

Shareholder Control and Control by “Company Itself”

Kazuhiko Murata

Abstract

This paper seeks to critically examine the unique concept of control by “company itself” proposed by Isamu Kitahara. We assert that,

- (1) If “control” should incorporate “decision making” and “constraint” as Kitahara asserted, then such “constraint” should be considered as the core substance of “control”. This means that shareholders, “as a whole”, should be recognized as the dominator of company.
- (2) It is not the pattern of control, but the market structure that changes the corporate behavior. In fact, the change of control pattern is the result of shareholders’ adaptation to the change of market structure.
- (3) The emergence of the concept of control by “company itself” implies that an institutional and impersonal mechanism, which assures more rational and non-arbitrary pursuit of profits, is necessary.