Group Action and its Effect in Japan

Dissertation submitted to Jawaharlal Nehru University
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MASTER OF PHILOSOPHY

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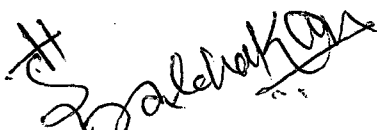JAWAHARLAL NEHRU UNIVERSITY
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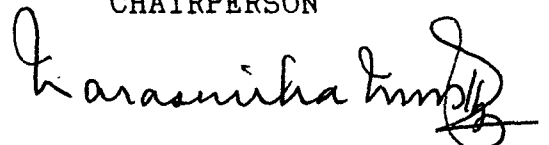
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DECLARATION

Certified that the dissertation entitled "GROUP ACTION AND ITS EFFECT IN JAPAN", submitted by Ms. Suparna Dasgupta is in partial fulfilment of the requirements for the award of the degree of MASTER OF PHILOSOPHY of this University. This dissertation has not been submitted for any other degree of this University or any other University and is her own work.

We recommend that this dissertation may be placed before the examiners for evaluation.

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TO MY PARENTS AND BROTHERS,

a partial repayment of an unrepayable debt

PREFACE

Of the many interesting areas of research interest, the reason for choosing the title "Group Action and its Effects in Japan" are firstly, Japanese increasingly tending to write in line of their, being unique and secondly, much of writing in this area are alone done by the Japanese themselves who have lived in that society. Therefore, a modest attempt is made in this project to dissect and explain why Japanese live and act in groups.

In this writing I have tried to construct and provide a structural image of the Japanese society, synthesizing the major distinguishing features to be found in Japanese life. Evidence have been drawn almost at random from a number of different types of `Groups´ to be found in Japan today - industrial enterprise, professional groups like Anti-pollution or environmental groups and Peace Groups, families and so on. I have tried to prove that the Japanese society is more of `gemeinshaft´, that is to say a society which is relatively self-sufficient in satisfying the needs and desires of its members in everyday life, a "community of fate" which circumscribes the lives of the most of its members from the cradle to the grave. Consequently emotional bonds of union and harmony transcends in importance those which depend on

rational calculation of interest. There are omissions which I wished to repair. Thus, although I paid special attention to "Groups and its action in Japan" but I fear that I did not succeed in bringing out clearly enough the important effects which are caused due to these various groups despite the title of the dissertation pointing to that. Recognizing the fact that impact measurement is sufficiently advanced scientific method in social science research but the reasons for the omissions are:-
Even if an effort were to be made to collect tables and data to prove the impact, the questionable objection would have been its outdated nature and thus for its validity in the upto date research concept. A mere proceeding on this point wou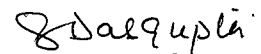ld have although resulted in a meta-analysis. NOn-availability in English of literature related to impact measurement on Japanese society like model building and so on.

For this work, I have drawn upon information from mainly secondary sources in English. I have consulted part of the enormous amount of literature available on the Japanese including scientific and non-scientific, professional and popular publications.

The birth and maturing of this dissertation has been a long and enduring process. My indebtedness to my honourable guide, Mr. H.S. Prabhakar, who has been

constantly helping by giving his valuable suggestions, encouragement, critical comments for improvement of this dissertation, can not be expressed in words. My unfailing source of inspiration are my parents and brothers who also extended their unflinching assistance and cooperation in all aspects. I express my thanks to my friends, particularly to Supriya, Alka and Hemant who generously undertook to give me moral support. Finally I thank `Lipi´ for printing this dissertation.

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SUPARNA DASGUPTA

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CHAPTER I

INTRODUCTION

INTRODUCTION

"The aim of life is to be fully born, though
it tragedy is that most of us die before we
are thus Born. To live is to be born every
moment ... The answer is to develop one´s
awareness, one´s reason, one´s capacity to
love, to such a point that one transcends
one's own egocentric involvement, and arrive
at a new harmony, at a new oneness with the
world."
        Erich Fromm, "Zen Buddhism and Psychoanalysis". [1]

Living things survive collectively. Countless generation

of protozoa have been sheltered inside the stomachs of

termites where they perform functions their hosts cannot

manage for themselves. There are roots that ally

themselves with fungi, and algae and fungi that combine to

accomplish the joint colonization of bare rock. Ants

exchange hospitality for the milk of the aphid, and the

plover flies into the open mouth of the crocodiles to eat

the blood-sucking leeches from its gums.

Mutual assistance by members of different species is

only one aspect of the process by which living things

achieve collective survival. Cooperation by members of

same species is equally common. Although the social

incests provide the most obvious examples of this

phenomenon, nature is replete with cases in which one

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[1] D.T. Suzuki, Erich Fromm and Richard D. Martino, "Zen
    Buddhism and Psychoanalysis" (N. York : Harper and Row;
    1960), pp.87-8.

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individual contributes to the creation of the environment needed by another of the same species. Goldfish in large numbers are better able to resist poisons in their habitat than is the solitary goldfish. A herd of deer can more readily cope with deep snow than an individual animal, and a flock of birds can survive where a single member of the species cannot. When attacked by wolves, musk oxen assemble themselves in star-shaped formation with their antlers poised to fend off their assailant. In this fashion, each animal avoids an attack from the rear, against which musk oxen are almost totally helpless.

Man is no exception to the rule - "People need people." Biologically, he is the least specialized of Earth's creatures, and poorly equipped to survive alone. By comparison with many other species, his body is weak, and it lacks claws, tusks or stingers. He cannot climb, dig or conceal himself as well as can many of his competitors, and he is equipped with less sensitive organs of sight, hearing and smell. Nature has left him no alternative; he can combine his efforts with those of his fellows, or he can perish. But man has survived. Indeed he has achieved "dominion over the fish of the sea and the fowl of the air, and over every living that moveth upon the Earth, [Genesis I, 28]".

Social scientists have attributed man's success to a variety of factors that include an opposable thumb, superior cortex, linguistic abilities, and the capacity to develop and transmit cultural solutions to recurring problems. Equally important is the ingenuity with which human pool their resources to collective action which is found at all levels of biological development, and when practised by man, it assumes a distinctive character. "Nothing is harder to stop than a freely and fully united bond of human beings."[2] Amongst lesser creatures, cooperation reflects the push of instinctive tendencies, augmented and tempered by meager learning and limited insight. But nature has failed to equip man with an elaborate repertoire of collective response. Instead it has endowed him with an intellectual capacity to discover for himself how his interpersonal efforts should be organized and with communicative abilities that permit him to tell his associates what he believes should be done.

It is obvious that man's approach to collective action can be far more flexible than that of any other creatures. Humans can more readily modify their behaviour to meet the changing demands of their environments, and can discard one interpersonal arrangement in favour of

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2.   Milton Mayor, "On Liberty: Man vs the state".

another that seems more appropriate. Man's comparative freedom from instinctual determinations and his vastly greater ability to evaluate and plan, permit him to employ collective union in a highly selective, flexible and adaptive manner. His triumph over other creatures has, in large measure, been a consequence of his superior ability to devise new and more effective ways of combining his own efforts with those of his associates.

Man's freedom to decide for himself how he will relate to his fellowmen is not an unmixed blessing. Among the many possible patterns of collective action that may be employed to meet a given need, some are likely to be much more productive than others, and a few may be utterly disfunctional. Freedom to choose entails the obligations to choose wisely - at least as wisely as nature has chosen on behalf of its less thoughtful creatures, and as prudently as other human beings. For, having achieved supremacy over other animals, man vies with his kind for prestige, space and material goods, and the success of his undertaking depends largely upon the quality of the alliances he forms with his associates, and upon the comparative merits of his own and other people's social units. Some groups, organizations and societies function better than others, and the rewards received by

participating members are likely to vary accordingly. Freedom to construct one's own social units implies the right to fail as well as the right to succeed.

Because the satisfaction of human needs is so often contingent upon the kind of collective arrangements people devise, man has shown a continuing concern for the adequacy of his social structures. Some of his oldest written documents offer advise to those who wish to enjoy harmonious family or group relationships, or who seek to establish a just and productive society.

Collective action can involve as few as two persons or as many as a million. In some respects, everyone on earth is probably dependent upon everyone else, [though such interdependencies often go unrecognized and are generally too indirect and weak to be of great practical importance.] No man is an island. He is fated to be born, grow up, live, and die within the confines of society. Life is like a long thread tied to numerous other threads. Human beings choose to lead lives that depend upon and are depended upon by others. Therefore, they tend to live in groups.

DEFINITIONS :—

The following definition of Brod beck[3] serves to identify
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3 M. Brodbeck, "Methodological Individualism: Definition and Reduction" Philosophy of Science, 1958; pp.1-22.

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the broad class of social entities commonly referred to as groups,

"A group is an aggregate of individuals standing in a certain descriptive (i.e. observable) relations to each other. The kind of relations will, of course, depend upon, or determine, the kind of group, whether it be a family, and audience, a committee, a labour union, or a crowd."

Any arbitrary collection of people, such as, all students whose last names begin with the same letter, does not constitute a group. For a set of people to qualify as a group, they must be related to one another in some definite way.

A group is best defined as "a dynamic whole based on interdependence rather than similarity".[4]

In keeping with the approach both by Brodbeck and Lewin, the following definition has been adopted by Cartwright and Zander,[5]

"A group is a collection of individuals who have relations to one another that make them interdependent to some significant degree. As so defined, the term groups refers to a class of social entities having in common the

4 Kurt Lewin, "Resolving Social conflicts", (N.York : Harper; 1948).

5 Dorwin Carwright and Alvin Zander ed., "Group Dynamics : Research and theory," (Tavistock Publications, 1968), edn.3, p.3.

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property of interdependence among their constituent members."

A group as defined by Albion Small can be, "any number of people larger or smaller, between whom such relations are discovered that they must be thought of together".

Therefore, a "Group" is defined as a unit possessing the following properties, in toto,[6]

a) it consists of two or more people;

b) there is interaction or communication between the people;

c) there are one or more symbolic objects present. These symbolic objects serve as points of focus or orientation for the persons. These may take various forms: cultural objects such as norms, role, beliefs, and values, or noncultural objects such as topic of discussion, political issues, and acts of persons.

d) each person has some kind of relation or orientation towards other persons and toward one or more symbolic objects: orientations of persons toward other persons take various forms. Example of person-to-person orientation are : like-dislike, love-hate, positive or negative, sentiments, high or low attraction,

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6 Howard F. Taylor, "Balance in small groups" (New York: Van Nostrand Reinhold company, 1970), p.7

trust or distrust, respects or disrespect.

e) What will be called "Unit awareness". Two or more persons involved consider themselves a distinct entity, a unit that has boundaries, an "us", a "we", a "membership" Fraternities exemplify this attribute best of all: clearly, the member of a fraternity maintain rigid boundaries between those who are in the fraternity and those who are not.

In sum, a Group is a unit that consists of two or more persons who interact or communicate, who have orientations toward one or more symbolic objects and who possess an awardees of "we" or membership.

The family is regarded as the main primary group, but the work group, the club, the college fraternity and so forth are also included in it.

GROUP - CONSCIOUSNESS IN JAPAN

Japanese have long viewed the intricate web of interdependence as a fundamental fact of human relations. The word "individualist" suggests an egotistical man. It connotes an act of defiance, a lack of concern for others. While in Western countries, the importance of independence is encouraged – whereas what is stressed in Japan is the art of being dependent. The voice of Western culture

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would then suggest: "Be independent. Be an adult. Do your own thing and go your own way." Japanese culture say it differently, "Search for the ideal. The ideal may be rare, but the rare is not impossible. Find your group and belong to it. You and the group will rise or sink together. Without belonging, you will be lost in wilderness. Apart from dependence, there is no human happiness. Contentment through independence is a delusion".[7]

Japanese society is very group conscious. The epistomology of the relationship between the "whole" and "its parts" helps to explain the "group" concept of Japanese society. There is a basic difference between how the Japanese and the Westerners perceive an entity and its elements, a group and its members. The Western way of thinking is precisely stated in the mathematical axiom, " the whole is equal to the sum of all its parts". This principle is the basis for concensus or collective action by Westerners.

By contrast, the dominant perception in Japan is that," the whole is more than the sum of its parts." They are taught this from the childhood, it is constantly

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7 Robert S. ozaki," The Japanese : A cultural Portrait" (Tokyo: Charles E Tuttle company, 1978), p.182-3.

reinforced in the family, at school and at work place and it permeates the fabric of their culture.

In theory and in practice, the Japanese tend to think of the whole — the company or the nation — rather than its components. The totality becomes a greater value than its parts. The individual welfare is relatively less important; the "welfare of the group" is supreme; the greater cause for whose survival and prosperity group members are prepared to sacrifice.

The essence of this firmly rooted, latent group consciousness in Japanese society is expressed in the traditional and ubiquitous concept of "ie", the household, which penetrates every nook and cranny of Japanese society. Another term namely "mura" is also a key concept in describing Japanese organizations. The interrelationship between "ie" and "mura" is central to groupism. [The "ie" is like the state or official political party in a totalitarian system and the "mura" or village community is often used in talking about a family, neighbourhood or business firm.]

There are thousands of groups, formal and casual, in Japan. Each person is conscious of which group or groups he or she belongs to. It gives a sense of security, which, they feel is better than the horror of being left alone.

There is a strong feeling of loyalty towards the group. Each number of the group is trained to be selfless and think of others first.

One can, therefore, say that individuals unite (in horizontal or vertical links) to form large groups to accomplish various tasks.[8] In Japan, groups can be broadly classified into 3 categories:

1. Economic Groups,

2. Social Groups, and

3. Political Groups.

For want of time and space this project does not propose to deal with political groups.

Economic Groups:

The Japanese Business and Management System (JABMAS) is strongly rooted in Japanese culture and tradition — a drive towards group harmony and overt avoidance of conflict. Japan has an organic type of management[9] which emphasizes that the sense of belonging to an organization is far more important than the function one performs

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8 Chie Nakane, "Japanese Society" (Great Britain: Weiderfield and Nicolson, 1970), p.9. strong eacphasis

9 C.S.Chang, "How is the Japanese Management System Different?," in D.F. Ray, and T.B. Green, ed., "Management in An Age of complexity And change "(Mississippi State: Southern Management Association, 1977), p.33.).

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within the organization. An organization is considered a collective entity. Any member within an organization, even if he is a professional, can only identify himself with the company rather than with his profession. The results are the organic pattern of management, with a strong emphasis on human relations, the seniority system, life-time employment, low rate of workers absentism, and practically no contractual agreements. The role of top management, is to maintain harmony in the company and to create a favorable climate for it to operate in the society. Japanese industrial "groupism" implies loyalty not only of employee to employer, but also responsibility by the employer towards the total well-being of the employee.[10]

There are various economic groups is Japan but the groups which are uniquely Japanese and have played a tremendous role in the economic development of Japan shall be dealt with. There economic organisations can also be termed as "industrial groups" or rather more precisely "enterprise groups" (kigyo shudan)

Two distinctive type of enterprise groupings are dominant in Japan:—

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10 F.D. Marengo, "Learning from the Japanese: what or how?' Management International Review; Vol. 19,(April, 1979); pp 39-46.

I   The corporate groupings of large independent firms of which two are the most important and unique categories:

a)   Corporate groupings based on former zaibatsu ties, and

b)   Bank groups, consisting of companies dependent for funds on a major bank.

Interlinkages between (a) and (b), as also coupled with cross stake holding — the phenomena together called "keiretsu."

II Industrial family, a loose, vertical hierarchy of small to medium size industry organized around a single firm

These incorporate and inter-corporate relationship or groupings have had an overriding importance in Japanese industrial structure and system. Rapid pace of growth and progress have been noted due to these various groups.

Social Groups:

> "The Japanese did away with nomadic life early, and settled down to cultivate rice fields. People living on rice (generally) settles permanently in one place. In such a society families continue generation after generation. Genealogies and kinship of families through long years become so well known by their members that the society as a

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> whole takes on the appearance of the single
> family. In such a society, individuals are
> bound to each other, and they form an
> exclusive human nexus. Here, an individual who
> asserts himself will hurt the others and
> thereby do harm to himself.The Japanese
> learned to adjust themselves to this type of
> fimilial society."[11]

Nakamura Hajime"

The principle of Japanese social group structure is clearly

portrayed in the house hold Structure (IE). The most basic

element of the ie institution is not that form whereby the

eldest son and his wife live together with the old parents,

nor the authority structure in which the household head

holds the power and so on. Rather, the ie is a corporate

residential group and, in the case of agriculture or other

similar enterprises, ie is a managing body. The ie comprises

household members (in most cases the family members of the

household head, but others in addition to family members

many be included), who thus make up the units of a

distinguishable social group. In other words, the ie is a

social group constructed on the basis of an established

frame of residence and often of management organization.

What is important here is that the human relationships

within this household group are thought of as more important

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11 Robert S. Ozaki, "The Japanese: A Cultural Portrait"
    (Tokyo: Charles E Tuttle Company, 1978), p.181.

14

than all other human relationships.

The ie system was appropriate in economic terms for the promotion of industrialization after the Meiji period (1868-1912). This type of group action which has its foundation in the family, exists in every department of life, in the village community, town, professional groups and in business houses.

Beyond these groups based on close and containing personal relations, there are various other groups which can also be brought under the social group structure. There are enterprise union for workers, cooperative for farmers, professional associations of teachers (PTA), students groups, workers organisations, anti pollution groups, environmental groups and many more.

The power of the group in Japan is strengthened by the national religions - both the native (shinto) and the localized (Buddhism). It adds a mystical element to the Japanese attachment to loyalty, and also induce a sense of family and national continuity.

This work is an attempt to prove that Japanese social system inserts the individuals in groups, provides then with vertical and horizontal linkages to others and harnesses then to accomplishment with most precision of given tasks. The design of the work having already been

mentioned elsewhere, the following chapter deals with social groups which includes the family system, professional groups and many more.

CHAPTER II

SOCIAL GROUPS

CHAPTER II

SOCIAL GROUPS

Man is dependent upon other persons (and hence collectively interdependent) for the satisfaction of wide variety of imperative biological, emotional and cognitive needs. All societies must first of all provide some organized means whereby their members can obtain food, shelter, clothing and other necessities for physical survival. To satisfy all his basic needs, individuals normally turn to his fellow creatures either as source of need fulfilment or as companies in his effort to achieve gratification. Left entirely to itself, a human baby will never become anything more than a helpless animal- even if it manages to survive-while total isolation can produce psychosis in an adult. Therefore, all the people in the world today interact with each other every day. Out of these billions of daily interactions arise countless millions of continuing relationships, broadly classified as social organization, from which emerge families, groups, associates and communities, which in turn comprise the several hundred societies that today constitutes human civilizations. Put more formally, social organizations is the process of merging social actors into ordered social

relationships, which become infused with cultural ideas.[1]
The several hundred societies which are formed have two
basic characteristics:[2]

1. Society is a territorially distinct organization,

2. It is made up of animals of a single species,

3. It involves relatively sustained ties of interaction
   among its members, and

4. It is characterized by a high degree of autonomy

Therefore, one can define, that society exists to the
degree that a territorially bounded population of animals
of a single species maintains ties of associations and
interdependence and enjoys autonomy.[3]

JAPANESE SOCIETY AND SOCIAL ORGANIZATIONS:

Society in Japan, as anywhere in the world is much
more closely knit and is far more cohesive than in any
western country. In a heterogeneous world, Japan is a rare
exception: a homogeneous culture. Political boundaries,
ethnicity, religion and language are all congruent.
Japan's natural geographic isolation, an archipelago off

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1 Maven E.Olsen, "The process of Social Organization"
   (New Delhi, Oxford and IBH Publishing Company, 1968),
   p.3

2 Gerhard Lenski, "Human Societies", (New York: McGraw
   Hill Book Company, 1970), p.9.

3 ibid., p.9

the Euro-Asian continent, magnified later by human design, forced the Japanese to live more separately from the rest of the world than any other comparably large and advanced group of people. This caused linguistic and ethnic unity - the Japanese language is spoken only in Japan and is the only language spoken there.[4]

Another by-product of isolation is Japan's unusual degree of cultural homogeneity. The Japanese today are the most thoroughly unified and culturally single bloc of people in the world, with the possible exception of the North Chinese.

Since the dawn of history the Japanese have never had to flee their islands - have never been refugees. All the people of Eurasia and Africa have in historical times, because of war, political upheaval, or natural disasters, left their ancestral lands en masse or lived in exile before finally settling in their present locations. The refugee experiences continues today as political or religious conditions have compelled exoduses from the Indian subcontinent, Indochina and parts of Africa.

The Japanese collective subconsciousness bears no memory of being refugees. They have never been uprooted or suffered the trauma of diaspora. Not surprisingly, the

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4 The minor exceptions do not comprise this extraordinary correspondence.

people of this cultural region formed, from a single language, religion and ethnic group, have unique cultural and behaviour patterns. This gives a sense of group identify, a feeling of fraternity. Group consciousness is deeply rooted in Japanese culture. The ideal in Japan is that members can identify themselves with their groups so thoroughly that they and the group are fused almost into oneness. Each member dedicates his total self to his group. As a result, the group triumphs and so do all its members.

This type of group action has its foundation in the family, but it is the school which also plays an overwhelming role in training appropriate social behaviour in contemporary Japan- i.e. to become group-oriented. It is the teacher and one's classmates, alongwith one's mother, who teach children what it means to be a member of the Japanese group society.[5] The school is `Shudan Seikatsu´, `Shudan´ meaning "group, collective" and `Seikatsu´ means "daily life, living", Shudan Seikatsu literally means "life in a group".

As a participant in Shudan Seikatsu, children must learn that their own desires and goals are secondary to

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5 L. Peak, "Learning to become part of the Group: The Japanese transition to Personal Life", Journal of Japanese Studies, vol.15, no.1, winter 1989.

those of the group. A certain degree of `Enryo´[6], or restraint in expressing one´s own feelings and d diffident self presentation are appropriate. children must learn a willingness to participate enthusiastically in group activities and must interact smoothly and harmoniously with others. Selfishness or excessive assertion of independent desires and wanting to have things one´s way is termed `wagamamia´. Although it is an understandable aspect of human nature, it must not be allowed to influence individual behaviour in a group setting. Individuals are expected to assume these appropriate attitudes and behaviour, almost as one would a suit of clothes, for the duration of their active participation in the group. Once alone at home, one can relax and it one´s feelings and preferences show. Learning to keep one´s wing pulled in and to display proper enryo is the basis of somewhat cautious and restrained self-presentation that is fundamental to shudan seikatsu.[7]

Training in the habits and attitudes appropriate to group life is the single most important goal of the preschool experience in the minds of Japanese parents and

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6 T.Lebra, "Japanese Patterns of Behaviour", (Honolulu: University of Press Hawaii, 1976), p.41.

7 Peak, n.5, p.

educators. the objective is to foster the child's enjoyment of participating in group activities. Once the child wants to be a part of the group, he will adopt the behaviour standards his friends exhibit. By avoiding authoritarian means of shaping behaviour, internalization of behavior standards is encouraged.

In this process of socialization to group norms, Japanese children are told that it is because they are member of a group that they must learn to control their egoistic and regressive tendencies. It is not the teacher, or the school rules, but "all of your friends", "everyone else", or "group life" that place limits on children's ability to indulge in their own desires.[8] Yet these friends are the same one's with whom children are encouraged to develop a strong attachment and whose companionship provides fulfilment of the human longing for social interaction. Indeed, Japanese parents, teachers, and children agree that the presence of "all of these friends" is the primary pleasure of school life.

In Japan, the group is both the unsympathetic force to which the child's go must submit and a primary source of companionship and fulfilment. It is a diffuse and non-personified yet unassailable authority. In a more

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8 Ibid., pp.

authoritarian culture, children ultimately submit their egoistic desires to the will of an authority figure, or comply out of fear of punishment for infraction of a rule. The anger and ambivalence this arouse in the child's mind has a clear target, which in fantasy and occasionally in real life may be escaped, resisted or changed.

Japanese children soon learn, however, that to seriously resist the system is to battle an army of friendly shadows. Authority resides with no one and to change the collective habits of the group requires an unsurmountable effort. To escape or rebel is to sever social contact with those who provide daily companionship and the warmth of social life. The most prudent alternative is to learn the social behaviour required by group life. Perhaps, because this identification occurs early in the child's life, Japanese individuals exhibit less ambivalence toward authority than in the case in the United States.

It may be, however, that, there remains a deep rooted element of strain in the Japanese individual's psychological relationship to the group. At the same time that Japanese adults are profoundly uncomfortable when isolated from the social life, psychological tension is inevitable in the effort to " Keep one's wing

pulled in".[9] In comparison to the amae based intimacy and informality of the home,[10] even familiar outside relationships cause some amount of Ku Zukare, or psychological fatigue. To the Japanese individual, the group both beckons and binds and it may be that the ambivalence arising from this tension is what establishes what Lebra has termed hito as the central alter to the Japanese ego."[11]

In summary, we have seen that the school experience teaches Japanese not only the basic behavior, but also the psychological attitudes that govern classroom and later public life. In the process they internalize many of the norms that make them members of the Japanese culture. In this way, learning to go to school in Japan represent the first step in the larger process of learning to become a member of the Japanese society.

As stated before, this type of group action has its foundation in the family too, and it exists in every department of life, in the village community, in the town, in professional groups such as environmental groups, anti-pollution groups, anti-nuclear groups or peace groups, and

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9 ibid., p.
10 T. Doi, "Anatomy of Dependence", (Tokyo: Kodansha
    International Ltd., 1978).

11 Lebra, "Japanese Patterns of Behaviour", (Honolulu:
     East-West Book Centre, 1979).

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in business houses. All of them will be separately dealt with.

FAMILY:

Whereas in Europe and America, the individual is the unit of the society, in Japan it is the Family which constitutes the unit.[12] And by the Family is meant, not merely a man, his wife and his children, but the whole group of relatives by birth and adoption.[13] Group consciousness is deeply rooted in Japanese traditional concept of the house hold (_ie_), which does not necessarily coincide with a blood-related family. The traditional household in Japan is a communal grouping of individuals who share residence and jointly participate in a common enterprise.[14].

The word _ie_, stood for a concept which transcended the idea of a "family" as a group of presently living individuals. It was conceived as including the house and property, the resources for carrying the family occupation and the graves the ancestors were buried, as a unit

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12 G.C. Allen, "Modern Japan and its Problems", (The Athlone Press, London, 1990), p.34.

13 Ibid., p.36.

14 Robert S. Ozaki, "The Japanese" (Tokyo: Charles E. Tuttle Company, 1978), p.203.

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stretching from a distant past to the present and occupying a certain position in the status system of the village or the town. The ie in that sense was for more important than the individuals who were at one time living members of it, and it was seen as natural that the individual personalities of family members should be ignored and sacrificed if necessary for the good of the whole. Another aspect of ie was that although it constitutes primarily of close relatives, who formed its core, but it also included distant kin and at times unrelated people who served as employees.

Some scholars also define it as a united corporate group of people who share residence and economic and social life, and who regard themselves as a continuing unit of kin[15]. The household was an economic unity, the unit of production and consumption. It owned or had usufruct rights to paddy fields, dry lands and forests, and these rights were attached to the household as a whole rather than to any individual member. The household provided the labour for cultivating these properties, and members jointly consumed their products. Although considerable power was attached to the household head and he was in charge of the family property but it was seen

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15 T Fukutake, "The Japanese Social Structure" (Tokyo: University of Tokyo Press, 1984), pp.28.

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as the property of _ie_ and not of the household head as an individual. Thus the property is considered as that of the household, and not seen in terms of individual members. Such ownership is not, in its very concept, the collection of individual rights. These individuals have the right to enjoy it, but the household property is conceived to be indivisible in terms of individual members. The property, at least the major part of it, should remain with the household, regardless of changes over generations and in the composition of members. Moreover, the question of individual income did not arise, because it was the family which earned income from the farm, or shop or workshop which it ran as a family business, with the family property as means of production[16].

According to the Japanese system, an individual can enjoy the property as long as he remains in the group, but when he leaves the group, he is not entitled to ask for his share out of the commonly held property. It would be more correct to say that, to the Japanese way of thinking, the concept of an individual's share is absent. The household or the primary group is indivisible. Therefore, one who leaves the group has no right to ask for his share. Of course, depending upon the situation of a

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16 Ibid., p.29.

family, the father may consider offering some economic help (a portion of land or money) to, say, his younger son who starts life elsewhere. But such an act is considered as a provisional arrangement and neither the son's right nor the father's duty.

The family group or House, has great powers over its members. It is not only a larger unit its western counterpart, but it is also a more highly developed and rigorous part of the social organization. An individual cannot act on his own initiative in the important affairs of his life, but he must subordinate himself to the will of his family and place its welfare above his own. His education, his marriage, his career will all be subject to its dictates. If he is in alliance with it, it adds strength to his, but if he should venture to oppose it, he can be crushed and ruined. To be cut off from one's family is as disastrous in its consequences as excommunication in medieval Europe. Yet the family is not a despotism, and its head, though powerful, is by no means an autocrat. Indeed, he is rather the mouthpiece of the family than its leader; for the machinery through which power is exercised is the family council, which consists of group of relatives called together to decide on some questions

affecting one of their number[17]. According to the normal code of traditional Japan, all problems-personal or otherwise-are expected to be solved within one's group. The grip of the family on its members is strong and their subordination to it is complete. A bride who cannot get along with her husband or mother-in-law may not be helped by her own parents, brothers or relatives, who are how outsiders. Unity is always emphasized. A line from Hamlet, "Man and wife is one flesh,"[18] summarizes the ideal of Japanese marriage. It accords with a Japanese saying, "Husband and wife speak in one voice".[19] A wife will vote for the same candidate as her husband. Everybody thinks of his action in terms of what it does to his groups.

The marriage matter is not regarded as a private or personal matter, but essentially a social concern. When a young man reaches a marriageable age, his family undertakes to find him a consort. If each of the household member is satisfied, then the arrangement of the marriage will proceed. But should one of them object, then either the family may acqueise and allow the matter to be dropped, or it may bring pressure to bear on the

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17 Allen, n.12, p.

18 Ozoki, n.14, p.205.

19 Ibid., p.206.

recalcitrant party.

The family still retains a certain control over its members even after his marriage. In the old days it could divorce them, against their own wishes, on a number of counts. The absence of offspring was probably the most common reason for such action, but not infrequently, if the married couple were so fond of one another that there was a danger of their loyalty to the House being destroyed, they were separated. It was a logical course of action. If loyalty to a family group is the primary virtue, then no private affection can be allowed to run counter to that loyalty. Love which tends to make a couple self-sufficient is a conspiracy against the House. Such a mutual obsession is definitely anti-social, and must be destroyed. Nowadays divorce never occurs on these grounds alone; but society has found other means of enforcing loyalty to itself. A man who shows too great an affection for his wife is subjected to considerable ridicule; and if he is seen frequently at public entertainments in her company, this will rise to scandal and will probably provoke a protest from the family.[20]

This kind of family systems brings about a loss of personal independence and initiative, and in the cramping

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20 Allen, n.12.

of individual development by strongly entrenched customs and traditions. But the family system has much more agreeable side to it. While it exacts complete obedience from its members, it is also responsible for all who fall into distress. As a result, the whole family resources can be brought, if required, to the relief of its unfortunate members; for the family is disgraced if it fails to carry out its social obligations. So Japan needs no system of poor relief or of Unemployment Insurance. A businessman in times of depression can count on more than his individual resources. An unemployed workers will not be forced to the degradation of Poor Relief. Mr Bunji Suzuki, the President of Japan's labor Federation, declared that the japanese trade Unions, though without strike funds, were nevertheless powerful, since members on strike could obtain relief from their Family Groups. This capacity for mutual assistance is shown particularly in times of national disaster. During the earthquake period of 1923 help was poured into Tokyo by those Families who had members living there on a scale much greater that would have been possible, in the west, and the problem of organizing relief was then rendered much less difficult for the public authorities. It is clear then, that the Japanese Family Group provides a much more effective

buffer between the individual and society as a whole than does a Western family. Its resources are mobilized to protect him in trouble and to aid him in his career. If it robs his life of danger and adventure, he lives in a position of greater security than his European counterpart. And if he loses in consequence a capacity for initiative, he is provided with a social training which makes the Japanese so brilliant in cooperation and organization, and so imbued with a sense of social responsibility.[21]

The family system also helped in the industrialization of Japan after the Meiji Period. It helped in providing ample supply of labour necessary for industrialization. The younger sons who were not destined to inherit the family headship and property - irrespective of social stature-took positive steps to leave the family and seek a livelihood in the labor markets. And they could do so assured that their natural family would accept an obligation to take care of them if they on hard times and more so because their departures has enabled the family property to be kept intact. This permitted a considerable saving in social welfare expenditure in the course of

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21 Ibid., p.45.

Japan's industrialization.[22]

To sum up, one can say that, few societies have been conscious of the family as an ideal and a kinship unit as have the japanese throughout their history. The family is the most important social unit in Japan and the ideals of Japanese family system is repeated in all spheres of life starting from the school to the place of work. The family Group is the embodiment of traditional Japanese virtues and a traditional ground for loyalty.

The principles of Japanese social group structure is portrayed in the household structure.[23] The concept of traditional household institution, ie, still persists in the various group identities, which will be discussed in the following sections.

VILLAGE AND TOWN AS COMMUNITY

Village is the mold in which the Japanese of modern times is formed. At the time of Meiji Restoration some 90% of the population lived in villages and more than 80% were engaged in agriculture. Even half a century later, in the mid-1970's, agriculture occupied half the population. Kida

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22 Fukutake, n.15, p.27.

23 Chie Nakani, "Japanese Society" (Great Britain: Weiderfield and Nicolson, 1970), p.7.

(1956) calls the Japanese village "the substratum of Japanese culture."

In the Tokugawa period, by and large, a single nucleated settlement formed a separate village-though there were sometimes some exceptions. Each village had its "assessable yield", determined by a land survey, and annual taxes in kind had to be paid in accordance with that assessment as a collective responsibility of the village as a whole. The limits of the village and fields were clearly demarcated. Even today these village boundaries, although they have lost all administrative significance whatever, are still something that villagers are usually aware of, some scholars speak of villages having their own "sovereign territory". This is a particularly Japanese characteristics, not to be found elsewhere. In other words, one can say that membership in the village is a territorial rather than social relational definition, and this has served historically to reinforce "village consciousness".

The Japanese term for a village is' mura' which can be concisely defined as a "rural community in Japan which depends on agriculture as the predominant at means of subsistence".[24]. In ancient times everybody belonged to a
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24 H. Yoshikazu, "The Dying Japanese Village", Japan Quarterly, 32(3); July-September 1985, p.316.

community, and members cooperated in the planting and harvesting of rice. The villagers shared joys and sorrows, together celebrating a bumper crop or lamenting a poor one.

A traditional village subsisted on irrigated rice agriculture requiring intensive input of labor. The actual creation of the rice fields and laying down of the irrigation system was the first prerequisite. The maintenance of the irrigation system was done collectively by the villagers as a whole group as it could not be undertaken by the individual household. Again, when the villagers or farmers relied on fertilizers which they themselves supplied from the areas of hilly open space which were allocated to each village, village control over the use of these spaces were essential to sustain the production system. These forested areas were also an important source of firewood, charcoal and building timber. Communal control over the forest areas was as necessary as for water. In the modern times, cooperation from the villagers is still required for the irrigation system, even if it has come under some national scheme. But the significance of the forest has diminished due the increased use of commercial fertilizer and the subdivision of common forest land among the individual households.

Even if farming was mainly a system of private family production, the existence of resources over the community had a monopoly made supplementation of individual by cooperative effort necessary. It is in this sense, that even today one can speak of Japanese villages as genuinely "village communities of a corporate kind".

The village social life also has a community character. The communitarian element in agriculture extended itself to other spheres of life; to mutual assistance for weddings and funerals, to cooperative work in house building and repair.

The unitary nature of the village was symbolized in the uJigami, the shrine of the protecting deity found in each village. Loyalty to one's hamlet and desire to maintain its solidarity were valued aspects of japanese rural society. Due to the relative isolation of the nucleated settlements, and by disputes which arose with neighbouring villages over, rights to water and forest land, the villagers sense of being a member of the particular community increased. They had a continuous awareness of "belonging" to the village since they were bound together by a wide multiplicity of ties, and more so they were in contact with each other everyday. When people lived in nucleated settlements, each with 5Ø to 1ØØ

household's, and the life spheres of the villagers were largely encompassed within their boundaries, they interacted with each other on a basis of real intimacy. People not only know each others present but also each others past. These complex and multiple interpersonal ties were further enhanced because of the basic productive activities of the household which could not be carried on independently and arbitrarily, free of the constraints of the village community.

In spite of the variety of changes which took place in the villages as a result of Japan's modernization, the values of solidarity and harmony did not diminish. While the hamlet in Japan no longer has the former legal status it had in the pre modern time, it still remains an important extra legal, political, social, and economic unit in the countryside.[25]. Number of new organizations have come up over the turn of the century-cooperatives, women's institutes, youth groups, and so on - but they all have retained the principle of all traditional village organizations, namely every villager in the eligible categories should automatically become a member. And the operations of these groups followed the same principle as

25 Michiko Y. Aoki & Margret B. Dardess, ed., "As the Japanese see it: Past and Present" (The University Press of Hawaii, Honolulu, 1981), p.169.

traditional village meetings, namely that all decisions should be taken by unanimous agreement. In these organizations also, the individual interest is suppressed in favour of community interest which ultimately safeguards and promotes individual interests too.[26] This has only been possible because members are already in a cooperating situation, since as stated earlier, they have informally cooperated with each other for centuries, and more so share a strong sense of hamlet loyalty and solidarity.

Compared with village communities of this kind, no one could argue that the "machi", the ward neighbourhoods of the urban areas, had the same community character. Nevertheless, certain community traditions still continued, albeit in a changed form. The ward neighbourhood usually create their own formal organizations to promote harmony and friendly relations with the neighbourhood. And in numerous respects the new organizations resembled the hamlets of rural areas: membership was not membership of individuals, but of households, all households became members automatically or one might say semi-compulsorily; their functions were non

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26 B.S. Baviskar, "Japanese Agricultural Cooperative: A
    South Asian View Rural Reconstruction,; vol.18&19;
    No.2 & 1; July 1985/Jan 1986.

specific and spread over a wide range of activities. The workers lived in housing estates provided by the firms so that they could interact with the same group of people both at home and at work. They created a society which was rather like a village.

Thus it is in the _ie_ and _Mura_ that the personalities of the Japanese people are molded. The idea of "doing things for the sake of the family", is still a universally compelling norm of family life. Being expected to conform to the expectations attaching to their position in the status order with in the family, people learned to inhibit any personal desires which might go beyond the limits of what the family could tolerate or threaten its existence. The duty of obedience to the household, was taken as a cardinal virtue of filial piety, the axis of family morality.

The constraint of a _mura_ like neighbourhood society also had their effect. A certain collectivism was created with individuals in the villages due to the rice paddy culture so that maximum crop yield could be brought about. They organized themselves into closed, exculsive agrarian communities, to provide stable supplies of scarce irrigation water in competition with neighbouring communities, thereby forming complicated tradition bound

systems of water use. This strange combination of conflicting orientations became the basic norm of Japanese society. This type of community informed by an agrarian mentality melded successfully into modern Japanese society.

Environmental Groups

In spite of favourable geographical conditions such as being as island country surrounded by the sea, Japan is still one of the most industrially polluted country in the world to the extent of producing many victim deaths over the last several years.[27] Why ? The answer comes if one looks at the process of modernization and industrialization of Japan.

Reasons for Industrial Pollution

1. **The attitudes of Industry**:

    Industrial capitalism in Japan was bred and grown from the very beginning under a strong national policy of "rich nation, strong army". Industrial capitalism in Japan has always pursued maximum profits from specific capital investment under the support of a dominant nationalism protected by national power.

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27 Fumihiko Satofuka, "The Japanese Anti-Pollution Movement", *Philosophy and Social Action*, 14(1); Jan-March 1988; p.42.

The welfare of the people was not considered seriously. Investment resulting in production was maximized by even sparing minimum pollution control facilities.[28] Industrial pollution arose in various parts of the country which will be elaborated in the following section. The victims were denied the existence of pollution damage, or else they were bribed and scared. This attitude did not change even after world war II and in spite of democratization of Japanese society, remained so till the late 1970s.

2.   **The Role of National Policies and the Administration:** The "rich nation, strong army" policy survived even after world war II in the guise of industrial protectionism and a high economic growth policy. The intimate relationship between governmental administration and large industry have been cemented strongly during the past three decades. The "Lockheed scandal", is only a tip of the icberg. Special tax exemptions for large industries, high priorities on the preparation of an industrial infrastructure through public finance, land speculation by monopolizing information, monopolizing public investments through secret negotiation among the

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28   Ibid., p.42.

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investment through leading construction firms, maintenance of cartels through license system, these are how well known protection policies for Japanese industry, and have become international issues. Industrial protectionism is so prevalent in Japanese politics that even in pollution control laws prepared in response to public pressure, there are clearly written clauses which describe the extent to which pollution control should be limited so as not to harm the profitability of industry.[29]

3. <u>The character of Science and Technology</u>:

More emphasis was given to production technology and non-productive technology such as sanitary engineering was carefully rejected. People were motivated to become scientists or engineers, out of desire for an elite position garnering great prestige, rather than out of humanistic orientations. In pollution issues, there were always many scientists to support industry and getting more research funds from it.

4. <u>Weakness in Human Rights Concepts and Untrained Experience in Politics</u>:

Japan has not experienced any bourgeois revolution in its history. This is the reason for its weaknesses in

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29 <u>Ibid</u>., p.43.

the human rights area.[30] Since the Meiji era there have been few peaks in people's movements on human rights. The development on individualism was avoided in favour of maintaining national unity for collective goals. Thus, even the loss of human life to industrial pollution was considered negligible compared to national economic growth goals.

Under these conditions Japanese industrial pollution occurred, and went to the extremes of causing irreversible damage to human life. There were a number of food poisoning instances affecting large number of persons as well as physical disorders resulting from air, water and land pollution.

Air Pollution Cases.

The most famous are the Yokohama asthma and Yokkaichi asthma cases causing respiratory disorders. Then there is also a problem of photochemical smog in the suburbs of large cities.

Water Pollution Cases

More than 7,500 patients approximately suffered from the Minamita Disease from 1953 to 1979 and a total of 352 patients died.[31]

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30 Ibid.

31 Kodansha Encyclopedia of Japan, no.6, Kodansha
    Limited, Tokyo; 1983; p/218.

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Another incident similar to the Minamata Disease was the "Nigata Mercury Poisoning Incident" in which 610 were surviving patients and 73 died.[32]

Land Pollution Cases

The most notorious of the cases is the _Itai Itai_ disease which spread from 1912-1926 but was officially recognised in 1946.[33]

Besides water, land and air pollution there are other forms of pollution or environmental disruption, including noise, vibration, water disposal, ground subsidence, offensive odors, soil pollution by agricultural chemicals and also due to garbage disposal.[34]

Environmental Policy and Social Mobilization

When significant trouble exist in society, the process is not automatic for getting on the agenda or for producing appropriate policy. A trouble becomes an issue through two basic patterns of issue formation:

One, in which issue arise outside government and then are expanded to gain public recognition followed by official recognition (the outside initiative modes) and; _another_,

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32 Ibid., p.218.

33 Ibid., p.219.

34 Environment Agency, Quality of the Environment in Japan, 1977.

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in which issues arise within government and receive official recognition and then are expanded to gain public support. (the inside initiative model).[35] For environmental problem and policy, Japan showed little inside initiative during the 1950s and 1960s. The Government failed to put environmental problems on the agenda or to prepare appropriate policy. Environmental problems developed faster than environmental policies. Policies were fragmented, inappropriate and ineffective. External initiative path was chosen where public or social mobilization made a critical difference in the incentives created for national elites. The true motivating force behind environmental pollution control has been the grassroots movements, shaping public opinion, which in turn has forced administrative agencies to act.

Public consciousness about pollution was at its peak in the late 1960s. People from various spheres of life joined hands and participated for the control of environmental pollution-there was no large organization, political party, labor union etc. recruiting people or giving orders. The main force was the grass root type organizations which was referred as jumin undo (citizens

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35 R.Cobbs et. al, "Agenda Building as a Comparative Political Process", American Political Science Review, 70 (March 1976); pp.127-28.

movement). The movement included mainly a number of dedicated scientists, and activists, local victim-centred organizations, linked together by various national networks that combined environmental and political concerns.[36] Housewives have been the most active members. The strength of other social movements also affected the environmental issues. The students became involved in pollution issues during the students' movement in 1960s.

The ideology of the Japanese environmental movement placed the destruction of human life at the movements symbolic core.[37] Their primary goal is to protect the health and well-being of individuals from of the harmful effects of an appropriately or dangerously altered environment.[38] The form environmental movement depended in part on different kinds of environmental disasters, experienced by Japan. The environmental disasters that

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36 Huddu and M. Reich, "Islands of Dreams", pp.256-90, and Ellis S.Krauss, and Bradford L. Simons, "Citizens Movements", "The Growth and Impact of Environment Protest in Japan", in Kurt Steiner et.al ed, "Local Politics in Japan", (Priceton University Press, 1980).

37 Shuji Hikoru and M. Ken'ichi, "Osorubeki Kogai" (Tokyo: Iwanami, 1964); and Jun Ui, "A ... Theory of Kogai", in Shigeru Nakamura et. al. eds", Science and Society in Modern Japan: Scietific Historical Sources" (Cambridge, Mass.: MIT Press, 1974), p.290-311.

38 Gressler, J.K. Fujikura and A.Morishima, "Environmental law in Japan" (Cambridge, MA: MIT Press, 1981), p.150.

became issues in Japan involved direct damage to human health-serious illness and death. Therefore, the environmental movement depended initially on a mobilization of the human victims of environmental destruction. That mobilization created incentives for certain kinds of policy in the elites' political response, illustrated by Japan's law to compensate pollution victims. A victims organisation thus shaped the response of political elites and also increased the intensity of demands.

The environmental issue has become a dominant one for Japanese society, compelling social institution to come to terms with the issue. The movement fulfills a number of social functions like: questioning institutional authority, demanding expanded participation, mobilizing new groups, challenging both opposition and ruling parties, contributing to rearrangement of social and political structure.[39] The antipollution movements have caused stalemates in the polluting materials industries in Japan, and investments shifts in other sectors having greater added value and less pollution generation. Some dozen pollution control laws were prepared as a kind of

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39 Michitoshi Takabatake, "Citizens' Movement Organising the Spontaneous", Japan Interpreter; 9(winter 1975); p.315-23.

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pressure safety value. Although their effectiveness is not sufficient, they still have some effect in controlling the behaviour of the industry. And the effectiveness of these laws and institutions is always based upon grass roots movements supports.

To sum up, one can say that while considering the course of environmental pollution related issues in Japanese society, the most crucial factor has been the grassroot movements where various groups of people have joined together. These movements and organizations will most likely continue as crucial factors shaping social and political change.

Peace Groups

Resistance to militarism in Japan took root long before the second world war, and after the war massive shift in public opinion occurred within all but the most conservative circles. Fundamentally new perspectives on war and peace have emerged in Japan; not only is war, in the nuclear age, intolerably horrendous; war and preparing for war are corrosive of society and bad for business; new means of resolving conflict can and must be developed through the united nations, multilateral negotiations, and broader economic trade between nations.

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The conclusion of war, including the boarding of Hiroshima and Nagasaki, the immediate postwar constitutional reforms, and the current industrial success of Japan have all contributed to fundamental social, political and economic changes towards a pacifist Japan. The "Peace Constitution", new legal rights for women, profound dissillusion with the military, and a successful, peace-oriented economy not beholden to a highly developed military-industrial complex provide the foundations for the broadest and strongest national peace groups in the world.

THE PEACE GROUPS

While the anti-militarist groups has important roots in early pacifist philosophies and has found strong institutional allies in Japan's political parties, the post war peace groups began and remains, to a large degree, a grass-root group transcending party politics. Growing form a housewives' anti-nuclear protest of more than thirty years ago, the Japanese peace groups has sunk deep roots into the intellectual, environmentalist, labour, youth, feminist, political and even the business

communities.[40] Gensuikyo and Gensuikin, the two largest peace confederations loosely associated with the communist and socialist parties respectively, have had membership of over two millions each for more than a decade.[41] The Japanese have twice collected over thirty million signatures to petition the United Nations for more effective arms control, and the Japanese were able to send by far the largest foreign peace delegation to the Disarmament Conference in New York in 1982. Here again, the Japanese have formed a strong group which includes people from different spheres of life and by working together been able to create a anti-militarist, anti-nuclear Japan.

Japanese women have been and remain in the forefront of the peace groups. Before the political parties were active in a popular peace movement, women led by Toshiko

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40   A very balanced and full account of the anti-nuclear movement is given in the text "Hiroshima and Nagasaki: The Physical, Medical and social effects of the Atomic Bombings", (New York: Basic Books, 1981), prepared by the committee for compilation of materials on the damages of the Atomic Bombings in Hiroshima and Nagasaki. Part IV, untitled "Toward the Abolition of Nuclear Arms", traces the major events and personalities from Toshiko Kobayashi's first protest in 1948 to the Japanese presentation at the United Nations Special Session on Disarmament in 1978.

41   Gensuikin publishes a regular, English language newsletter which can be obtained from Gensuikin, fourth floor, Akimoto Building, 2-19, Tsukascho, Kanda, Chiyoda-Ku, Tokyo, Japan.

Kobayashi brought the miseries of Hiroshima and Nagasaki
to the attention of the Japanese public in 1948.

Mothers, housewives, and PTA organizations continue
to push the government to take a more aggressive role in
investigating and treating the problems faced by the two
cities. Today the women's Forum for Nuclear and General
Disarmament comprises some thirty-seven major women's
organizations around the country. Women are active in
national peace movement planning committed and are
prominent chairs of the public gatherings. The peace
groups has been the most important avenue for women's
participation in public affairs in modern Japanese
history.[42]

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42   It is true that Japanese women have faced a tough time
     in building a feminist movement that addresses
     specifically women's issues, but it is important to
     keep in mind the profound economic, political,
     cultural, social and psychological barriers to women's
     equality in Japan. There is no question that the
     constitutional and legal reforms instituted by the
     American occupation provided the foundation for a new
     role for women in Japanese life. See H.C. Koh, "Korean
     and Japanese women: An analytical bibliographical
     guide" (Westport conn: Human Relations Area Files,
     1982), A. Sawako and I. Michiko, :stories by
     contemporary Japanese women", translated and edited by
     N.M. Lippit and K.I. Seldom (New York: M.E. Sharpe,
     1982), A.Cook and H. Hayashi, "Working Women in Japan:
     Discrimination, Resistance and Reform (Ithaca, New
     York: New York State School of Industrial and Labor
     Relations, 1980); and S.Pharr, "Political women in
     Japan: A search for a place in Political life",
     (Berkeley: University of California Press, 1981).

Teachers comprise the second most important group in Japanese peace groups. The Sohyo's teacher's union is dedicated to socialist vision of the world which calls for a sharp break with Japan's militarist past.[32] Many teachers held themselves personally responsible for the war because of their having gone along with the popular emperor-worship that was central to Japanese prewar education. Since the war they have been determined to develop and maintain a peace-oriented curriculum. In postwar education, they have given greater attention to individual expression and the discussion of peace values than was ever the case in the past. Peace curricula has been established at all levels within the educational system, from primary upto the levels of Japanese Peace Association, which is a university peace research organisation. Detailed studies have shown that Japanese youth are by varied standards more critical of their conservative government and more committed to egalatarian and peaceful values than is any other national group of students in the world.[43] Anti-militarist attitudes are by no means limited to the older generations.

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43 Marxism has been the dominant tradition in post-war Japanese educational circles, both in terms of a union organizing principle and in terms of intellectual frameworks for academic inquiry. See, Gail Lei Bernstein's, "Japanese Marxist: A Potrait of Kawakami Hakime, 1979-1946;(Cambridge, Mass: Harvard Univ.Press, 1970

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The most important anti-war students organizations are those sponsored by the Japanese student co-operative movement. All college and university bookstores and campuses cafeterias are operated by the student co-operative movement. The highest-priority project of the co-op is the peace movement. Its sponsors speakers and discussion groups on all campuses and coordinates the growing participation of student groups from the high school and college level in the last summer World Peace Conference, which meets in Tokyo, Hiroshima and Nagasaki. The student groups provide a supportive context for deeply emotional sharing of information, outrage and hope.[44]

There are also a variety of HIBAKUSHA groups representing those who actually experienced Hiroshima and Nagasaki. For the Japanese, who greatly respect the elderly, the testimony of the hibakusha, these 'refugees of the nuclear age', strikes a profoundly responsive chord. The various Buddhist sects and communities are strongly involved, and speak in terms powerful to the Japanese.

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43 William Cunnings, "Education and Equality", (Princeton: N.J.: Princeton University Press, 1980).

44 This account of student peace movement and of other groups described is based on numerous personal interviews and observations made by B. Jaye Miller while he attended the World Peace Conference in Japan during the summer 1983.

Other religious groups, including Christian and pacifist organizations, work alongside the Buddhists. A variety professional organizations, including physicists, and other scientists, are active. the list of participating groups would not even be remotely complete without inclusion of various cultural groups, including poets, writers and artists.

Finally, even prominent businessmen and business organizations oppose the increasing build-up of the Japanese military. The Japanese economy has a clear "peace-momentum".

The peace groups can claim substantive success in terms of shaping basic public opinion which has prevented the military escalation from approaching what the elite planners, namely the LDP, have wanted. For example, one poll shows that 44 per cent of the Japanese oppose any military alliance in comparison with only 30 per cent who support the government's Western alliance orientation. Similarly, 71 per cent feel that diplomacy and economic aid must be used to maintain peace; while less than 20 per cent support a strengthening of Japan's self-Defense forces and closer military ties with united states. In fact, 78 per cent of the Japanese oppose any increase in the military budget and that 51 per cent would like to see

the military budget reduced.[45] In the long run, it is precisely such broad public sentiment that will force reversal of arms race.

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45 The polls cited here come respectively form NHK (the National Japanese Broadcasting System), 5 December 1983; Asahi Shimbun, 18 June 1984; NHK 24 June 1984; Yonuiri, 5 December 1983.

CHAPTER III

ECONOMIC GROUPS

CHAPTER III

ECONOMIC GROUPS

Japan had a very late start in its drive towards modernization, yet within a fairly short period of time it has emerged as one of advanced industrialized nations.

After defeat in world war II Japan was able to arise from incomparable ruins to achieve a miraculous recovery. Through technology together with a large, young labour force, Japanese industry sustained a period of high growth from 1950 to 1973.

Then, in 1973, the beginning of the oil crises affected numerous countries, and Japan alone was able to regain the balance quickly enough to sustain favourable economic conditions.

In the eye of Westerners, Japanese industry and business have moved along the following sequence over the past four decades :

1. The miracle of recovery from the postwar economic collapse,

2. Export and high economic growth in 1960s,

3. Economic management that surrounded the two oil crisis,

4. Managerial success in productivity and Quality control and a forward leap of competitiveness in key industry based thereon, and

5. Advances and threats in high-technology areas. This ability adapt quickly to changing circumstances has led a number of people to wonder if it might be the style of management that is the cause for Japan's economic success.

The essence of Japanese-style Management and its main features :

Japanese culture was influenced over time by Chinese confucianism. The confucian tradition valued external order and harmony within the society, while at the same time emphasizing the collective aspect of the social order This point is extremely important in understanding the root philosophical foundation of Japanese Management, which rests ultimately on a rejection of western individualism. Japanese tradition stresses a living human society, rather than salvation of the individual in life after death, and within that society, the natural order as represented by people living in a human community, rather than by individuals living in a "state of nature" (as suggested by the individualist Rousseau, who believed that society corrupted the individual).

The specifics of the Japanese management system flows from these historical roots. Management style and content Japan and in the west differs principally in organization

and management (personnel). While westerners management is based on hierarchy, Japanese management is in principle groupist and collectivist.[1] More concretely, in the case of the west, a small number of (capable) managers and specialists, in pursuit of rationality and economic efficiency manage in a manner that might be called `dry´ colonialist. On the other hand, in the Japanese case as it is `wet´ are also hierarchical control and responsibility, but they are not absolutely rigid, which leaves open the possibility for lower-level workers participation in management in various ways.

This difference in the form of management arises from a difference in management goals. In the west, especially in the United states, the norm is rational management based primarily on reward for achieving the stated goal of "pursuing profit". On the other hand, Japanese firms seek, "prosperity and fulfillment" for the organization and its personnel rather than short term profit, and they normally attach more importance to the process of achieving a task and the attitude in coping with it than actual achievements the type of economic system found in Japan embraces a philosophy of life that some writers

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1 Naohito Suzuki," Japanese-style management and its transferability,". Japanese Economic studies; spring 1984, Vol.XII; No.3, pp

fashion to call "economic humanism". The philosophy consists of three proportions concerning human nature :

1. Human resources and total involvement are the most vital factor of production and the ultimate origin of the market value of all the goods produced. It revives the 19th century "labor theory of value" and reformulates into what may be termed as "the human theory of value".

2. People are intellectual (intelligence-carrying) beings who, unlike all other inputs, are able to think, imagine and analyze; they possess the capacity to generate, transmit, store, share and improve information of all sorts; and lastly,

3. People are psychological (emotional) beings. It is not feasible to motivate" a machine but a human being (worker) may be highly motivated or hopelessly demoralized. This productivity can rise or fall significantly even when all non human factors are held constant.

Robert S. Ozaki has called it the humanistic enterprise system.[2] The relative success of the Japanese.

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2 Hastuhiro Nakagawa and Nobumasa ota in "Nihongata Keizai Seido" (The Japanese style Economic System), Masao Baba and Kimihiro Masamura, Ltd, "Sangyo Shakai to hihonjin (Industrial Society and the Japanese) (Tokyo : Chikuma Suobo, 1980) pp.27-64.

Style management may be attributed to "all out participation: That is, in Japan a corporate organization relies on every individual and is operated by their participation as a whole, no matter that it is intentional or unintentional. As Peter Drucker[3] points out, with some exaggeration that the Japanese management system tends to put the needs and purposes of its personnel as a group of human beings a head of the purpose of a firm.

Under Japanese style management, policy decisions are often made at the sacrifice of short-term management efficiency. In other words, it tends to emphasize the state or process, in that prime importance given to planning corporate organization including personal, and its operation in a wholesome and developing state with its economic efficiency rising as a natural consequence of this. This managerial philosophy is notable especially in manufacturing enterprises, e.g. Matsushita Electric, which calls for building up people before making products". What is meant by "building up people" is not to train skilled workers, but to inculcate the people in the organization with the firms ideals and goals.

In addition, generally speaking, Japanese managers keep faith in the capability and power of workers on the
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3 Peter Drucker, "The new Society" (N. York; Harper, 1950).

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shop floor and believe that the management mechanism or techniques can not be given full pay without willing participation of all individuals involved, no matter how superlative these are. Techniques of Quality control and productivity improvement were initially developed in the United states. But the actual implementation thereof and many tools there of at workshops have been given remarkable progress in Japan because of the wisdom of Japanese managers who have realized that they cannot be effective without cooperation and initiative of all the people involved, including workers on the shop floor.

Therefore, if one investigates the uniqueness of management practices in Japan closely, one can identify that the core concept of Japanese management is group-oriented behaviour among managers and employees. This point can be elaborated and proved by showing how a firm or company functions in Japan.

The Japanese Corporation:

There is a fundamental difference between the structure of Japanese company and that of American and European company. There differences lie in the history, philosophy and customs that make up the society in which companies originate, mature and operate. Japanese companies is general are run on the theory that all

employees share a common bond, in a clan fashion. A term that describes this situation is "gemeinshaft", or "community". The employees of the Japanese company are expected to share the company's goals and share its profit and losses. The ties that bind an employee to the company are much deeper than simply a paycheck. Without signing the contract, a new employee is guaranteed employment until retirement, seniority based wages and promotions, social welfare and other fringes benefit.

The company also instills in its employees the understanding that their new company is a worth while, humanistic place. Except in rare circumstances, an employee will not be fired, and so the new employees are better able to accept lower starting wages and strive to create an atmosphere conducive to productive work. Towards this end, white collar and blue collar workers work together in an enterprise unions to promote "coexistence and co-prosperity" within this familiar structure.

In contrast, American and European countries are run on the basis of turning a profit. The term for this is "gesselshaft" or "corporation" the importance of individualistic values necessitates the use of specific contracts to tie the employee to the company.

Under the 'gesselshaft' system workers are seen as

commodities in the form of manpower rather than as human beings. Companies try to procure labour as cheaply as possible. On the other hand, the workers divide themselves upto lateral unions, depending on their specific craft or industry, and attempt to sell their skills for as much as possible. Here the emphasis is not on what company people work for, but rather what type of work they do.

There is a sense of belonging to the organization and the tendency to be have as a group is one of the most striking characteristics of Japanese companies. The more important than the function one performs within the organization. An organization is considered a collective entity. All the blue and white collar workers will identify themselves with the company rather than with his profession. Thus, the results are organic pattern of management, with strong emphasis on human relations, the seniority wage system, life-time employment low rate of and practically no contractual agreements. The purpose of the top management is to identify and explain to the employees the company goals, establish and maintain harmony among the employees.

Marengo[4] believes that Japanese industrial "groupisn"

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4 F. D. Marengo, "Learning from the Japanese : What or How?" Management International Review, Vol.19, (April, 1979) pp.39-46.

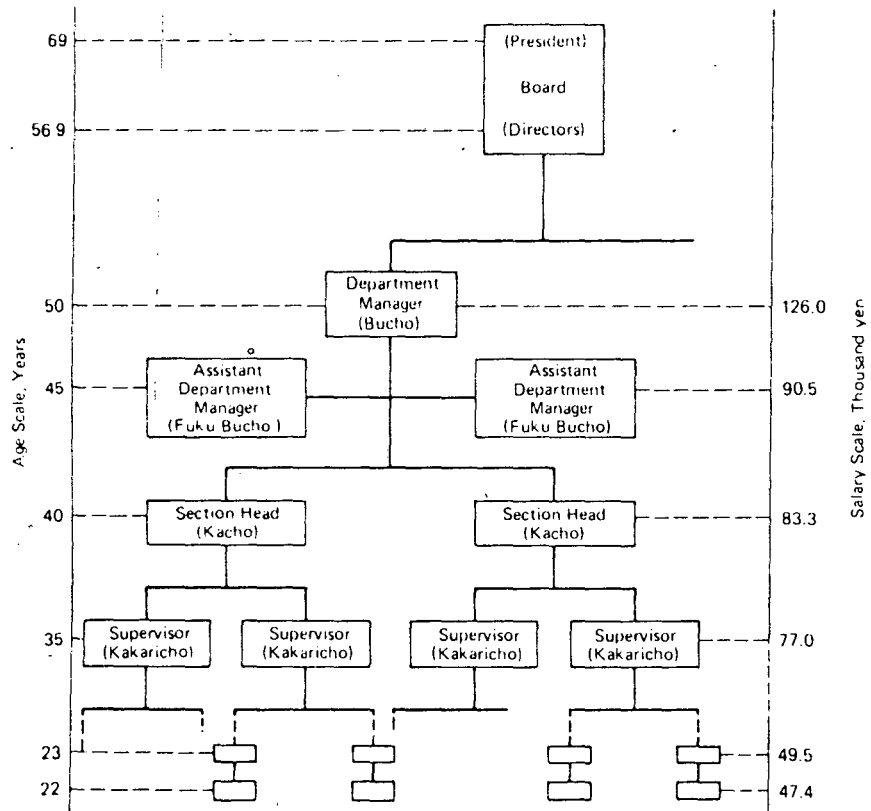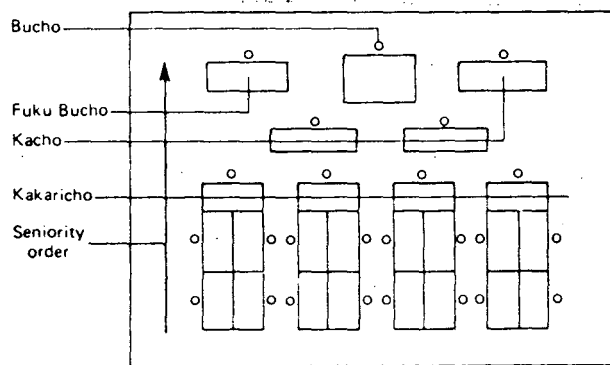FIG. 1 Organizational Structure and Seniority Order

FIG. 2 Typical Office Layout: One Department in One Room

SOURCE: Naoto Sasaki, *Management and Industrial Structure in Japan* (New York: Pergamon, 1981), pp. 73–74.

implies loyalty not only of employee so employer, but also responsibility by the employer towards the total well-being of the employees. For a proper atmosphere conducive to the staffs well-being and productivity, there is a continual and close cooperation between the top management and staff. Figure 2 shows a typical office lay-out in Japanese corporations. One department occupies a large room in which employees of all levels sit at desks arranged in a particular order as shown. Tanaka[5] states it as the strength of the company. The top management,

Fig3
Factors working together in a company.

TOP MANAGEMENT

EMPLOYEES   SHAREHOLDERS
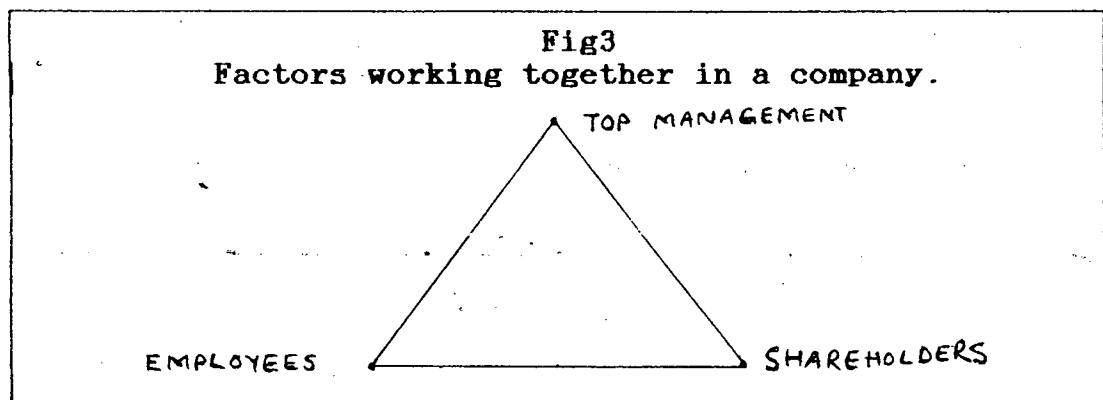
Soucres: Hiroshi Tanaka, Personality in Industry" (London: Printers Poblishas, 1988),p.

employees and shareholders form the vertices of an equal sided triangle, and cannot function in competition with each other. (Fig.3) The workers and top management have a

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5 Hitoshi Tanaka, "Personality in Industry" (London: Printers Publishers, 1988), pp. 248.

deep sense of confidence in each other. The future of the workers is tied directly to the success of the company, and therefore it is imperative that the individual reflects the company goals and guidelines.

In certain companies, the stock-holding employees work both as laborers and as "capitalists" because normally a reduced company shares of private holdings are distributed to them at a fair market value and at times at no cost. This ensures better cooperation with top management and loyalty towards the company.

There is a "glass-pane approach" in the company where is seen that decisions are impartial, where achievements are announced within the company and where the top management do not lie about the companies' situation. In this way the employees can respond to the company's need.

To being about group harmony in a firm, the system of decision making by consensus, lifetime employment, a seniority based wages and promotion system and company-based unions is adopted. Each one of the system will be individually discussed below to show the uniqueness of Japanese firms.

a) Decision-making by consensus:

Japanese decision-making style, known as the Ringi

FIG. 4. DECISION - MAKING BY CONSENSUS.

system is described by Drucker[6] as decision making by consensus. Fox[7] calls its as consensual understanding. Vogel[8] views the ringi process as actually root binding that leads to the high level of commitment necessary for implementation of decisions by lower echelons of the organization.

The ringi-sei is a document circulated from the bottom levels of management to the top and requires the signature or "seal" of each manager at each level involved before a decision can be implemented. (Fig.4) The role of the top management in this process is to crate an atmosphere in which the levels and departments can reconcile their differences and reach a consensus as to the proper course of action.

When there is a need to make a decision or to find a solution to a problem, a proposal is written by a staff member. After examination by the manager of the division, the document is circulated to related departments for review and confirmation, then to top management for final

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6 Peter. Drucker, "What we can learn from Japanese Management", Harvard Business Review, Vol. 49, No.2 (1971); p.6

7 W.M. Fox, "Japanese Management : Tradition under strain"; Business Horizon (August, 1977); p.10.

8 E.F. Vogel, "Japan as Number One: Lessons for America," Cambridge; Harvard Univesity Press; Massachussetts; 1979 p. 32.

final authorization. This process is not a method for analyzing problems or finding alternatives, but rather confirms that all elements of disagreement have been eliminated, the responsible section or person can be assured of cooperation from other sections, and the proposal can be turned into administrative assignment.[9] While this process is time-consuming, it significantly increases the likelihood of commitment to implementing the decision.

Several important principles emerge from this approach

1. Participation at all levels in automatically sought,

2. Each participating department is involved in a project from its inception; therefore, those "closest to action", who will ultimately be responsible for the project's implementation, have an opportunity to provide initial input;

3. All relevant elements within an organization, even those not directly participating are informed of an anticipated action from the beginning; and no one can be bypassed,

4. The approach puts into practice the theory of positive and active staff and personnel development,

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9 I Hattori, "A Proposition on Efficient Decision-Making in the Japanese Corporation," Columbia Japanese of world Business (Summer, 1978) p7-15.

in that people at all levels must get involved in a
project and thus gain experience in a collective
setting.

Therefore, by using this "bottom-to-top approach".
The decision making and sometimes through horizontal
circulation of documents, all managerial staff feels that
they are making a valuable contribution to the company and
are able to understand the weight of their responsibility
in a collective manner.

b. Life-time employment:

This is also known as "Nenko system".[10] According to
Oh,[11] The Nenko system gives employees job security and
promotes strong corporate loyalty and group effectiveness
while maintaining the flexibility to meet fluctuation in·
demand for labor and new developments in technology. An

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10 J.C. Abeggelen, "Management and worker: the Japanese
   Solution," (Tokyo; Sophia University, 1973), M. Bairy,
   "The Motivational Forces in Japanese life," in Robert
   I. Ballon,"The Japanese Employee", Chap 6´ tokyo;
   Sophia University, 1969; R.J.Ballon "Lifelong
   Reawaeration Stytem, "in Robert I Ballon, ed., "The
   Japanese Employee;" chap6, Tokyo; Soplia University;
   1969; C. Nakene, "Japanese Society," Berkeley;
   University of califormia Press, 1970; S. Nakayama,
   "Management by Participation in Japan," Management
   Japan, Vol.6, No.4 and Vol. 7, No.1, (1973); K.
   Shuichi, "Reconstruction of the Japanese Group," Japan

11 T.K. Oh, "Japanese Management — Acadeany of Management
   Journal, Vol.1, No.1, (Jan 1976), p14-26.

individual joins a firm and has a job till he retires. This involves a high degree of commitment between the individual and the organization. The person who joins the firm not only has a job but also many of the employees and family needs are taken care of by the management.

The system enables management to invest heavily on human capital through in-house training without fear that workers may work away at any time with valuable, newly acquired skills. The sense of common destiny, encouraged by the system, leads to close cooperation and coordination of efforts among workers. Employment security for all employees stimulates intra-firm transfer of technical knowledge and know-how. Management can system atically implment an extensive job-rotation system in order to broaden and deepen workers' understanding of the overall operations of the firm. All these print to a higher level of corporate synergy. Consequently, because of this system, the firm grows and also a number of jobs, including high managerial positions. Hence, those with merit can be duly promoted instead of being faced with a frustrating bottleneck on the promotional ladder.

(Fig.5)
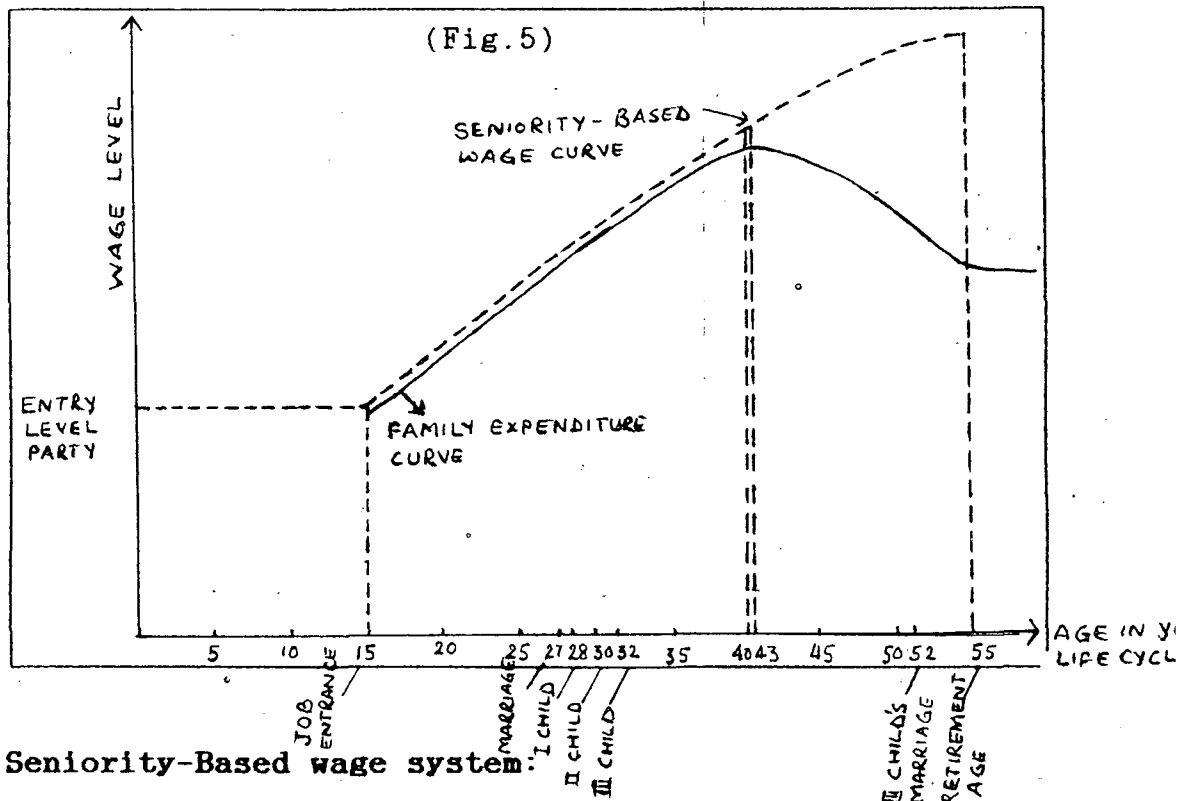
c. **Seniority-Based wage system:**

Under the seniority-based wage system, the remuneration of a worker is determined primarily on the basis of the number of years he has spent with the company subject to age and level of education, at the time of entry.[12] The wages neatly coincide with the peaks and valleys in expenditures over the life style of the worker and his family. (Fig.5)

The seniority - based wage system is the dominant practice in Japan and, although the difference between the incomes of younger and older" workers is greater in large

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12 The Development of Industrial Relations Systems: Some Implications of Japanese Experience (Paris : OECD, 1977) p.19.

enterprises, the prevalence of wage differentials according to age and length of service is found in all enterprises, regardless of size.

The seniority - based wage system takes away the often destructive individual competition between employees and promotes a more harmonious group relation ship in which each employee works for the benefit of the entire group, secure in the belief that he will prosper with the group and that, in due time, he will acquire the benefits that accrue for long and faithful services. The seniority based system assumes that longer experience makes an employee more valuable. Because of the IE (group or community) framework, a supervisor must be more than a technically superior worker. He must be able to maintain order in the group and look after its well-being thus, the older manager acts as a symbol of group strength and continuity. He also functions as a opinion under and consolidates the community. He acts as the under statesman and assist group members in all aspects of their lives, including man job related activities such as arranging marriages, settling family disputes, and so on. Middle managers contribute to the achievement of community purpose by educating, training, and controlling the young, and by acquainting them with the rules of the community.

d. **Enterprise Unions**:

The Japanese enterprise union means that all employees, whether blue collar workers or white collar university graduates, are in the union together from the time they enter the company to their late thirties or early forties when they become <u>Kanrishoku</u> (administrators) or reach a <u>kacho</u> (section head) class management level. Therefore, the enterprise union covers all employers enterprise or it may be a federation of unions representing the plants that make up the enterprise.

The characteristics of enterprise union which is absolutely unique in its own ways are :--

As the workers' organization it confronts and resists the employer in order to protect the employees interest when they conflict with those of the employer. It also cooperates with the employer in promoting the mutual interests of the party is a particular enterprise.

Due to the enterprise unions, there is a feeling of solidarity based on their common interest among the workers of the same enterprise. There basic conditions of employment and problems tend to be the small.

The union is also cooperative with the management and work as a group. Japanese Unions rarely strike, and the strikes that do occur usually are of short duration. Also,

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it is claimed that the strikes by Japanese unions are not intended to damage employers, but just to show the workers determination to struggle or to embarras the management. Therefore, they are called "demonstrative strikes".[13]

A distinctive feature of the mentality of the Japanese unionists, both leaders and the rank and file,, is that they are really hesitant to cause any severe damage to the enterprise to which they belong. This is not because of their submissiveness to their employer or to management, but because of their identification with, or sense of belonging to, their enterprise. If a worker serves a particular enterprise for many years during which he has good prospects for improving his wages, fringe benefits, skills, position, and status, it is quite understandable that he would acquire interest in and concern about the enterprise thus both employer and employee come to share a common desire to maintain the enterprise and to keep it prospering as much as possible. The enterprise becomes kind of a community to which employees tend to commit themselves.

Another factor that explains why enterprise unions tend to be lese militant and work along with the management is the process by which managerial elites are

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13   OECD 1977, pp.25-26.

forced their power structure, and the philosophy of personal management that is particularly characteristics of large corporations in Japan. The top executives are generally promoted from among the rank-and-file employees of the firm, it is therefore to be expected that once they were member of the enterprise union. In such a context the relationship between the enterprise union and the management of a particular firm would be more cooperative than otherwise.

Even without the experience of being a union member, high ranking managers tend to regard the rank-and-file employees not as wage earners with conflicting interests, but as one time or junior colleagues in the same enterprise community with a common interest in the survival and prosperity of that enterprise.

Due to the enterprise union, there is a "Democratization of management". The status system with its traditional discriminative titles. Such as 'Shokuin' (salaried white-collar) and "Koin" (daily paid blue collar) was abolished right after the war differentials among employees of different status and category for wages, fringe benefits, and welfare facilities are drastically narrowed. In Japanese plants, one can observe due and white collar workers and management people

lunching for there at the factory mess-hall and also wearing the same kind of clothes, supplied by the company. Such achievements brings about more group consciousness and cohesiveness within as enterprise.

One can therefore say that the characteristics of Japanese enterprise as a group is that the group is itself family like and united and that it pervades even the private lives of its employees, for each family joins extensively in the enterprise. Chester Barnard said that the creative side of organizations is coordination."Organizations one a system of cooperative activities and their coordination requires something intangible and personal that is largely a matter of relationships".[14] Barnard's observation, made sixty years ago, sounds remarkably like what we hear now from Japanese companies.

Japanese Organizations:

The organization of industry in Japan is in one respect very similar to that in the United States, Germany or the United Kingdom. It revolves round the same institutions. There are banks, companies, labour unions, bills of exchange, employment contracts and markets. Yet

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14 Chester I Barnard, the functions of the Executive "(Canbridge; Mass. Harvard university Press, 1938), p.75.

there are differences. There is a pattern of industrial organization which works in groups and is peculiar to Japan. There are four major tendencies in the Japanese industrial company which together constitute the greater part of that peculiarity.

1. Company in Japan is an elementary unit, a clearly defined cell of industrial or commercial activity, rather than merely one of the number of industrial organizations whose membership overlap.

2. The company is narrowly specialized, engaged in one line of business or perhaps a few closley allied ventures,

3. Companies are graded, arranged in hierarchy by, in which the bigger they are the better their standing, and finally

4. The company is associated with other companies in some form of group.

   [We will deal with the fourth peculiar characteristic.

The several hundred companies, along with the major trading companies, the banks, and the lesser companies with which they are affiliated, constitute the enterprise structure. There elite companies are so important in the total economy of the country that one may say of there, "As they go, so goes Japan".

John Donne's quotation that no man is an island, entire of itself" may certainly be applied to a Japanese enterprise, if any thing, it is an understatement. The average industrial enterprise is bound, strongly or loosely, to a great many other enterprises. Its subject to small, superior to others, it is dependent on small others are dependent on it. It is only theoretically equal to its affiliates, or, to use George Orwell's phrase, "all animals are equal, but some are more equal than others". Generally speaking, a Japanese enterprise is one entity in a mare of interconnected entities all related to each other in a variety of ways and in varying degrees.

1. Corporate groups of large independent firms based on pre-war zaibatsu ties;

2. Bank groups consisting of companies depending for funds on a major bank; and lastly

3. Loose, vertical hierarchy of small-to-medium site enterprises organized around a single giant firm. the large firm has 'a network of intricately related subsidiaries, affiliated firms, and subcontractors which it fosters and directs. In this respect, a number of leading Japanese Corporations constitute a powerful enterprise groupings of their own.

1.Corporate Groups Of Large Independent FirmsBased On Pre-War Zaibatsu Ties:

Zaibatsu of the pre-war era, was firmly established in the Showa era (1927-1990). It was an organization of few business conglomerates, which were controlled by family ties. In other words, the pre-war zaibatsu — the biggest four of which were Mitsui, Mitsubishi, sunitonio and Yasuda — were groups of companies partly owned and entirely controlled by a family holding company which stood at the center of whole zaibastu. Each zaibatsu contained a bank, a trust company, and an insurance company to provide funds and financial services, and a trading company to buy and sell goods on behalf of the number firms. These latter, operating in a number of different industrial were bound not only to the central holding company but to each other by interlocking share-holdings, directorships held in common, and preferential business arrangements. All the above companies although and different specific takes but were largely interdependent with not only each other but also with the parent concern. The final outcome of the parent concern was achieved only when all of them worked together in a group and put in all their efforts. They worked together like a big family where the parent firm was like the head of the family and its other component firms performed

tasks for the family or the house. Micheal Yoshino[15] has classified zaibatsu in the different categories:

1. The Big Four - Mitsu, Mistubishi, Sumitomo and yasuda. The first three are prominent, having well diversified industrial, financial and commercial interests and the yasudo zaibatsu confined itself to financial and banking operations.

2. The group second in importance to the "Big Four" consisted of half a dozen or so combines, including furukawa, Okura, Asona and others. Most of the lesser combines tended to confine their activities to relatively narrow fields.

3. The third ranking group, comprised those zaibatsu that emerged in the 1930s, to and the specific needs of the military — a group known as "Shinko" (newly emerged) zaibatsu. They include Nissan, Nisso, Nakajina and others. Within the more strict definition of "zaibatsu" their total number did not exceed twenty or so. The zaibatsu in aggregate, however wielded greater economic power.

The zaibatsu was an organization essential for starting the engine of capitalism in a socio-economic environment

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15 Micheal Yoshino, "Japan's Managerial system;" (Massachussets: MIT Press, 1968); p.48.

in which Japan was a late walls. As Professor (emeritus)
Nakagawa[16] of the University of Tokyo and, more recently,
Professor Leff of Columbia University and others[17] have
energetically argued, the formation of group by firms
similar to zaibatsu, in a stage where market economy has
not fully developed, namely, developing countries today,
can be viewed as an institution for enabling the
entrepreneurial functions to be performed so as to make
economic take-off possible. In other words, the zaibatsu,
as a "group" or as one of its robust forms, is an
institutionalised intra-firm mechanism formed to
supplement the market imperfection in a developing
economy.[18] In addition, it can be understood as systematic
innovation to internalize returns from mutually
interdependent activities within this imperfect market. At
the same time, the formation of a group is also a means to
make effective use of entrepreneurial talents that are in

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16 K. Nakagawa, "Daiuji Taisen Zen no Nihon wi Okeru
   Sangyo Kozo to Kigyosha Katsdo" (The Industrial
   Structure and Entrepreneurial Activities in Japan
   before World War II), Mitsui Bunko Ronso (1979).

17 N. Leff, "Industrial Organization and Entrepreneurship
   in the Developing Countries: The Economic Groups"
   Economic Development and Cultural Change, 26 July,
   1978; pp.661-751; Leff, "Entrepreneurship and Economic
   Development: The Problems".

18 Kenichi imai, "Corporate Network in Japan, Japanese
   Economic Studies; 16(2); winter 1987-1988, pp.3-37.

short supply in developing countries.

The zaibastu were broken up by the Occupation authorities and the family firms abolished. But after the Allied troops left, the postwar "corporate groups" were created which took the following forms[19]:

1. The "Association of Presidents" existed as the core of a corporate group where information was exchanged periodically and, whenever appropriate, coordination of decision making was done among member firms.

2. Among the member corporations of a group, though to a smaller agree than during the days of the zaibastu, there were considerable mutual stock holding on a long term basic.

3. At the center of financial transactions there were large commercial banks, they extended both short and long-term loans to member corporations at some what favourable terms and, in many instances, even detailed their employees to these corporations as executive officers:

4. In the core transactions of goods and services, there were general trading firms that conducted information exchanges and business transactions as buyers and sellers simultaneously.

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19 K Imai, "Gindai Sangyo Soshiki" (The Contemporary Industrial System); (Iwananmi Shoten, 1976), chap.1.

But there is a decisive difference between these corporate groups and the prewar zaibatsu. The difference lies in the degree of control By comparison with their progenitors, however, the corporate groups are loose alliances, in which member companies cooperate only to a limited extent and there is scarcely any attempt at central directions. Example of the Mitsubishi Zaibatsu before and after the war. Before the war each major company in the Mistsubishi combine had several directors who also sat on the boards of other Mitsubishi companies. Mitsubishi Heavy Industrires and Mitsubishi Electric had eleven to twelve such directors respectively.[20] Most of the interlocking directorships were held by the directors of the holding company, therefore, in 1937 the seventeen holding company directors held between there waiting-list directorships in 19 major core companies. In 1976, however, no Mitsubishi company appeared to share directors with more than four other companies, most companies only shared one or two directors and one important company, N.Y.K., secured to have no interlocking Directorship at all.

Instead of the prewar arrangement of shareholdings, in which the family holding company alone controlled a

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20 E.M. Hadley, (1970:477-8).

majority or near majority of shares of most of the companies of a Zaibatsu, today, when holding companies are illegal, zaibatsu members do not hold more than a few per cent each of others´ shares.

It is also likely that the corporate groups differ from the prewar versions in the extent to which member companies take in each others business. Intra-group trade in prewar zaibatsu was substantial, though firms did not buy from the prewar versions in the extent to which member companies take in each other business. Intragroup trade in prewar zaibatsu was substantial, though firms did not buy from each other if they could get better terms from ousiders.[21] Today Zaibatsu companies will still trade with each other for preference. Yet now a days group companies go outside the group for goods and services Mitsubishi companies may employ trading companies from other zaibatsu. Buildings owned by Mitsubishi Real estate do not necessarily have fitments made by Mitsubishi Electric.

Corporate groups are as seen above can therefore have, horizontal interfirm relations:

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21 G.C. Allen, "Modern Japan and its Problems" (The Athlone Press, London, and Atlantic Highlands, New Jersey, 1990).

Competition and co-operation with large enterprises. These horizontal enterprise groups can be referred to as `Kigyo Shudan´.[22]

(1) Relations with members of other enterprise groups, and ,

(2) Relations with large independent enterprises connected with no enterprise groups.

1. Relations with members of other enterprise groups:

Intragroup stockholding is active but in contrast to that there is very little intergroup stockholding except for unilateral ownership by financial institutions. Thus when it comes to stockownership the enterprise group is self-contained and deliberately avoids interchanges with other enterprise groups.

There is active cross-financing also although when we look at financial relations, the situations differ to some degree. Here, Mitsubishi-affiliated financial institutions such as Mitsubishi Bank, Mitsubishi Trust and Banking Corporation and so on, while being the chief source of Keiretsu financing for members of the Mitsubishi Group, also provide considerable financing

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22 K. Sato and Y. Hoshima, "The anatomy of Japanese Business", (Armonk, New York: M.E. Sharp, 1980), p.

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for enterprise outside the group. Likewise, Mitsubishi Heavy Industries and Mitsubishi Corporation, for instance, receive considerable financing from financial institutions of the enterprise groups.

Enterprise groups also form cartles with members of other enterprise groups. This can be done with respect to prices, production or plant and equipment investment, either explicitly on advice from industry associations or administrative guidance form the government or mutual understanding.

Interchanges and mergers between enterprise groups are a recently rising trend with for example, kominic group (on coal liquification project in Australia where three companies of Kobe steel, Mitsubishi Chemical Industry, and Nisso-Iwai Company have jointly invested. Initially mergers were not entertained.

2 Relations with Independent Enterprises:

Big business not connected to the six enterprise Groups - Mitsubishi, Mitsui, Sonutomo, Fujo (Fuji) Dai-Ichi Kango, Bank and Sanwa - are commonly referred as independent big enterprise. There is a very close relationship between the big enterprises and the independent enterprises where stock-ownership, financing, trading is concerned.

3 **For Extensive Expansion:**

There have been many cases of enterprises that had been independent of any enterprise group being taken into one of the enterprise groups. This is partly for the expansion purpose of the big corporation groups.

BANK GROUPS CONSISTING OF COMPANIES DEPENDING FOR FUNDS ON A MAJOR BANK

The second type of industrial or corporate group is a loose cluster of large industrial firms organized around a major city bank. It is the same way as the German Deutsche Bank of Dresdner Bank groups. Sanwa, to take the best known example, is a major city bank. Although banks were important in the prewar Japanese industrial system, they have shown a marked gain in their relative influence vis-a-vis industrial firms in the post war period. This is due to the fact that to finance postwar reconstruction and expansion, industrial firms have come to depend heavily on bank loans.

The bank groups consists of a dozen or so major companies, to which the bank lends money and in which it owns shares.[23] There are many instances that a large Japanese enterprise has a bank it call it principal or "main" bank. It may borrow funds from many other banks,

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23 Clark, n.20, p.

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but a major portion of its funds comes from its main bank. The relationship therefore among the city banks and the two-way relations between firms and their lead bank amount to a virtual "Banking Industrial Complex" analogous to the United States "Military Industrial Complex".[24] The dealings between the banks and the firms are not arms-length transactions but on long term basis. There is a high level of bank borrowing by the Japanese enterprise which means that information flows with loans at all levels of the organization. The transactions are "quasi-internal". In terms of modern organizational economies, the banking-industrial complex is a governance system shaping the action of companies and bankers. The Japanese banks are willing to lend and the Japanese firms are willing to borrow so much money, not because of Japan Incorporation, and government loan guarantees, but because they have consistent long term, mutual interests, large amounts of bank controlled capital, and the power and the information to protect them. Japanese firms borrow from the Bank at the loss of some independence, with more information disclosures and the two way demands of a long

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24M.T. Flaherty and I. Hiroyuki, "Banking Industrial Complex" in D.I. Okimoto, et.al. "Competitive Edge: The Semiconductor Industry in the United States and Japan", (Stanford, California: Stanford University Press, 1984), pp.151-3.

term relationship. Sometimes this means that firms even when they have no real investment needs, simply because the banks have asked it to do so. In return, even when the founding situation is stringent, the bank will give the enterprise the first priority if the enterprise is in need. When the enterprise has fallen into a financial crisis, the bank will give not just financial help but also extend aids in terms of personnel.[25]

There are six major city banks - Fuji, Mitsubishi, Sunitmo, Mitsui, Sanwar and Daiichi - they have been particularly active in this effort. The power of the banks in Japan has been and is very great. For most of Japan's modern history, capital has been in short supply, and the banks which have traditionally acted as money pumps - collecting funds from small depositors and pushing them into large industrial firms - have been able to influence decision-making also. In all of these banks, Zaibatsu linked and non-Zaibatsu associated, forty to sixty per cent of their total loans are committed to the thirty-fifty large firms considered members of the group. There is also a very close relationship that exists between the

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25 K. ,Nishida, "social Relations and Japanese Style Management: Internal and External `Ittaika' Mode relations of Japanese Enterprises", Japanese Economic Studies, 12(3), Spring 1984, pp.21-63.

major city banks and large industrial and commercial firms.

Each of the major banks has sought to strengthen its own member firms by providing a great deal of the funds they have needed for expansion and diversification, and each has made concentrated efforts to encourage its member firms to enter into new growth fields, such as chemicals, automobiles, petrochemicals, synthetic fibre, and so forth. Although the relative strength of the bank varies in each major industrial field, the activities of each banking groups are quite diversified.

The city banks have also encouraged their major client firms to cooperate with one another in diversifying into new fields and in establishing close ties among themselves. A number of industrial complexes have thus been established by forms with common banking ties among themselves. Invariably in such cases, the main bank provides the bulk of the needed funds. To strengthen the competitive capacity of their client firms, and to increase their solidarity with one another, the banks have been promoting mergers and joint-actions of various kinds among their member corporations. Out of practices have evolved what Giichi Miyazaki calls "one set policy" in which each major city bank sought and largely succeeded

for a time, to build a set of diversified industrial groups with itself as the nucleus.[26]

The banks have also encourages cross-holdings of stocks among their member firms.

In addition to providing short and long-term ordinary loans, the city banks have been major purchasers of corporate banks.

Moreover, the city banks have bought extensively into the equity of the major client firms.

Another powerful means employed by the major city banks to enhance their control over their major client firms has been to place some of their executives on the boards of directors of client corporations. This practice is so prevalent that rarely does one find a board of directors of a major industrial corporation without at least one former executive of their main bank midst. (Yoshino)

Even so, the preponderance of the banks has perhaps been overrated. The availability of other sources of finance has enabled a number of companies like Makitov Electric Works, Maruichi Steel Tube, or Brother Industries, to do without bank borrowing altogether, while

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26 G. Miyazaki, "Sengo Nihon no Keizai Kiko" (Economic Structure in post-war Japan) (Tokyo: Shin Hyoron,1966), pp.48-56.

some companies have very little debt. Matsuchita electrical Industrial, Nippon Musical (the makers of Yamahov musical instruments), Shisciato (the largest cosmetic company in Japan), and Faisho Pharmaceuticals are all leading companies in their fields with little or no reliance on bank finance.

Another significant development, which may well lead to a basic change in the present structure of the bank-centered groupings, i s the governments decision to issue government bonds. This has created an additional source of fund for business enterprises. The traditional source from financial institutions, which has played so vital a role, is no longer strategic. Reportedly, government bonds have already had a considerable impact on the funds supplies of major corporations. It is also important to note that the capacity of major corporations to finance their capital investment out of their internally generated funds - retained earnings and depreciation - has been increasing. All these factors are bound to alter significantly the future pattern of bank-centered groupings.

If banks as a whole are not as powerful as they are sometimes thought to be, the influence of any one bank, even over companies that belong to its group, is moderated by the intense competition that exists among banks. Japan

is a grossly over banked country. There are now more than fifty commercial banks with deposits in excess of 500,000 million yen, besides number of foreign banks, insurance companies, and governmental bonds, all capable of large scale lending. Add to these myriad smaller banks, quasi-banks, and cooperatives, and it will be apparent that the treasurer of a big company can easily choose from whom to borrow. Now as a company in a bank group gets bigger, two things happen. The group bank becomes less able and less willing, for reasons of financial prudence, to provide the growing company with most of its funds. At the same time, the company becomes attractive as a potential borrower, to a number of outside banks. As the company borrows more from these outside banks, its relations with the group banks are accentuated.

Bank groups suffer, therefore, from an inherent defect, that the more successful their number of companies are, the less likely theory are to remain largely under the control of central banks.

The relationship between the city bank and its client firms is becoming more fluid because of the government's policy of requiring banks to keep their loans to any one company below a certain proportion of the banks capital. Since the capital of the Japanese banks is small in

relations to their loans, some banks will have to reduce their loans to favoured customers and so risk losing influence over them. In the longer run, the coherence of bank groups is further threatened by the prospect that capital will no longer be in short supply, and that other sources of capital than domestic banks - notably stock exchange at home and banks and underwriter from abroad - will become relatively more important.[27]

3 THE VERTICAL LINKS BETWEEN LARGE FIRMS AND SMALL-TO-MEDIUM SIZE ENTERPRISES:

The last type of industrial group is formed around a large manufacturing company (such as Hitachi, Nissan and Toyota) and consists of a constellation of subsidiaries, affiliated and subcontractors. The table shows details of some of the more important companies of the Matsushita Electrical Industrial Group. It is not unusual to find a large corporation and smaller firms to work in a group with the large corporation effectively controlling as many as several hundred smaller firms. The latter depend to a varying degree on the major concern, not only for business, but for financial, technical, and managerial assistance, and their operations are, to a considerable

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27 R. Clark, "Japanese Company", (New Haven, London: Yale University Press, 1979), p.75.

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degree, integrated with those of the major concern.[28]

Around the major company and each of the important affiliates and associated and associates in a group like Matsushita there will be dozens, perhaps even hundred, of smaller suppliers and sales companies, in which one or other of the Matsushita Companies may have shareholding. the group as a whole, consisting of the parent company and its satellites, will present a clear example of both specialization and industrial gradation. Nearly every company will be engaged in a narrow range of activities, so that each will be dependent on the rest. At the same time, every company will have its place in the hierarchy, with the large powerful and stable leaders of the group at the top, and companies of decreasing size, stability, and efficiency arranged beneath them, The order will be maintained by subcontracting and the extension of credit.[29]

Various groups of satellite firms:

Although firms form groups with the parent corporation in a number of different ways, but the common method in Japan are made into two major categories[30]:

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28 Yoshino, n.15, p.148.

29 Clark, n.27, p.75.

30 Yoshino, n.15, p.148.

1. _Kankei gaisha_ or "Related Firms" and

2. _Keiretsu gaisha_ or "affiliated firms"

Relationship with Related Firms or Kankei Gaisha:

The definition of related (firms) varies somewhat among the main companies. In some of them, only wholly owned subsidiaries are considered as related. However, in a great majority of cases, those subsidiaries in which th parent concern has the controlling interest are also considered as related enterprises. For example, one leading corporation considers a firm related if it meets any one of the following three requirements:

1. the parent firm is the majority stockholder,

2. the parent firm is a minority stockholder but is in a position to select the top management personnel of the satellite enterprise;

3. the parent company has a management contract.

Hiroshi Okumura in his article[32] has identified five forms of enterprise affiliation:

1. _vertical affiliation in production_ - this is either upstream or downstream in the manufacturing process. Generally speaking, there are many cases of this type

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31 Ibid., p.148.
32 H. Okumura, "Interim Relations in an Enterprise Group: The Case of Mitsubishi" in K. Sato and Y.Hoshino, "The anatomy of Japanese Business", (Armonk, New York: M.E. Sharpe, 1980), p.

of affiliation of firms upstream in the raw materials
sector (example, Mitsubishi Chemical Industries
affiliates upstream firms like Mizuchina Ethylene and
Sanyo Ethylene, which manufacture ethylene at the
Mizushima Chemical Complex) and downstream in a
fabricating sector (firms like Nippon Ester, to which
it supplies acrylonitrite to be made in to synthetic
fibres)

TABLE I

Affiliated Companies of Mitsubishi Chemical Industries		
	A	**B**
Nippon Carbolic Acid Co.	550	92
Nippon Hydroflan	200	100
Nippon builder	500	50
Nippon Rensui	240	100
Nippon Setsubi Core	100	30
Hanao Shoji	80	50
Biomedical Systems	50	60
Mizushima Ethylene	1500	50
Mitsubishi Aluminium Co.	11000	35
Mitsubishi Light Metals Co.	10000	29
Mitisubishi Plastic Industries	6000	51

table contd..

Mitsubishi-Monsanto Chemical	8200	51
Moroboshi Ink Co.	675	33
Ryoka Shipping Co.	100	70
Ryoka Industry	150	50
Ryoka Corporation	130	70
Royka Yoshino Gypsum Co.	240	40
Royka Greenhouse Agriculture Co.	90	100
Ryosei Sangyo Co.	200	100
Royka Developers	800	100
Ryonichi Co.	2200	68
Ryohoko Chemical co.	100	90
Ryoka Transportaion	50	100
Ryoto Sugar Co.	400	80
Asia Oil	7507	49
Osaka Chemical Co.	60	50
Kasei-Upjohn	200	50
Kasei Hexist	600	50
Kanebo Gosen co.	9000	20
Kawasaki Kasei Chemicals	719	38
Kansai Thermochemical Co.	6000	51
Kyoei Machine Parts Service	10	100

table contd..

	A	B
Kodama Chemical Industry	575	12
Sanyo Ethylene	1500	50
Shinryo Chemical Co.	80	50
Taiyo Oxygen Co.	2362	39
Daiya Catalyst	40	100
Daia Foil	1000	50
Daiya Research	50	60
Teikoku Kako Co.	1095	25
Toyo Carbon Co.	1120	.49
Toyo chemical Sangyo Co.	150	30
Nikko Oxygen Co.	300	41
Nitto Tire Co.	1920	21
Nippon Ester Co.	6750	27
Nippon Carbide Industries	2710	18
Nippon Kasei chemical Co.	3900	37
Nippon Synthetic Chemical Industry	3039	49
Kasei Optonics	900	85
Nippon chemical	100	50

A=Equity (million yen)
B=Shares hel by the paren company(%)
*Indicates listed in the Stock Exchange.

2 <u>Horizontal affiliation for the purpose of market share</u> <u>expansion</u>: In this case, affiliate companies are in the same line of business as the parent company and hence horizontal in nature. For example, Mitsubishi chemical Industries has Nippon Chemical Company, Thoku Chemical Company, and Ryokohu Chemical Company in the fertilizer sector (see table I).

3 <u>Sales Network expansion</u>: example Mitsubishi Heavy Industries have sales affiliated companies as Mitsubishi Aircraft International for aircraft and parts saled in America. Sale companies of this sorts are exceedingly numerous in the fields of automobiles and home electrical appliances.

4 <u>Diversification</u>: affiliation for the purpose of diversification, example, Mitto Tire, Ryoto Sugar and others in the case of Mitsubishi Chemical Industries.

5 <u>Overseas advance</u>: affiliation for the purpose of advance. Example, Mitsubishi Bank has local subsidiaries in the United States, Belgium, Brazil and other countries.

Groups like there are formed by a combination of two processes)[33]:

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33 R. Clark, "Industrial Groups", in p.75.

a) One is the conscription into the group of small companies which come to depend on large group members for their custom or credit, and

b) living off of specialized divisions from the large companies at the centre of the group.

These are the various different types of groups which are formed by the parent enterprises and their related firms. The interdependence and linkages have long-term benefits for the enterprises.

The objectives and motives of `Related Firms`:

1. **Utilization of wage differentials:** there is a ubiquitous presence of a substantial wage disparity between large and small enterprises. Because of this difference in the wage structure, with the small enterprise paying a substantially lower wage, the large firms have found it advantageous to organize subsidiaries for the performance of labor-intensive operations. It has also been quite common for large firms to separate unprofitable phases of their operations, or supporting functions, from the main corporate entity by allocating them independent subsidiaries established for that purpose. In addition to lower wages, several other advantages are claimed for this approach. As consolidation of financial

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statements is not required by Japanese Commercial Law, the separation of unprofitable business from the main corporate unity can present in the company. Moreover, it allows its management to focus attention on the specific ills of the several operation in order to determine more effectively the indispensable reform measures needed. In the form of a separate company, its management benefits from greater flexibility and freedom of action.[34]

2 **Risk Shifting**: Undertakings that have growth potential but are thought rusky are given to affiliated companies. It is also a very common practice for the parent company to form out pollution-causing projects to affiliated companies and accident-prone jobs to subcontractors.[35]

3 Another frequently cited advantage of incorporating supporting functions, such as transportation and maintenance, into a subsidiary is that such a subsidiary can be operated as an independent profit centre allowing for tighter control over the operation. It is quite true that such a profit centre may exist

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34 Yoshino, n.15, p.150.

35 H, Okumura, n. 32, p.

without having a separate legal entity, but, given the wide diffussion of responsibilities that prevails in large Japanese Corporations, the creation of a separate corporation makes it easier to assign more clear-cut responsibilities. Moreover, as an independent unit, it is possible for the separate firm to solicit profitable business from other enterprises, thereby decreasing the burden of the parent company as the sole supporter of that operation. This kind of arrangement allows the parent company to be very flexible in its dealings with outside firms. Each ostensibly independent subsidiary or associate in a group can have a different set of relations with rival suppliers or trading partners, in a way that mere divisions of a large company cannot. The group as a whole can therefore distribute its patronage widely. The Matsuchita companies, for example, rely on - or rather use, for the degree of dependence is low - a number of banks. Most call Sumitomo their bank, but Reiki associates itself with Daiwa and Nippon Victor with the Industrial Bank of Japan. In this way, certain group of companies can develop relations with major rival of Sumitomo, but without endangering the groups general commitment to that bank.

4   Subsidiaries are also formed so that they can be listed on stock exchanges. Once a subsidiary is listed, the large number of its shares that are held by the parent company become much more freely negotiable. The parent company can sell some, and so reap the benefits of its diversification, but without necessarily relinquishing ultimate control over the subsidiary.

5   The trend for the decentralisation of authority has also contributed to the proliferation of subsidiaries. During the past several years, a number of large corporations have incorporated their key divisions into subsidiaries not only as a move toward greater clarification of profit responsibilities but also for the sake of de-centralisation of decision-making to lower levels. Large enterprises may grow too big to be manageable because of increasing bureaucratisation of their organisation. As a countermeasure, large enterprises set up various divisions specialised to product line, with independent accounts and managerial autonomy. When even these measure are not sufficient, the divisions are spun off from the parent company as separate affiliate firms. Typical of this division is Hitachi Limited. In conjunction with this, in advancing into new industries and establishing new factories, big

enterprises often set up new subsidiaries for these ventures. Therefore, large corporations have used the subsidiary form of Government for entering new fields. This is particularly true when the new venture is not directly related to the operations of the parent concern, or when it involves a substantial risk. When a company acquires another firm for diversification (or for other reasons), its quite common to maintain the acquired firm as a subsidiary.

6 In contrast to the spin-off system, bringing existing companies have a different aim. The parent company desires to expand its spheres of influence in order to "build the empire", as Penrose calls it. Though many of those companies were brought into affiliation when they fell into management difficulties, they eventually helped the parent company's expansion. In a sense, this is the cheapest method of "related firms" formation. Bankruptcy and corporation reorganization law are, in fact, being used by big enterprise as weapons for enterprise affiliation.

7 Another factor for the proliferation of subsidiaries in Japan is the need for management to find suitable employment opportunities for retired personnel. The traditional practice of life-time employment assures

each regular worker in a place in the corporation until he reaches the compulsory retirement, opportunities are provided for younger ones. Although retired personnel receive a substantial sum in retirement allowance, given the inadequacy of the social security system and the increasing life-expectancy, the great majority of these men must find another source of income after retirement. But, in Japan's closed system, it would be impossible for these compulsory retired men to seek employment with another firm. It has therefore been a common practice for management to find suitable employment for such men, particularly those in the management ranks, in the corporations subsidiaries. Sometimes, under the permanent employment system it is virtually impossible for firms to dismiss their employees for incompetence. Some companies have followed the practice of transferring less competent personnel to their subsidiaries, where they will do less harm.

8 The establishment of a subsidiary may also be good for morale. It is easier to give loyalty to a separate small company, even if it is owned by another firm, than to a Fine Chemical divisions of a huge organization; it is more satisfactory to be a direction

of the former than assistant chief manager of the latter.

9 These kind of subsidiaries also allow the managements of the large companies at their centres scope for smoothing over difficulties and concealing problems.

Relationship with Affiliated Firms:

The affiliated firms also work alongwith the parent enterprise. But have a more remote relationship with the main concern. This is due to the reason because their ownership tie to the parent concern is either weak or nonexistent. Affiliated firms are linked to the parent concern primarily through an ordinary business relationship. The majority of the enterprises in this category are subcontractors.

According to Koicha Shimokawa[36], "In the United States parts and components are produced by large firms. Few such firms are specialized in automobile parts. They maintain a relationship on equal footing with the automobile makers ... In the case of Japan, in contrast, the automobile makers had to cultivate parts manufacturers

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36 K. Shimokawa, "Nichibci Jidoshashihon no Hikaku" (Comparison Automobile Capital in Japan and United States), "Nihon Keichi-Gakukei, ed., Keici Kokusaika no Shomondai" (Problems of Internationlization of Business Management", (Tokyo: Chikura Shoba, 1974).

by themselves, and many of the parts producers started as, and are subcontractors."[37]

This again shows how the parent concern and subcontractors work together and are independent although both of them are autonomous to a large degree. Large Japanese firms in most industries have made rather extensive use subcontractors, who have thus become an important process. In the automobile, machine tools, and electric home appliances industries, the role of subcontractors has been particularly important. In many cases, large firms confine their activities merely to assemble operations. In fact, in these industries, it is not unusual to find that payments to their subcontractors represent over 50% of the cost of goods sold by major manufacturers.

Use of subcontractors is not limited only to the manufacturing of parts or components. In some industries, subcontractors perform various phases of a given production process, or they manufacture finished products for the large concern. For example, manufacture of synthetic filaments and staple use subcontractors extensively in their spinning, dyeing, and weaving processes. Moreover, it is a common practice in the

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37 Nishida, n.25, p.48.

industries to engage subcontractors to manufacture a wide variety of finished products ultimately to be sold to consumers under a main firms' trademark. Such enterprise rely in this manner on subcontractors to achieve downward vertical integration.

Subcontractors is a long term (IHaikai type) or semi-permanent relationship between parent enterprise and subcontractors.[38] Moreover, this relation is more than selling and buying of parts. The parent enterprise guides its subcontractors in technology and business management. More recently some parent enterprises have began to give managerial training to their subcontractors' heir' apparent.[39]

The system of subcontracting is a manifestation of Ittaika relations between enterprises in marketing also. This is often referred to as affiliation in distributed networks, or marketing channels.

A Noteworthy feature in the use of affiliated firms is that beyond primary subcontractors, there are a host of secondary subcontractors who are only indirectly tied to the large firm via the primary firm via the primary ones.

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38 Shimokawa, n.36, p.81.

39 P. Cotler, "Marketing Management: Analysis, Planning and Control" (Englewood Cliffs, N.J.: Prentice Hall, 3rd ed., 1976, Japanese edition; p.45-46.

It is not unusual to find several "layers" of hierarchically organised subcontractors in a pyramid-like pattern, with each performing subcontracting operations for those at a higher level in the pyramid. Most commonly, the lower in its stratum, the smaller the establishment.

A noteworthy development with regard to subcontracting operating is the pronounced trend for large firms to make concentrated efforts towards establishing close ties with their subcontractors and to integrate them into a total operation. this relationship is often referred to as shitauke keiretsu or subcontracted affiliated relationship.

The objectives and motives of "affiliated times":

1. Some of the reasons are similar to those that have prompted their use of related firms. The presence of a substantial disparity in wage scales, according to size of enterprise, has, of course, been an overriding factor. Although the lower wage scale in smaller enterprises is partially offset by lower productivity, large manufacturers have been able to realize substantial savings in production cost by having smaller subcontractors perform the labor-intensive phases of their manufacturing operations.

2. Subcontractors has also served as an effective buffer

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against economic fluctuations, this has been particularly important to large Japanese enterprises weighed down by the degree of inflexibility resulting from the permanent employment practice. A common strategy of a large Japanese firm has been, therefore, to limit the number of permanent employees to a cydically justifiable minimum and to rely on subcontractors and temporary workers to handle the additional volume of work.

3. The extensive use of subcontractors have also resulted in a substantial reduction of risks for the large firm. Much of the burden associated with capital investment, inventory storage, and so on has been traditionally assumed by affiliated firms. This factor has been particularly attractive, to manufacturers of products characterized by frequent model exchanges, producers of items, such as electric home appliances and automobiles. It has been common for subcontractors to bear certain financial burdens for the large firm although the specific terms may vary somewhat among the industries, as well as according to prevailing economic conditions, subcontractors customarily extend sixty or ninety day credit to their customers. Subcontracting has also made it possible for large companies in

certain industries to achieve downward vertical
integration with a minimum of risk and investment, as
already illustrated in the synthetic fibre industry.

4. For some time large manufacturing concerns had only
been interested in maximising their short-run gains
from extensive use of subcontractors. Its been quite
common for them to exploit the relatively weak
bargaining position of subcontractors. A since of
recent developments, however has forced these concerns
to depart from a relationship of exploitation and to
move gradually towards one of cooperation with the
subcontractors by extending them financial, managerial
and technical assistance. This, of course increased the
degree of control exercised by the parent concern over
these subcontracting firms.

Conclusion:

One can see, therefore, that all kinds of industrial
groups (or enterprise groups) have a sense of community.
In the case of the new zaibatsu, the sense of community,
the idea that certain companies with common origin ought
still be associated with each other, is the principal
reason why there is a community at all. Even where the
groups hangs together for material reasons, the members of
the group recognise that they are connected with each

other and that the informed public is aware of the connection.

They are also hierarchically organized and that industrial gradation is evident in all of them. The new Zaibatsu are led by vast firms like Mitsubishi Heavy Industries, financial institutions like Mitsubishi Bank, and trading companies: these exert their influence on lesser group members, and these in turn on numerous affiliate, subsidiaries, and subcontractors. In the Bank groups, by definition, the bank leads the group. In the Mitsubishi type federations, the large companies at the centre provide not only business but also financial help for the smaller suppliers or state agencies.

In the new zaibatsu and the industrial families especially, each company will operate in its own field of business, partly as not to compete and partly in order to do business with other group members.

The corollary of the idea that every company is an industrial groupings belongs to a particular industry is that belonging to the same industry is a common attribute of a number of rival companies from different industrial groupings. The managers of Japanese companies pay greater attention to what is happening in "other firms of the industry", and company enterprise unions take conditions

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in them as their main points of reference. There may well be institutionalized ties among the firms of an industry. Companies may belong to an industrial association and even engage in price fixing or enter into a cortel under its auspices. The company unions may have corresponding institutional association and with their opposite numbers in rival companies, they may well belong to the same union federation. Thus, the managers and workers in a company like Mitsubishi Electric will keep and eye on what is going on in Toshiba, the equivalent company of the Mitsui Group.

CHAPTER IV

CONCLUSION

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In each society, the majority of its members have common a specific way of defining the nature of their universe, interpersonal relationships and individual selves. The way of defining the world varies from society to society. In Japan, the structure of the society is group-oriented. Their social and economic relations are based upon interdependence among people, and the dependent attitude (*amaeru*) is not only condoned but at times encouraged.

The nature of their group orientation, however, is not always accurately understood. Western social scientists have long looked at the individual and society as two distinct, if not opposing, entities. To maintain one's individual identity, highly valued in the West, one must become independent of one's group and assert oneself, if necessary, in defiance of, or in rebellion against, society. If society becomes oppressive, one must fight for one's freedom, independence and autonomy. In the Western view of the group and the individual, when priority is given the group over and above the interest of the individual, the individual is seen as "subdued",

"oppressed" or experiences the "loss of identity" without autonomy. In such a situation, the group may be described as totalitarian. Under normal circumstances, when an individual participates in a group, he does so of his own accord, on a contractual basis, and always retains his ultimate right to withdraw from and become independent of the group. Seen through Western eyes, Japanese society may look stifling. In the Western mind, a group oriented individual who gives priority to his group over himself may look like an automation with no self-identity.

In Japan, society, from the beginning, is not opposed to individuals. In contrast to the Western view, an idividual is not assumed to be totally separated and distinct from the group, he is, from the beginning, conceived of as a member of the group. In Japan, no group can exist without being a number of the group. Group and individuals are assumed to be harmoniuous with rather than in opposition to each other. What the member of the group share is not limited to work and support, they share goals so that the group goals become the members goals. Japanese group orientation is based upon an assumption that members of the group cooperate in their collective efforts towards collectively defined ends, and by doing so, each member simultaneously satisfies his individual

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needs and secure his individual welfare.[1] This notion may be called "corporatism"[2]. According to the Japanese corporatism, an individual maintains his autonomy through his group efforts.

The group varies from small to large, intimate to impersonal, formal to informal. It may be one's household, residential area, village or town, the company or factory where one works, the nation and so forth. Group is found not only in the gemeinshaft based on ketsuen ("blood ties") or chien (geographical ties) but more importantly, in shoen (company ties)

The Japanese identify themselves not as individuals but to which group they belong to - when young will identify themselves by naming school and when old by naming the company where they work. The Japanese have a strong sense of belongingness whether it is the family they belong to or to the company or work group they belong to. The Japanese concern for belonging relates to the tendency towards collectivism, which is expressed by an individual identification with the collective goals of the

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1 E. Hamaguchi, "Nihonjin no Rentaiteki Jiritsusei - Kanjin Shugi to Kojin" (Joint Autonomy of the Japanese - Corporatism vs. Individualism) in "shudanshugi - Hamaguchi, eds. Shibuncdo, p.127-140, 1980.

2 R.P.Dore, "British Factory, Japanese Factory"; (California: University of California Press, 1980), p.

group to which he belongs. Collectivism thus involves cooperation and solidarity, and the sentimental desire for the warm feeling of _ittaikan_ (feeling of oneness) with fellow members of one's group is widely shared by Japanese. What would be strictly a private matter in an individualistic society tends to be a group enterprise in Japan. Collective cooperation is taken so much for granted that a Japanese may not become aware of it until he is displaced from his group or is confronted with another culture.

Collectivism, which stresses upon harmony and concensus, generates pressures for conformity to group norms, pressures to "be like everybody else". Conspicuous idiosyncracy and dissension are avoided or supressed, and acquiescence is upheld as a main mechanism for maintaining concensus. This has been clearly shown in the Japanese family system and the `ringi system´ of Japanese enterprise.

The sense of identity anchored in group belongingness is thus sustained by going alongwith peers. This goes with the desirability of being accepted by peers, anxiety about being left out, and competitive urge for always being "in". The overwhelming influence of school education on Japanese children seem to stem not only from the

hierarchical pressures of teachers, school administrators, and Government, but also from horizontal pressure of schoolmates for conformity. A persons willingness to conform to group norms in coupled with his intolerence for anothers' failure or refusal to conform: the exhibition of idiosyncracies or expression of dissension is certain to make one unpopular in the group. Internally, such confirmism operates as an egalitarian pressure angainst arrogant over-bearing group members; externally it is mobilized to build a united front, especially when the group faces an external threat.

Pressures for confirmity often results in a type of self-restraint called *enryo*, refraining from expressing disagreements with whatever appears to be the majority's opinion. This has been noted in situations of formal decision-making. One can perceive a peculiar method of decision-making in a variety of groups ranging from the household, to PTA, to the decision-making in the firm (**ringi** system).

The strong sense of belongingness as stake for self-identity, reinforced by collectivism and confirmism, calls for the individuals total commitment and loyalty to his group. It also means that the group is responsible for taking care of all the needs of its members. These

mutual obligations of loyalty and total protection are an established practice in the Japanese employment system, particularly in large corporations. To repeat some of the charactersitics of that system,

- Lifetime employment

- Promotion in wages and rank based on length of service.

- Paternalistic relationship between superior and subordinate and between employer and employee.

- Extension to their family members. Provision by the company of most of the employees basic needs, including housing, dining rooms, medical, educational and recreational facilities and so on. on.

In such a system, the employee is not obligated to stay on in the same company even when he is offered a most attractive job, but he cannot afford to move. Chances are that he will not be offered a job from the outside. Choice and competition in a relatively free market are, made only at the intitial stage on one's career. It is not to the taste of Japanese to move wherever and whenever an opportunity for advancement presents itself unlike the American counterpart. Nor it is culturally commendable for an employer to attract (or steal) someone else's employee, with a better offer. Not only is the Japanese employer socially prohibited from stealing employees, but he does

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not want to hire anyone who has already internalized loyalty to another employer or occupational group.

All this reflects the tendency of the Japanese employee to find his identity in belonging to his particular work group rather than in the cultivation of professional expertise. The employer, for his part, is more interested in recruiting a novice who may have no special skill but enough aptitude and motivation to learn a skill after being employed than he is finding an established expert. Employment, seems to mean, above all, the teaching and learning of the employee's role in relation to the employer and other senior employees, with emphasis upon loyalty and group identification.

The total commitment a Japanese makes in belonging to a group in highlighted when he faces the choice of retaining Japenese citizenship or of acquiring a new national identity. As for ambassador Kawasaki related in his outspoken characterization of Japanese behaviour, "there are very few Japenese who settle permanently abroad".3

Concern for belongingness urges the individual to contribute to the group goal at the expensive of his

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3 Lebra, "Japanese Patterns of Behaviour" (Honolulu: East-West Centre Books, 1979), p.49.

personal interest. Sacrifice for the group or nation is expected when one is in fact pursuing his self-interest. Today, Japanese describe themselves as "economic animals" devoid of ideals and sentiments. Although Japanese in general are more openly economically motivated than they used to be, but the reason behind their economic interest still remains focussed on the group.

Not only in economic enterprises, but in politics and even personal matters like marriage, the group tends to claim priority over the individual.

Group identification is so internalized that even the inner experience of an individual tends to have collective implications. Both the pride and shame are shared by his group, and in turn the group's pride and shame are shared individually by its members. A glorious solo performance by a group member makes other members proud while a disgraceful action by another member causes a collective loss of face.

Not only pride and shame, but also suffering, is collectively shared. The suffering of a group member is vicariously experienced by the other members, arousing guilt feelings in the latter even when they are by no means responsible for the suffering. Doi believes that Japanese guilt is sharpest when a person is afraid that

his action may result in betraying his group.[4] One can sum up by saying that the Japanese society inserts the individuals in groups. There is an old Japanese saying that, "a nail that sticks must be hammered in". This precept still continues to demonstrate its validity.

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4 Takeo Doi, "Anatomy of Dependence, "translated by John Bester (Tokyo: Kodansha International Limited, 1978), p.49.

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