show the internal ownership of the 10 largest chaebols; the tables show that the chaebol heads have maintained their control through shares held by affiliated companies even though their own individual shares have been reduced. The ratio of chaebol head and family ownership in 2002 is only 8.72% (Table 8); but the total ratio of internal ownership is round 45%. However in 2003, the largest group, Samsung, has just

10) Korea Stock Exchange (2003b, 2004a).

23.18%, which is the lowest ratio of the 10 large chaebols (Table 9). In the case of Samsung 's 2003 data, the ratio of chaebol head, Lee Kun-hee, and family ownership is only 0.32%, and that of affiliated companies is 18.85%; corporate equity shareholding is 4.01%[11]. Therefore, defending their right of management has been a serious issue for chaebol heads and their families. Indeed, it remains an urgent issue that the right of management is reinforced through raising internal ownership[12].

5 Conclusions

After the 1997 financial crisis, the influence of foreign capital has become stronger, especially as it effects the creation of the Anglo-American system of corporate governance. Drastic changes have brought about the disappearance of many chaebols; in part because of their lack of global competitiveness. Here, we must point to the disappearance of Daewoo and Hyundai groups, not only because of economic factors but also political ones. It is essential that the program of severe reform of the chaebols be continued, not by the Korean government but by chaebol themselves, with the aim of acquiring and reinforcing global competitiveness.

However, creating an Anglo-American corporate governance system will be difficult without an understanding of the Korean business landscape that such governance must be imposed on. Factors, such as the traditional aspects of chaebols[13], the stance of the Korean government that is characterized by its forcible intervention into the management of chaebols, and the issue of radical labor unions[14]. It is, however, essential that the Anglo-American corporate governance system be harmonized with the Korean business landscape if an internationally competitive corporate society is to flourish in Korea.

11) Korea Stock Exchange (2004b).
12) Korea Stock Exchange (2003a, 2003c).
13) Yanagimachi (2001a, 2001b).
14) Harrori and Matsumoto (2001).

References

Federation of Korea Industries (FKI) (2002), "Implementation Status and Future Subjects of Corporate Restructuring," *CEO Report*, Vol.651 (in Korean).

Fukagawa, Yukiko (1999), "Restructuring and formation of corporate governance in east Asia — Case of Korea —," in *Aoyama Keizai Ronsyu*, Vol.51. No.1/2/3 (in Japanese).

Hattori, Tamio (1988), *Development of Korean Management*. Bunshindo (in Japanese).

——— and Matsumoto Koji ed. (2001), *Dissection of Korean Economy*, Bunshindo (in Japanese).

Kim, Ky Won (2004), "Chaebol Restructuring and Family Business in Korea," presented at the IDE International Workshop on "Family Business in the Developing Countries." January 2004, IDE.

Ko, Yongsoo (2000), *Economic System of Korea*, Toyokeizai Shinposya (in Japanese).

——— (2001), "Chabol Reform and corporate governance in Korea," in *Shakaikagaku Kenkyu*, Vol.52, No.5 (in Japanese).

Korea Fair Trade Commission (KFTC) (2001), *Business Groups Under Regulations in 2001* (in Korean).

——— (2003), *Business Groups Under Regulations in 2003* (in Korean).

Korea Stock Exchange (2003a), *Internal Ownership in the Big Groups 2003* (in Korean).

——— (2003b), *Market Value and Ownership by Foreigners in Major Big Groups* (in Korean).

——— (2003c), *Ownership by the Chairman of Major Big Groups* (in Korean).

——— (2003d), *Outside Directors 2003* (in Korean).

——— (2004a), *Largest Stockholder and Foreign Stockholder, End of 2003* (in Korean).

——— (2004b), *Ownership Structure in the10 Largest Business groups* (in Korean).

Nakata, Masaki (1999), "Basic characteristics and main issues of corporate governance," in *Doshisya Shogaku*, Vol.51. No.1 (in Japanese).

OECD (2001), *Corporate Governance in Asia*.

Taniura, Takao ed. (2000), *Korean Economy in the 21st Century*, IDE (in Japanese).

Uetake, Teruhisa (1994), "Some problems and viewpoints for corporate governance," in *Mita Shogaku Kenkyu*, Vol.37. No.2 (in Japanese).

Yanagimachi, Isao (2000), "Corporate restructuring in the Korea Big Business Groups (Chaebol)," in *Journal of Business Management*, Vol.5 (in Japanese).

——— (2001a), "Inheritance of the owner managerial system in Korean chaebol," in

Soka Keiei Ronsyu, Vol.26, No.1 (in Japanese).
——— (2001b), "Ownership control and management control in Korean chaebol," in *Journal of Contemporary Korea Studies*, Vol.1 (in Japanese).
——— (2002), "Development of corporate governance in Korean chaebols," in *Ajia Keiei Kenkyu*, Vol.8 (in Japanese).
Sakuma, Nobuo ed. (2003), *International Comparison of Corporate Governance*, Minerva Shobo (in Japanese).

Policy and Governance Working Papers*

Number	Author(s)	Title	Date
1	Tomoyuki Kojima and Mitsuaki Okabe	What is Policy and Governance Research?	November 2003
2 #	Michio Umegaki	Human Security: Some Conceptual Issues for Policy Research	November 2003
3	Takiko Fujii and Moriyuki Oe	Ageing and Generation Changes in the Tokyo Metropolitan Suburbs ― A Study on Stable and Secure Habitation for the Aged ―	November 2003
4	Soichiro Moridaira	Derivatives Contract for Event Risk	November 2003
5	Toshiyuki Kagawa and Akira Ichikawa	Natural Disaster and Governance of Regional Government: A Case of the 1997 Oder River Flood in Poland	December 2003
6	Wanglin Yan, and Aya Matsuzaki and Mikako Shigihara	Mapping the Spatial Structure of Regional Ecosystems and Calculating the Value of Trees for Regional Environment Governance with GIS Tools	December 2003
7	Hitoshi Hayami, Yoko Wake, Kanji Yoshioka, and Tomoyuki Kojima	The Possibility and Practice for CDM in Kangping Province in Shenyang: Policy Collaboration between Japan and China for Human Security	December 2003
8	Sayuri Shirai	European Monetary Union and Convergence in Monetary and Fiscal Policies ― Human Security and Policy Response ―	December 2003
9	Mitsuaki Okabe	International Financial Integration and the Framework of Economic Policy	December 2003
10	Masaaki Komai	The Integrated Evaluation of Price and Quality in Selecting PFI Contractors	December 2003

*Working papers marked with " # " are written in English, and unmarked papers are written in Japanese. All the papers are accessible on the internet homepage of the Center of Excellence (COE) program and can be downloaded in PDF file format (with some exceptions). A booklet version of the paper may be obtained by email at <coe2-sec@sfc.keio.ac.jp>. All the researchers affiliated with the COE Program are strongly encouraged to submit research papers to this working paper series. " Instructions to Contributors " are included at the end of the working paper as well on the home page of this COE Program <http://coe21-policy.sfc.keio.ac.jp/>.

11	Atsuyuki Kogure	Life Table and Nonparametric Regression: An Inquiry into Graduation of Standard Life Table for Japanese Life Insurance Companies	January 2004
12 #	Lynn Thiesmeyer	Human Insecurity and Development Policy in Asia:Land, Food, Work and HIV in Rural Communities in Thailand	January 2004
13	Satoshi Nakano Woojong Jung Xueping Wang	An Attempt towards the Multilateral Policy Collaboration for Human Security in Northeast Asia: Possibilities of CDM (Clean Development Mechanism) among Japan, China and South Korea	January 2004
14	Kanji Yoshioka Tomoyuki Kojima Satoshi Nakano Hitoshi Hayami Hikaru Sakuramoto Yoko Wake	The Practice of Tree Planting in Kangping Province in Shenyang: Policy Collaboration China for Human Security	February 2004
15 #	Yoshika Sekine, Zhi-Ming YANG and Xue-Ping WANG	Air Quality Watch in Inland China for Human Security	February 2004
16 #	Patcharawalai Wongboonsin	Human Security and Transnational Migration: The Case in Thailand	February 2004
17 #	Mitsuaki Okabe	The Financial System and Corporate Governance in Japan	February 2004
18 #	Isao Yanagimachi	Chaebol Reform and Corporate Governance in Korea	February 2004
19	Mikako Ogawa Masaki Umejima Jiro Kokuryo	RFID as Consumer Empowering Technology — Its Deployment in Japan —	February 2004
20	Mikihito Hayashi Jiro Kokuryo	Development of Open-source Software — Human Security through Disclosure of Key Technologies —	February 2004
21	Toru Sugihara Jiro Kokuryo	Creating a New Method Measuring Capability of University Students	February 2004

Instructions to Contributors

Revised February 25, 2004

1.（The purpose of the series） The working paper series, covering researches conducted under the 21st Century Center of Excellence（COE）Program " Policy Innovation Initiative: Human Security Research in Japan and Asia, " aims at timely publication of research results and eliciting comments and furthering debate. Accordingly, all the researchers affiliated with the COE program（twenty nine members whose names are listed on the COE web page）are strongly encouraged to submit relevant research papers to this series. The nature of the COE program is explained on the homepage（see the URL at end of this note）.

2.（The nature of the papers） The series includes research papers written, as a general rule, in Japanese, English, or Chinese language. Given the aim of the series, the papers of the series include reports of ongoing research, papers presented at the COE-sponsored workshops and conferences, relevant published research papers, as well as original unpublished formalized research papers. Although the papers may vary in their theme and scope, all papers are expected to address either the issue of policy and governance or its methodology, or the issues involved in the various aspects of human security. Specifically, the relevancy to the issue should be expressed in the title or subtitle of the paper, or in the abstract of the paper.

3.（Submission procedure） Contributors are requested to store the paper in a single document file（using, as a general rule, MS Word or LaTeX）and to transmit the paper as an e-mail attachment. It should be sent to the editors of " Policy and Governance Working Paper Series "（see below for the e-mail address）. Hard-copy printouts of the manuscript are not required unless editors specifically request them. Working papers are going to be continuously published and there is no time limit for submission.

4.（The requirement of the author） While the COE members and Keio University Fujisawa-Campus researchers may submit papers directly, all other collaborating researchers are requested to submit the paper to one of the COE members who are expected to edit, correct and ensure that it meets the criteria of the series.

5.（Refereeing） Given the aim of the series, there is no refereeing process per se. However, any submitted paper may be excluded, if the editorial committee regards the manuscript inappropriate for the series. The editorial committee may ask for minimum revisions before printing. Upon acceptance of the paper, the Secretariat may request the author to provide original data（such as Photoshop EPS）to improve the clarity of the printing.

6.（Submission fee） There is no submission fee. Twenty copies of the paper will be provided to the author free of charge（and more will be available upon request）.

7.（Copyright） Copyright for all papers remain with the authors.

8.（Forms of publication） All the papers are made accessible in two ways:（a）in a booklet form, and（b）in downloadable PDF file format on the internet homepage of this COE program.

9.（Style instructions） Although all the papers will be reformatted before printing, authors are requested to make the manuscripts conform to the following format:

1）The manuscript should be typed with double line-spacing（including all notes and references）on A4 size paper.

2）The font size should be 10.5-11point in the case of Japanese or Chinese, and 11-12 point in the case of English.（In the case of other languages than these three, interpret the guidelines appropriately here, and below also.）

3）The title page（page 1）should contain the following information:（1）the title;（2）the name(s) and affiliation of the author(s),（3）the email addresses of the author(s),（4）the background of the paper, such as conference presentation, and acknowledgments（if applicable）. If the paper is in any way funded by the COE or its related programs, it must be so mentioned.

4）The second page is for the abstract of the paper. The abstract must be in a single paragraph that summarizes the main argument or the conclusion of the paper in about 150 words in the case of English, and 7-12 lines of characters in the case of Japanese or Chinese. At the end of the abstract, a list of four to six keywords should be included. If the paper is written in languages other than Japanese or English, a corresponding Japanese or English version of the abstract should also be printed.

5）Main text should begin on page 3. Beginning from the cover page（page 1）, all pages should be numbered consecutively.

6）Footnotes should be numbered consecutively and should be placed at the bottom of the appropriate page.

7）Tables and charts may（1）be placed in the appropriate place in the text, or（2）be prepared on separate pages and attached at the end of the text, provided that the place to be inserted is indicated in the text.

8）Reference list must be attached at the end of the text. Only works referred to in the text should be included in the list.

9）Although there is no limit of the length of the paper, the editorial committee requests that the paper be of approximately 10-30 pages in length.

10.（The revision of the instructions） This Instructions to Contributors will be revised from time to time, and the current version is always shown on the COE web page.

11.（Correspondence）

-Submission of the paper: coe2-wp@sfc.keio.ac.jp
-Requesting the booklet version: coe2-sec@sfc.keio.ac.jp
-PDF file version of the paper: http://coe21-policy.sfc.keio.ac.jp/