Translational Systems Sciences 30

Izumi Mitsui
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Translating and Incorporating American Management Thought into Japan

Impacts on Academics and Practices of Business Administration

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Chapter 1
Introduction: Historical Background and Focus of This Book

Izumi Mitsui

Abstract This book focuses on the establishment process of Japanese-style management (JSM). Traditionally, it was widely believed that JSM consists of "three sacred treasures"—lifetime employment, a seniority-based wage system, and enterprise unions—and is native to Japan. This book opposes these traditional views and argues that it has been shaped by the influence of the management theories and ideas of other countries. The JSM has not only adopted the ideas and concepts of other countries, but also has refined, translated, and customized them to make such ideas and concepts acceptable in Japan. The hypothesis presented here is that in the postwar rapid growth period, JSM was a hybrid set of management theories and techniques greatly influenced by American ideas about management.

Keywords Japanese-style management · Cultural translation · Industrialization · Standardization · Industrial democratization · Three sacred treasures

1.1 Purpose and Framework

The concept of "Japanese-style management (or Japanese style of management)" was "discovered" by cultural anthropologist J. Abegglen in the 1950s, when reportedly the Japanese became aware of it for the first time. This created the "heterogeneity theory" of Japanese-style management (hereafter JSM) in later studies, and many subsequently emphasized the uniqueness of JSM. However, we do not take that position here.

This book focuses on how JSM was established. Traditionally, it has been widely believed that JSM consists of "three sacred treasures": lifetime employment, a seniority-based wage system, and enterprise unions. In addition, it has also been believed that JSM is originated in Japan. This book opposes these traditional views on JSM and argues that it has been shaped by the influence of the management

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theories and ideas of other countries. JSM has not only adopted the ideas and concepts of such countries, but also has refined, translated, and customized them to make such ideas and concepts acceptable in Japan. The hypothesis presented here is that, in the postwar period of rapid growth, JSM was a hybrid set of management theories and techniques greatly influenced by American management concepts.

We use the key research concepts of "translating" and "incorporating" from the viewpoint of "cultural translation." We would like to explain this point below, referring to the book edited by Mitsui (2020).

First, let us explain the concept of "cultural translation" according to the theories of the cultural anthropologists Tamotsu Aoki and Keiji Maegawa.

Based on the ideas of Leach (1976), Aoki wrote: "Leach states that cultural translation is not simply the transfer of language, but to translate the poetic meaning into the cultural language of another; however, the methodology to resolve this type of issue has not yet been established. This is not considered to be an application of linguistic theory and also does not seem to follow conventional linguistic anthropological theory. It seems that this problem belongs to an area in which quantitative and technical operations cannot necessarily be applied" (Aoki 1978, p. 43). In addition, Aoki holds that when cultural anthropologists try to understand an idea, they must attempt to share the meaning in the "language−recognition−action triangle." Furthermore, for those particular contemporary words and expressions, both "logical−structural" and "intuitive−metaphorical" understanding exist, and these cannot be separated from cultural translation. Aoki stated that cultural anthropologists always face this dualism (Aoki 1978, p. 44).

Keiji Maegawa further developed this idea of "cultural translation." Maegawa regards the issue of a place where different cultures meet, or when culture meets civilization and a new culture is created, as issues of "cultural interface." He explains the translational process of culture that occurs with the phrase, "from *translation* to *displacement*" (Maegawa 2012).

According to Maegawa, *translation* "actively captures the process of transformation for the target society based on an articulation of culture under the influence of a strong external society, from within the transforming society, and indicates practical cognition, or cognitive practice." By contrast, *displacement* means to "go one step further in the phase of transformation, according to cultural demand, based on the society's epistemology of 'rereading,' and it indicates the practical actions consciously involved in the phase of transformation" (Maegawa 2012, p. 22). In particular, at the field where (national) development takes place, Maegawa emphasizes the importance of the perspective of *displacement* from cognitive practice to practical action. Furthermore, he focuses on the process in which a new culture is created (Maegawa 2012, p. 22).

The above can be summarized as follows. First, cultural translation is not simply language transfer. Second, to understand the ideas of a different culture requires sharing the meaning in the "language−recognition−action triangle." Third, there is a "logical−structural" understanding and an "intuitive−metaphorical" understanding of specific words and expressions; the two cannot be separated from cultural translation. Fourth, there are two methods for the translational process of culture, *translation* and *displacement*. *Translation* is a method of “practical cognition” or “cognitive practice” that actively captures the target society’s transformation from within the transforming society. In comparison, *displacement* is the “practical action” consciously involved in social transformation. Fifth, through these cultural translations, new cultures may be created.

In this book, we will examine translating and incorporating of American management thought into Japan, based on the above framework of “cultural translation.”

Another framework of translation theory adopted here is the concept of “domestication” and “foreignization” proposed by Venuti (1995). This is briefly explained below. This concept is discussed in more detail in Chap. 2 in the context of the introduction of scientific management theory.

Venuti (1995) refers to translation strategies as “foreignization,” which preserves the cross-cultural characteristics of the source culture, and translation strategies as “domestication,” which adapts cross-cultural characteristics to the target culture. These concepts are used as opposing concepts.

This book concentrates on the impact of American management theories and ideas on JSM. Taking an historical point of view, it clarifies the impact not only for academics but also for business people. Some of those theories and ideas were accepted, whereas some were rejected and eventually became irrelevant.

1.2 Historical Background and Management Issues in the Twentieth-Century Japan

This chapter reviews the history of the Japanese economy since the Meiji period (1868–1912), which is the background for this study, relying on Chap. 2 of *Annual Report on the Japanese Economy 2000* (EPA 2000), and points out the management problems that Japan faced during major turning points. The purpose is to clarify the position of each chapter.

Industrial modernization of Japan began with the Meiji Restoration (1868), more than 30 years after the Industrial Revolution in the UK. Japan’s modernization was strongly characterized as a catch-up to Western countries.

The social infrastructure supporting Japan’s industrial modernization was already in place during the Edo period, before the Meiji era. The transportation network supporting distribution was developed during the Edo period (1603–1867). A network of roads known as “kaido” (roads) and a system of marine transportation for the distribution of goods known as “kaisen” (ships) that connected metropolitan areas such as Edo and Osaka were well developed. The monetary and commodity economies were well developed, and the world’s first commodity futures market had established in Osaka in 1730. Native-style factory system in manufacturing had started for production of foodstuffs such as sake (rice wine), miso, and soy sauce, as well as silk and cotton textile. Then, Edo and Osaka prospered as commercial cities. Even though there were no nationwide school system, a private elementary education system called “Terakoya” for non-samurai class and an elite educational institution called “hanko (clan school)” for samurai class were established. These school systems supported Japan’s high literacy rate.

After the Meiji Restoration (1868), government-led modernized improvements in society, politics, economy, and education were rapidly implemented. The primary policy goal was a “wealthy nation and strong military,” which promoted government-owned mining, military factories, spinning, and other industries. One of the representative factories was the Tomioka Silk Mill (1872), which produced raw silk; by the 1890s, the textile industry was estimated to account for 50% of Japan’s exports and was a major industrial player during this period. Contemporary technology transfer occurred primarily by inviting foreign engineers and scholars from Western countries, but their labor costs were high. Therefore, in the late nineteenth century, this role was filled by those who had studied abroad, graduates from institutes of higher education.

Industrialization in Japan is said to have begun in the 1880s and proceeded into the twentieth century. The pioneering period involved the spinning industry, and domestic production of spinning exceeded imports of that by 1890. Similarly, the mechanization of raw silk progressed. From 1900 onward, many steel mills, including the government-run Yawata Steel Works, were established. The level of shipbuilding technology in Japan also improved at this time. Thus, the foundation was laid for Japan to become an industrialized nation.

Important contemporary management issues included “standardization” of work to improve efficiency, efficient division of labor and organization, and setting wages to motivate workers. F.W. Taylor’s “scientific management method,” which was born in the USA in 1911 as a method to solve these problems, was rapidly introduced to Japan. Chapter 2 of this book discusses the introduction of scientific management to Japan as the first introduction of an American management method, using the case of a spinning company.

During this period, private companies, which later came to be known as “zaibatsu,” emerged and created modern corporate organizations: the Mitsui Zaibatsu, established Mitsui Gomei Kaisha in 1909, and other zaibatsu established organizational forms centered on holding companies during the 1910s and 1920s. The zaibatsu, as represented by the Mitsui family, carried on the Edo period’s “*Ie* (family)” system while diversifying their operations with a focus on finance, trade, and mining. Later, industrial capital was increasingly concentrated in the zaibatsu, and they came to occupy a dominant position in the Japanese economy.

In 1914, World War I broke out, followed by the Great Kanto Earthquake (1923), the Financial Depression (1927), as well as the Great Depression (1929). In the 1930s Japan entered a period of great economic stagnation known as the Showa Depression, which was overcome by low interest rate policies and other measures. Industrial development continued to progress under such policies, and the steel industry, automobiles, aircraft, and other heavy and chemical industries were established and grew rapidly. After 1937, the Sino-Japanese War and World War II led to stronger government control over industry. Then, in August 1945, Japan was defeated in the war. The number of dead and wounded reached 2.5 million, and industrial production dropped to one-tenth of its prewar level.

To recover from such a situation, immediately after the defeat, monetary policy, inflationary measures, and the “priority production system,” or the expansion of production capacity, were implemented in rapid succession. In addition, to break away from the prewar social system that had pushed the country toward war, structural reforms such as “zaibatsu dismantling,” “farmland reform,” and “labor reform” were implemented, and “anti-monopoly laws,” “labor union laws,” and “labor standards laws” were enacted. These policies liberalized competition, liberated small farmers, and prepared the way for industrial democratization.

In addition to industrial democratization, a management issue during this period was improving product quality to meet global competition. In occupied Japan, programs such as a top management training course for communications equipment manufacturing industry by CCS (Civil Communication Section) and TWI (Training Within Industry), management education seminars led by GHQ, were provided to educate executives, managers, and employees. Chapter 3 of this book discusses the introduction of “Human Relations Theory,” which emerged from the Hawthorne experiment in the USA, in light of its relationship with the TWI human resource development seminars. This point was overlooked in previous studies.

Unfortunately, we could not deal with it in this book, but the influence of statistical quality control introduced from the USA on Japanese management cannot be ignored. Statistical quality control methods were eventually “translated” into the Japanese style and became a workplace quality control movement in the form of QC circles.

Japan’s rapid economic growth began around 1956 and ended with the oil crisis of 1973. This period also coincided with the Korean War, whose demand caused a rapid expansion in Japan’s exports. Real gross domestic product and real manufacturing wages returned to prewar levels in 1952; it was even said that this period was “no longer postwar.” The real economic growth rate during this period reached 9%, and Japan completed its recovery in the decade after the war’s end.

There are multiple possible reasons for the economic development during this high-growth period. The first is the introduction of technology from Europe and the United States. In addition, with the accumulation of human resources, Japan was able to deploy the introduced technologies through application and ingenuity. Eventually, with the growth of the postwar baby boom generation, demand for a variety of products expanded and a virtuous cycle continued.

The second is that extensive urban migration from rural areas had occurred in this period. According to the population census, from 1955 to 1973, annual average of net migration for the greater city areas of Tokyo, Osaka, and Nagoya were approximately 300,000, 120,000, and 36,000, respectively (Nakamaki et al. 2016, p. vi). This population influx was also accompanied by a migration of workers from agriculture sector to manufacturing sector.

The third is that the trend toward higher education expanded. By 1955, the high school enrollment rate was about 50%, and the college enrollment rate was about 10%. By 1972, the high school enrollment rate had risen to 87% and the college enrollment rate to 29%; as of 2020, the high school enrollment rate stands at 95% and the college enrollment rate at 58.5%.[1] This expansion of the highly educated class contributed to the advancement of the industry.

Against this educational backdrop, companies began to recruit superior human resources, as well as establish in-house education and benefit programs, forming practices such as hiring new graduates and hiring for long-term employment. This is the management system and practice that later came to be known as JSM. Its features include, first, the existence of "keiretsu" corporate groups (convoy system) formed after the dissolution of zaibatsu; second, employment systems such as seniority-based wages, long-term employment, and welfare benefits; third, a financial system centered on a main bank system; and fourth, company-specific labor unions. Although these practices are indirectly related to Japan's social traditions, it is fair to say that they were created directly in response to the various business challenges faced during rapid economic growth, and that the synergistic effects of these various systems promoted growth.

In addition to the technology transfers mentioned above, the management challenges of the high-growth period included finance and capital investment issues associated with corporate and overseas expansion, meeting the growing demands of middle management, coping with intensifying competition, and training employees, including managers. During the postwar period of rapid economic growth, the introduction of American business administration into Japan proceeded rapidly in both the business and academic worlds.

In this book, Chap. 4 deals with an introduction of C.I. Barnard's Theory. And Chap. 5 deals with the management philosophy of P.F. Drucker, focusing on "organizational theory" and its relationship to the "arrival of the management boom" in response to the challenges of this period and after the oil crisis.

Such rapid growth came to an end with the Nixon Shock and oil shocks in the early 1970s. In Japan, prices rose sharply, and the economy turned negative for the first time in the postwar period. In addition, the response to the strong yen led companies to further expand overseas and diversify their operations.

Simultaneously, global concern over corporate social responsibility and resource issues, as exemplified by pollution problems, increased, forcing the automobile and other industries to comply with environmental regulations. As a result, Japan's automobile industry improved its international technological competitiveness, and by the 1980s it boasted the world's top production volume and played a leading role in driving Japanese industry thereafter.

Management issues during this period included strategies to survive in competitive markets at home and abroad, and the compatibility of corporate social responsibility and economic efficiency. In this book, Chap. 6 discusses about introduction of strategic management theory.

In the 1980s, Japanese companies that survived the hardships of the 1970s gained a global reputation for their product development, technological capabilities, high

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[1] Table of "Enrollment and Advancement Rate, 1948 to 2020" in MEXT (2021).

quality, and service capabilities. They came to be known as "Miracle Japan" and "Japan as No. 1." The management characteristics that made these possible, which are different from those of the West, have attracted attention. Then, studies of Japanese "corporate culture" and "organizational climate" attracted overseas interest as well. This book deals with this issue in Chap. 8.

This attention did not last long, however, as stock and land prices soared in the late 1980s and plummeted in the 1990s, the so-called "onset and collapse of the bubble economy." Combined with the capital liberalization that followed, the very economic structure that had supported Japan until then was forced to undergo major changes. Japanese companies struggled to dispose of bad debt, and, to escape from low growth, they aggressively moved production and direct investment overseas, which also resulted in the "hollowing out" of Japanese industry. Thus, the "monozukuri" (manufacturing)-centered industrial structure that supported Japan in the postwar period was now shifting to a tertiary industry focus. As a result, the JSM centered on long-term employment and seniority-based wages is also undergoing a transformation. In the future, Japanese society will enter a super-aging society and face structural changes in the working population.

Entering the twenty-first century, the world faces not only economic problems but also a series of major issues such as terrorism, disasters, pandemics, and wars. Furthermore, the development of an information network society through ICT has given a new dimension to these problems. It is dangerous to understand the challenges that companies will face in the future as merely economic and management issues. They must also be viewed at all times as problems with an awareness of global relationships. This is the major challenge facing Japanese managers and business researchers today.

1.3 Genealogy of JSM Research in Japan

The developmental genealogy of JSM theory can be examined from various angles.

A representative study on the generation of JSM is J. Hirschmeier and Tsunehiko Yui's *Management Development in Japan: 1600–1973* (Hirschmeier and Yui 1975) in the field of management history research. Here, the development of Japanese management from the Edo period to the 1970s—management values, organization, management systems, etc.—are discussed in the context of the economic background. Likewise, the second major study in the field of management history is *"Nihon-teki Keiei" no Keizoku to Danzetsu* (The Continuity and Discontinuity of "Japanese" Management) (Yamazaki and Kikkawa 1995). This book captures the characteristics of JSM in terms of employment relations, corporate finance, top management structure, corporate decision-making methods, corporate groups (zaibatsu), general trading companies, subcontracting system, production systems, business management techniques, and industrial policy. It then empirically analyzes the continuity and discontinuity of JSM before and after World War II, limiting the analysis to the period from 1937 to 1955. A further study dealing with the transition of JSM is Morimoto (1999). In this book, the transition of JSM 1945 to the 1990s is divided into a period of exploration (1945–50), formation (1950s), enrichment (1960s), maturity (1970s), saturation (1980s), and transition (1990s).

Based on the above, this study will outline the history of JSM research by Yonezawa (2008). That is a part of the joint research project supported by the Institute of Business Research, College of Economics, Nihon University in which he and the author participated.

The concept of JSM is said to have been "named" by American cultural anthropologist J. Abegglen. It then spread to Japan. This research focused on the advantages of Japanese management practices, management styles, and other characteristics unique to Japan and different from those of foreign firms. This concept, along with the transferability of management systems and practices, came to attract attention with the subsequent dramatic overseas expansion of Japanese firms. After peaking with the great global breakthrough of Japanese companies in the 1980s, attention to JSM waned in the 1990s with the bursting of the bubble economy. Today, JSM is often viewed negatively in Japan as something that does not fit in with global management trends.

According to Yonezawa (2008), there are two main types of JSM research: the "institutional approach" and the "group theory approach," with many variations of each. The subjects are roughly classified into the following four categories: first, management within a company; second, management of inter-company relations; third, background of JSM; and fourth, changes in JSM (Yonezawa 2008, pp. 7–8).

Next, we will briefly introduce some representative studies of JSM over time, relying on Yonezawa (2008).

First, Abegglen's study (Abegglen 1958), which is representative of the 1950s, clarified the characteristics of JSM through field research on 53 large and small Japanese manufacturing firms. He found that the basis of JSM is a "life-long employment relationship" between the company and its employees. This was based on the background of Japan's economic poverty after World War II and was a mechanism to guarantee that employees would be paid for the rest of their lives—until retirement—to support their livelihoods. Behind this is the tendency of Japanese corporate managers to think of corporate policy from a national perspective (Abegglen 1958, p.11).

In the 1970s, Abegglen continued similar research and identified three characteristics of JSM: "lifetime employment," "seniority-based wages," and "enterprise unions," which he later called the "three sacred treasures" as symbols of JSM.

Stimulated by this research, Japanese researchers in the 1960s and 1970s began to actively discuss JSM's social structure and behavioral characteristics. Representative studies include those by Hiroshi Hazama, Makoto Tsuda, Ryushi Iwata, and Tadashi Mito (Hazama 1963, Tsuda 1977, 1981, Iwata 1977, Mito 1991a, b).

In the 1960s and 1970s, the global breakthrough of Japanese companies supported rapid postwar growth and was called "Japanese Miracle" in the 1980s. A representative study of this period is William Ouchi's *Theory Z: How American business can meet the Japanese challenge* (Ouchi 1981). He categorized the differences between American and Japanese companies as Type A and Type Z as follows.

First, the American type (Type A) is characterized by short-term employment, early promotion, specialization of career paths, existence of explicit management structures, decision-making based on individual responsibility and authority, and partial commitment among employees. In contrast, Z-type organizations are characterized by lifetime employment, slow promotion, non-specialized career paths, the existence of explicit management structures, decision-making based on collective responsibility, and full commitment among employees. These differences have also led to differences in management, which have attracted significant attention from around the world.

During this period, Kagono et al. (1983) conducted a comparative study based on questionnaire data on each of 1000 Japanese and US companies. As a result, the following became clear.

First, in terms of the business environment, Japan is more volatile in technology and demand, the competitive environment is hostile, and the organizational view network is more constrained. Second, regarding management goals, American companies place the highest priority on return on investment, while Japanese companies place the highest priority on market share. Furthermore, American companies place the highest priority on profit targets, and Japanese on company growth. The emphasis is on goals.

Third, management strategies are characterized by the fact that American companies make quick acquisitions and withdrawals and aim for efficiency in short-term resource allocation. In addition, Japanese firms emphasize production strategies such as elastic production systems and pursuit of economies of scale, whereas American firms emphasize relatively short-term payback, such as improving existing products and manufacturing processes.

Fourth, a comparison of power among functional divisions shows that the finance division is powerful in American firms and not so powerful in Japanese firms. In addition, organizational formalization lags in Japan, as managers in Japanese firms take numerous actions such as developing information channels, clarifying information requests, and gathering information. The data also supported results such as Japanese-style group decision-making (the decision-making system).

Fifth, in terms of management attitude, the data revealed that Japanese firms emphasize "generalist" and "interpersonal skills," while American companies emphasize "value initiative," "innovation initiative," and "track record and experience" (Kagono et al. 1983, pp. 22–46).

As mentioned above, the Kagono et al. (1983) study further clarified the characteristics of JSM through specific indicators such as goals, strategies, organizational behavior, managers' perspectives, etc. The 1984 study by Kuniyoshi Urabe revealed changes in JSM in terms of "equalization of status," "introduction of ability-based management," and "change in the seniority system" (Urabe 1984, pp. 58–59). This was a manifestation of the fact that the seniority-based wage system, which was conformable in the 1960s, was no longer sustainable due to the subsequent rapid growth of the economy, which led to rising incomes and college/university enrollment rates.

In the late 1980s, a study by Tatsuro Uchino and Abegglen revealed the following points. First, the shift to tertiary industries due to changes in industrial structure was causing the concept of JSM, which had previously focused on the manufacturing industry, to fade away. Second, competition for promotions and advancement due to changes in employee age had intensified, and opportunities for promotion based on long-term employment had decreased. Third, opportunities for mid-career hiring had increased. Fourth, changes in employee attitudes caused collective values to weaken. Subsequently, the values of younger workers have gradually changed, and today there is an emphasis on internal rewards, such as personal life and self-fulfillment, rather than external rewards (Uchino and Abegglen 1988, pp 34–35).

In the 1990s, JSM also underwent major changes due to the changing environment faced by Japanese companies, as exemplified by the bursting of the bubble economy. Abegglen's arguments around this period point out the challenges facing Japanese companies, such as the emphasis on American-like M&A, the need for global strategies, the problem of harmonizing foreign and Japanese employees, and the importance of research and development (Abegglen and Stalk 1986, pp.18–26).

However, Japanese researcher Hiroyuki Itami defines the characteristics of Japanese companies as "people-oriented management" and contrasts this with the "capital-oriented management" of American companies. Human-oriented management is the idea that human resources are a company's most important management resources. In other words, a company is conceived as a group of human beings; not only people as physical beings but also as informational and psychological beings is considered. Therefore, employees are treated as sovereigns and participation, equality, and information sharing are emphasized. In addition, the long-term continuation of transactions and the importance of the informational connections between people are valued (Itami 1993, p. 51).

During this period, Kagono, like Itami, identified the emphasis on people as a characteristic of JSM. He conducted a case study of a major electronics manufacturer expanding into the ASEAN region and attributed the success of Japanese companies in Asia to "honest management" and "situational logic." Honest management emphasizes details such as how to work at the production site and etiquette in the workplace and sends Japanese people to the site to imitate working methods and create habits. In addition, situational logic involves comprehensively judging various on-site conditions.

Since these methods are deeply rooted in Japanese culture, their universality and local adaptability remain debatable, but according to Kagono, they can be adapted to local conditions by devising new methods (Kagono 1997, p. 301).

As mentioned above, since 1990, research interest has also focused on issues such as how to transfer JSM's characteristics, taking into account its cultural background and behavioral patterns. In light of this situation, Abegglen, in his 2006 study, analyzed changes in the "lifetime employment system," "seniority-based wages," and "enterprise unions," which he himself pointed out are JSM characteristics. According to his research, it is not necessarily true that the lifetime employment system has collapsed, and he argues that even if temporary employment has increased due to the increase in non-regular employment and other factors, it has not replaced the lifetime employment system (Abegglen 2006, pp.81–82).

However, he found seniority-based wages were changing due to the introduction of performance-based pay and a widening wage gap within companies. He also pointed out that unions are losing their significance due to the shift to tertiary industries and other factors (Abegglen 2006, pp. 85–89).

Yonezawa notes that the decline in the global status of Japanese companies and the development of global management have diminished the uniqueness of JSM. As a result, he points out, JSM is now regarded as a type of management style (Yonezawa 2008, p. 20).

In summary, the idea of JSM in Japan was "discovered" by J. Abegglen in the 1950s, and it was gradually accepted by business and academia. JSM gradually changed because of changes in the external company environment and the challenges faced by contemporary firms. Simultaneously, the introduction of American management theory into academia has changed the framework for analyzing JSM. This is the process of the translational introduction of foreign theories, which we emphasize here. In other words, the transformation of JSM in Japan has progressed along with the change in the theoretical framework for analyzing it.

Currently, in Japan, the three sacred treasures, "seniority-based wages," "lifetime employment system," and "enterprise union," are undergoing major changes amid the development of a global society and the fluid working environment. It is necessary to consider whether this marks the end of "JSM" or whether this is required to create a new JSM model.

1.4 The Focus of This Book

Based on this background, this book considers the process of introducing American management theory and management methods into Japanese industry and academia during almost 100 years from the early 1900s.

This book addresses the following issues: First, the introduction of F.W. Taylor's "scientific management" during the period of industrial development in Japan. Second, the influence of Japan's post-WWII industrial democracy and "Human Relations Theory." Third, the "management boom" of the high-growth period of the 1960s and the management philosophy of P.F. Drucker. Fourth, the focus on organizational theory and C.I. Barnard in academia during this period. Fifth, the period of international diversification of Japanese companies in the 1970s and "strategic management theory." Sixth, the development of "human resource management theory" contemporary with the above. And finally, the remarkable globalization of Japanese companies in the 1980s and the focus on "theories of corporate culture."

Through the above research, we seek to clarify not only the process of introducing American management theory and methods, but also how Japanese practitioners and researchers who came into contact with overseas theories perceived Japanese companies and management. In addition, we would like to consider how foreign theories were translated, interpreted, and incorporated in Japan's unique culture and climate when solving specific management problems. As a result of our research, we believe we can explore the process of seeking for Japanese identity around JSM.

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Chapter 2
Introduction, Installation, and Dissemination of Scientific Management in Japan

Kyohei Hirano and Yoshiyuki Takeuchi

Abstract Research on the introduction of scientific management methods in Japan, from the perspective of management history, began around 1990. Since 2000, research has also been conducted from the perspective of the history of management thought. In most of the preceding studies, the "Factory Law" was the trigger for the introduction of scientific management methods. Although the direct influence of the "Factory Law" cannot be ignored, this paper analyzes and discusses the introduction of the scientific management method to Japan from two perspectives: "modernization" and "standardization." In addition, because the scientific management method originated abroad, this chapter attempts to analyze the process of its installation in Japan using the framework of translation theory. This chapter analyzes and discusses the introduction and development of scientific management methods in Japan in three stages: introduction, installation, and dissemination. For the installation stage, we discuss the case of Kanegafuchi Spinning by Sanji Muto in detail. Finally, we discuss the effects of "scientific management" installation in Japan on Quality Control after WWII.

Keywords Scientific management · Modernization · Standardization · Efficiency · Mental management method

2.1 Why We Focus on Scientific Management

Since the Meiji Restoration in 1867, Japan has introduced Western institutions and technologies in all fields with the aim of modernization. In line with this objective, business was also modernized by the introduction of double-entry bookkeeping, the

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establishment of the stock exchange (Tokyo Stock Exchange in 1878), and the enforcement of the Civil and Commercial Codes in the 1890s.

In the latter half of the Meiji period (after 1900), as domestic production of industrial products progressed, large-scale factories, with more than 500 workers, were established in the manufacturing industries, including spinning, weaving, and other textile industries. According to the *Kōjō Tsūran* (Factory Directory) published in 1911, the number of factories with five or more workers was 32,323 at the end of December 1909. Of these, 140 had more than 500 workers, and 115 (82.1%) were in the textile industry (dyeing and weaving). Scientific management methods, such as those of F.W. Taylor, were introduced to Japan under this historical background.

Research on the introduction of scientific management methods in Japan from the perspective of management history began around 1990; prominent studies include Sasaki and Nonaka (1990), Nakagawa (1992), and Takahashi (1994) in Japanese literature, and Sasaki (1988, 1992), Daito (1989), Nakagawa (1996), and Tsutsui (1998, 2001) in English literature. Since 2000, research has also been conducted from the perspective of the history of management thought, including Bae (2007) and Kataoka (2011a, b, 2012).

In most of the preceding studies, the "Factory Law," enacted in 1911 and implemented in 1916, was the trigger for the introduction of scientific management methods. The Factory Law was Japan's first worker protection law, focusing on the protection of children, juvenile workers, and women workers in factories employing 15 or more workers (10 or more after revision in 1923). Although the direct influence of the "Factory Law" cannot be ignored, this paper analyzes and discusses the introduction of the scientific management method to Japan from two perspectives: "modernization" and "standardization." In addition, because the scientific management method originated abroad, this paper attempts to analyze the process of its installation in Japan, using the framework of translation theory.

This chapter analyzes and discusses the introduction and development of scientific management methods in Japan in three stages: introduction, installation, and dissemination. First, in Sect. 2.2, we classify and discuss the introduction of scientific management methods to Japan according to the introduction route (channel). Next, in Sect. 2.3, we focus on the efforts of Sanji Muto in Kanegafuchi Spinning, as an example of the introduction of scientific management methods. We will analyze it from the perspective of "standardization," discussing the subsequent development of the method independently. In Sect. 2.4, we discuss the "dissemination" activities by schools and promotion/dissemination organizations. In Sect. 2.5, we provide analyses with the help of standardization and translation theories. In Sect. 2.6, we summarize and discuss the relationship of scientific management methods with the introduction of quality control methods after WWII.

2.2 Introduction of Scientific Management Methods to Japan

Preceding studies have examined the introduction of scientific management methods to Japan by focusing on translated Japanese literature on scientific management methods. In this section, we focus not only on the literature, but also on the transmission routes of overseas scientific and technical information and their disseminators.

In the early Meiji Era (until around 1868), the government tried to acquire information and knowledge through two channels to introduce institutions and technologies to Japan. One was through invited foreign technicians and scholars (hired foreigners), and the other was through Japanese nationals sent abroad. By the 1910s, with the advent of scientific management methods, the system of hired foreigners had been eliminated, and a certain percentage of the population was educated in Japan in the Western style.[1] Among the English-language publications on scientific management published in the 1910s, Taylor (1911), Gilbreth (1911), Scott (1911), Münsterberg (1913), Brisco (1914), Knoeppel (1915), Franklin (1915), Gantt (1916), Thompson (1917), and Atkinson (1917) were translated and published in Japanese. Of these, Taylor (1911), Scott (1911), and Brisco (1914) exist in multiple editions by different translators.

The people responsible for introducing scientific management methods to Japan can be divided into four types: journalists, enlightened people, scholars, and engineers and practitioners in public and private companies. In 1911, the year Taylor (1911) was published, Sadao Yasunari wrote two articles in *Jitsugyō no sekai* (World of Business) and Toshiro Ikeda wrote a novelized story in *Tokyo Sakigake Shimbun*, on how a boy used Taylor's scientific management method to succeed in his life, as "The Secret of Saving Time and Money." The story, which was serialized in a newspaper, introduced the essence of the scientific management. Yasunari graduated from the English Literature Department of the School of Letters at Waseda University, and Ikeda from Meiji Gakuin, and both were said to be fluent in English. Jujiro Izeki, who graduated from the Law department of Tokyo Senmon Gakkō (now Waseda University) and then studied at an American university, was also introduced in 1913 through a feature article on scientific management in *Jitsugyō Kai* (Business World) (published by Waseda Dōbunkan), where he was editor-in-chief, and in articles on scientific management in *Kōgyō* (Industry) (published by the Industrial Improvement Association). These people constituted the journalists.

The second type, enlightened people, can be further divided into: (a) businessmen and engineers, who had opportunities to go abroad for study tours, and so on, and (b) practitioners who tried to apply Western knowledge to the real world. Yukinori

[1] According to Calendars of Imperial Universities (Tokyo, Kyoto, and Kyushu), the number of university (i.e., imperial university) graduates by 1911 was 13,659. Of these, 4420 graduates from law colleges, 2617 graduates from medical colleges, and 4067 graduates from science colleges and engineering colleges, accounting for more than 80% in law, medicine, and science and engineering.

Hoshino and Tamisuke Yokogawa, who independently translated Taylor (1911) into Japanese, fall in the former group. "Practitioners" include Yoichi Ueno, who translated efficiency into "Nōritsu" in Japanese. Yukinori Hoshino was a Christian who went to the USA to become a missionary. After his return to Japan, his wife helped him get a job at Kajima Bank in Osaka, where he became a senior manager. He went on a 10-month round-the-world trip for fact-finding from December 1910 to October 1910. The record of the trip was published in Hoshino (1912), in which he mentions scientific management. Tamisuke Yokogawa opened his own design office in 1890 after studying architecture at the College of Engineering of the (Tokyo) Imperial University. As a commissioned architect for Mitsui Motokata (headquarters), he designed buildings for various Mitsui group companies. In particular, the Mitsui General Head Office is known as the first building in Japan with a steel-frame structure. Yokogawa toured Europe and the USA in 1908 for the construction of the Imperial Theater and the Mitsukoshi Department Store. Known as a collector of Chinese ceramics and porcelain, he was also an expert on social and economic issues, which is evident from Yokogawa (1925).

Yoichi Ueno studied psychology under Yujiro Motora, Japan's first psychology professor, at the Philosophy Department of the College of Letters, the Imperial University. After graduation, he did not become a teacher at a university or other educational institution, but instead published and edited magazines such as *Shinrigaku Tsūzoku Kōwa* (Psychology in General Discourse) and *Shinri Kenkyū* (Psychological Research) to introduce psychology to society. According to Ueno's autobiography (Sanno Junior College 1967), he was initially interested in experimental psychology and educational psychology, but became involved in efficiency problems at Kobayashi Shōten's (now Lion) factory while teaching advertising psychology at Waseda University. He also wrote an article on scientific management for *Jitsugyō Kai* at the invitation of Jujiro Izeki. This was the beginning of his involvement with scientific management methods.

The third group, scholars, can be further divided into three categories: (a) those who directly encountered scientific management methods abroad as foreign students of the Ministry of Education, (b) those who participated in surveys and experiments, related to scientific management methods, as research, and (c) those who promoted it as engineering (industrial) education.

Two scholars, Hirosuke Moriyama and Yutaka Kunimatsu, can be cited as those who came across scientific management method as scholars sent abroad by the Ministry of Education, and introduced it to Japan. Kosuke Moriyama traveled to the USA, Germany, France, and the UK from 1908 to 1912, when he was an assistant professor of the textile department of Nagoya Higher Technical School, to study cotton textiles and cotton mixed fabrics. After returning to Japan, Moriyama published a large three-volume work entitled *Moriyama Hataori Jutsu* (Moriyama's handbook of weaving methods). In the labor section on factory management in Moriyama (1913), he mentions motion study, although he does not refer to it as scientific management. Yutaka Kunimatsu was originally an accountant specializing in cost accounting theory. He traveled to the USA, England, and Germany from 1913 to 1916 to study commerce, and according to Kunimatsu (1926), he encountered scientific management methods at the Tabor Manufacturing Company in Philadelphia for 6 months from 1915, where he studied under H.K. Hathaay.[2] After returning to Japan, Kunimatsu taught scientific management methods at Otaru Higher Commercial School, where he worked, and had students practice in the "experimental" soap factory setup at the school. Kunimatsu was transferred to Nagoya Higher Commercial School when it was established in 1920, where he continued to teach scientific management methods. In 1926, he published a textbook (Kunimatsu 1926). In addition to the above two scholars, Fukumatsu Muramoto, a 1919 graduate of Harvard Business School and a professor at the Osaka City Commercial College, also encountered scientific management methods in the USA. After returning to Japan, he took charge of the scientific management methods class and presented papers and lectures on the subject (Muramoto 1925).

Participating in the investigations and experiments related to scientific management methods as research, was psychologist Kan-ichi Tanaka. Tanaka conducted efficiency experiments at the Saidaiji factory of Kanegafuchi Spinning and the Tobacco Monopoly Bureau in Kyoto around 1911–1912, when he was a student of psychology in the Philosophy Department of the Kyoto Imperial University, and compiled his graduation thesis. Later when he was appointed a professor at Tokyo Higher Normal School, he participated in surveys and experiments at the request of Kanegafuchi Spinning around 1916, under instruction from his teacher Matataro Matsumoto (Eguchi 2010, pp. 31–32, 55–56, 62). He also published a book titled *Ningen Kōgaku* (Human Engineering) (Tanaka 1921), based on a lecture he delivered at an efficiency workshop organized by the city of Osaka in 1919.

Kanzo Kiribuchi introduced scientific management methods to engineering education. While publishing books on acetylene welding and cutting, he was also a researcher and teacher, involved in secondary industrial education at vocational schools affiliated with the Tokyo Higher Technical School and the Tokyo Higher School of Arts and Technology. He went to the UK, Germany, and the USA from 1925 to 1927 to study scientific management methods, as a researcher of the Ministry of Education Fellowship Program for Scholars to Study Abroad. After returning to Japan, he taught the subject "Factory Management" at Nagaoka Higher Technical School from 1927 to 1933.[3]

The fourth type of engineers and practitioners in public and private enterprises can also be divided into two groups: (a) those who directly encountered scientific management methods overseas and (b) those who introduced them to their companies while in Japan, by gathering information from foreign literature and educational activities.

The group that encountered scientific management methods overseas can be further divided into two groups. The first group included engineers who went to the USA as overseas business trainees of the Ministry of Agriculture and Commerce.

[2] This is pointed out by Takahashi (1994).

[3] Kiribuchi retired from Nagaoka Higher Technical School in 1933 and became the principal of Imamiya Vocational School in Osaka.

This system was designed "to select young men and women with certain qualifications and dispatch them overseas to train them to become familiar with the conditions of trade or to become proficient in industrial techniques, so that they may contribute to the execution of national policies, and at the same time be useful to individual management and the national economy" (Mori 1918, p. xiii). The duration of the program was 3 years, and travel, accommodation, and local travel expenses were subsidized. Applicants had to have a minimum of secondary school education (graduates of secondary school), at least 1 year of work experience in the field in which they wished to practice or had to have graduated from a vocational school or higher, and foreign language skills (Mori 1918, pp. 12–14). Of the 160 overseas business trainees hired between 1912 and 1917, 13 were graduates of imperial universities, 23 of higher commercial schools, 26 of higher technical schools, and 16 of private universities and higher vocational schools. These trainees accounted for about half of the total (Mori 1918, pp. 124–125).

In 1912, Shigeo Kato of Niigata Ironworks went to the USA as a trainee to learn how to make internal combustion engines. He spent more than a year at Tabor Manufacturing company, a model plant for scientific management methods, and learned scientific management methods. After returning to Japan, he began practicing the method at Niigata Ironworks' newly established Kamata Plant (Nakagawa 1992, Tsutsui 1998, p. 29). In 1919, Toichiro Araki, an engineer of Fujikura Electric Wire & Cable, traveled to the USA as a trainee to learn about the oil and rubber chemical industry. He studied chemistry at the University of Akron in Ohio, where tire companies such as Firestone and Goodyear were concentrated. Since the University offered the program of manufacturing production, he took the industrial management course in this program (Araki 1922, p. 47). After returning to Japan, Araki retired from Fujikura Electric Wire and established the Araki Efficiency Office, where he worked as an efficiency engineer and consultant.

The second group consisted of engineers who were sent to the USA to introduce machinery and technology there. Oki-ie Yamashita encountered the scientific management method when he visited the USA in 1911 to supervise the production of railroad cars while working for the South Manchuria Railway; thereafter he introduced it at a factory of the Railway Bureau at Cabinet (Ministry of Railways after 1920) (Onoda 2020). Another technical officer, Takuo Godo, introduced the limit gauge system and scientific management method to the Kure Naval Shipyard. He visited the USA from 1914 to 1918 to supervise the manufacture and purchase of weapons and noted that the scientific management method could bring about high production efficiency. He began introducing it upon his return. The introduction of the system, along with the adoption of the limit gauge system, began in 1924, when he became head of the shipyard (Takahashi 1994, pp. 72–74). Mitsubishi Electric concluded a technical agreement with Westinghouse Electric & Manufacturing Company in 1923, and in 1924, sent Takeo Kato, an engineer, to study the process control and cost accounting at Westinghouse. Thereafter, the company introduced scientific management for manufacturing electric fans (Nakagawa 1992, Tsutsui 1998, p. 30).

Examples of engineers and practitioners in Japan who obtained information on scientific management methods from literature collections and other sources include Kyuzo Suzuki and Koichi Kanda. Suzuki studied aesthetics and art history at the Department of Philosophy of the College of Literature, the Kyoto Imperial University, but he learned psychology from Matataro Matsumoto. In addition to his work, he published a Japanese translation of Münsterberg (1913) in 1915.

While Suzuki was a university graduate, Koichi Kanda did not obtain university education, but arrived at scientific management methods through practice. After graduating from Miyagi Agricultural School, a vocational school at the secondary school level, Kanda went to work for the Monopoly Bureau and published *Nihon Tobacco Seisan-ron* (A Study on Tobacco Production in Japan) (Kanda 1901) as an edited volume. He also graduated from the Department of Economics, Senshu School, a night school, in 1904 (Kanda 1938, p. 76). He first became an assistant engineer, and then an engineer in 1905. He served as Chief of Production Division at the Mito Tobacco Factory (1905–1906), and then at the Tokyo No.1 Factory (1910–1912), Chief of the Asakusa Monopoly Branch Office Production Section (1913–1920), and Chief of the Tokyo District Monopoly Bureau Production Section (1921–1931). He was an engineer who remained at the forefront of tobacco manufacturing until his retirement from the Monopoly Bureau. Based on his experience at the manufacturing site, Kanda published *Jissen Kōjō Kanri* (Practical Factory Management) (Kanda 1912); in Part III (labor wages) of the book, the Taylor differential piece wage system (pp. 368–372) and Gantt bonus wage system (pp. 373–378) are discussed.

2.3 Installing Scientific Management at Early Stage: A Case of Kanebo[4]

There are two views on the installation of scientific management in Japan. One is the view that it was directly transferred, and the other is that there were similar efforts already existed in Japan, and Taylor's Scientific Management was superimposed on these efforts, thus creating a Japanese-style scientific management stream. The aim of this section is to examine the latter view. This style was a challenge in facing the universal management issue of managing production sites and an attempt to rectify haphazard management and establish an efficient division of labor system. The forerunner in this effort was Kanegafuchi Spinning (Kanegafuchi Bōseki; hereinafter, Kanebo), a Japanese cotton spinning company that was highly competitive in the

[4]This section is largely based on a series of studies by Tetsuya Kuwahara, including Kuwahara (1995), Kuwahara (1996), and Kuwahara and Hirano (2011). Kanebo Kabushiki Kaisha Shashi Hensan-shitsu (1988) and the Kanebo materials in the collection of the Center for Integrated Center for Corporate Archives, Research Institute for Economics and Business Administration, Kobe University were also referenced.

international cotton spinning industry before World War II, and known for having implemented some of the most advanced management practices in the industry.

2.3.1 The Issue of Lack of Management Presence at Production Sites

To reform poorly controlled production sites, Sanji Muto,[5] who directed the management of Kanebo, investigated the spinning process and sought a rational division of labor and management. The management that Muto arrived at through trial and error was widely practiced within the company by his supporters. However, to spread the idea beyond Kanebo, which consisted of people concurring with Muto's ideas, to the cotton spinning industry and even to Japan as a whole, it was essential to have something that would give rationality and persuasiveness to Muto's ideas and management. Taylor's Scientific Management can be argued to have played a critical role in this process. It was also seen in the subsequent transfer of management and administrative methods in Japan that an individual's ideas may not be readily understood or accepted, but when a foreign authority is brought in, they are embraced without resistance.

Kanebo was established in Tokyo in 1886; operations commenced at its Tokyo mill the same year. In the late 1890s, the company expanded its scale by building a new mill in Kobe and acquiring poorly performing mills in various regions. By merging many small-sized cotton spinning companies and integrating their management, Muto sought to achieve economies of scale and increase competitiveness.[6] In 1902, Kanebo became a top-class cotton spinning company with one mill each in Tokyo, Hyogo, Suminodo, Nakashima, Sumoto, Hakata, Miike, Kumamoto, Nakatsu, and Kurume, representing approximately 17% of domestic production capacity. Discrepancies in the quality of the cotton yarn between the company's existing mills (the Tokyo and Hyogo mills) and the newly incorporated mills arose because of the rapid expansion, even though the raw materials and machines used

[5] After studying at Keio Gijuku (Keio School) in Tokyo and in the USA, Sanji Muto worked as a newspaper reporter and magazine editor in Japan before entering the business world. In 1893, Muto joined Mitsui Bank, and the following year he moved to Kanebo, owned by the bank. Muto was the manager who developed Kanebo into a world-class cotton spinning company, and his management style is regarded as the main origin of Japanese management.

[6] Hashiguchi (2017), pp. 39–40. Muto's consolidation theory had a great impact on the cotton spinning industry. Companies such as Osaka Gōdō Spinning and Mie Spinning began to merge in various regions. The major challenge for cotton spinning companies with multiple mills was unifying the different operations and management at each production site. For the cotton spinning industry, this was an important motivation to actively adopt scientific management methods.

were the same. The reason for this was that the newly incorporated mills did not have effective production controls and the workers' operations varied.

Muto recognized the problem of workers who followed different conventions at each mill, so he sought to incorporate education and skills training for workers at an early stage. In 1902, he established a training course for maintenance workers at the Hyogo mill, which evolved into the Kanebo Shokkō Gakkō (Kanebo Vocational School) in 1905. Around 1904, Kanebo also began a four- to six-week training course for newly recruited female workers. However, such education and training for workers were not enough to realize Muto's "Bōseki Dai-Gōdō-ron" (Consolidation Theory in Cotton Spinning Industry). Even if the cotton yarns were made in different mills, reliable quality should be ensured to sell them under the Kanebo brand. To achieve this, work rationalization and operation standardization were promoted, and production management was made as uniform as possible.

Factory management had become a kind of science by this time. Industrialists in Europe and the USA were competing with each other and devoting all their energy to researching methods. There was the view that all those who work for a company, whether directly involved in the factory operations or not, should focus on the factory management.[7] The management of a modern factory should not be based on experience or intuition, but rather should be carried out in a scientific and rational manner. These ideas led to the scientific management method at Kanebo, and its development was supported by the workers' education and training.

The scientific and rational management of modern factories became important in the subsequent business environment of the cotton spinning industry. The depression that followed the Russo-Japanese War curtailed operations from 1908 to 1910, and there was a need to further improve the workers' efficiency to increase the efficiency of unsealed, operational machines. In addition, with the promulgation and enforcement of the Factory Acts, there was a growing possibility that the employment of young workers and late-night hours for female workers would be restricted, rendering it difficult to operate the factory as before. Therefore, the question of how to improve efficiency became an important management issue.

2.3.2 *Pioneering Efforts*

At Kanebo, the "Kagaku-teki Sōgyō-hō" (Scientific Management Methods) was enacted in December 1912. With the intention of establishing spinning standards in the cotton spinning industry, standard work and maintenance regulations were also established. However, even before the enactment of the "Scientific Management Methods," Kanebo had already been working on something similar to it. It was in the latter half of 1908 that Muto, while trying to explain the relationship between processes by using numerical values such as the number of yarn breaks, became

[7] *Kanebo no Kiteki* (The Whistle of Kanebo). No. 25, 4 May 1904.

interested in scientific management. At the time when Taylor's Scientific Management was introduced, Muto stated, "Not only have we studied something similar to this in the past, but we have also completed our survey of the economy of our mills, although we do not consider it to be a new method since the cotton spinning industry itself is already a business that should be based on 'Scientific Management'."[8] The following paragraphs offer a brief review of Kanebo's efforts before the introduction of scientific management.

At Kanebo, the productivity of the hanks at the Tokyo, Nakashima, and Sumoto mills was recognized as a major problem in the latter half of 1908. The productivity of the skein mills, where about one-third of the workers perform their tasks, largely determines the productivity of the entire process. In addition, the quality of the final products produced there was directly indicated to the weavers, and any quality defects could damage the company's reputation.

At the end of 1908, Muto began to investigate the productivity of the hanks at the Tokyo mill and found that it was lower than that of other mills. He dispatched female workers from the Hyogo mill that he managed, to the Tokyo mill, where they worked as skilled skein workers, but the productivity of the Tokyo mill still did not improve. When Muto received a report of the results, he instructed the workers to examine the skein machines and their maintenance for problems, and to investigate the defects and unevenness of tubular yarns sent from the previous process, which were thought to be one of the causes.[9]

As a result of the investigation, it was ascertained that, (a) there were almost no differences in the structure, rotation speed, and maintenance of the skein machines between the Tokyo and Hyogo mills; (b) the Tokyo mill had frequent yarn breakage in the spinning process before the skein; and (c) the unstable quality was the main cause of the difference in productivity.[10] Based on the results of the investigation at the Tokyo mill, Muto ordered an investigation of yarn breakage at the skein site at the Hyogo mill. According to a series of reports, 84.6% of the cases of yarn breakage in the skeins were caused by the spinning process and earlier processes, as was the case in the Tokyo mill.[11]

In the production process of cotton yarn, the foreign substances contained in cotton are removed, and the bundles of fibers, which are made by aligning the parallelism of fibers, are stretched and twisted. Therefore, as the work-in-process becomes thinner toward the downstream process, the quality defects caused by the upstream process become apparent in the form of yarn breakage. Muto came to recognize that the problem of low productivity at the skein mill, which had become apparent at the Tokyo mill, was rooted in the quality control process that was implemented sequentially throughout the mill. To prove this, he investigated the

[8] *Kaisho* (Circulating Letter in Kanebo). 26 December 1912.

[9] *Kaisho* (Circulating Letter in Kanebo). 10 December 1908.

[10] *Kaisho* (Circulating Letter in Kanebo). 10 December 1908.

[11] *Kaisho* (Circulating Letter in Kanebo). 11 December 1908, 18 December 1908, 19 December 1908.

causes of quality defects at the Hyogo mill, which he managed, from the skein mill to the upstream processes.

In the process of scientifically assessing the causes of poor quality in the form of numerical values, a problem emerged in the rough spinning process, specifically during the step involving the cutting of slivers, referred to as *shinogire*. Two reports were submitted from the end of 1908 to the beginning of the following year on the investigation of *shinogire* in the roving process, which consisted of three machines: slubbing frame, intermediate frame, and roving frame.[12] It was found that 61.4%, 19.2%, and 30.6% of the *shinogire* in the slubbing frame, intermediate frame, and roving frame, respectively, were caused by the previous process, but aspects of the roving process were also found to cause the breaks. For example, when replacing the flyer, a rotating device that twists and winds the fibers around a wooden tube, not only the workers around the flyer, but even the male workers who oversaw repairing the flyer, left their posts to help. This was done to shorten the replacement time and extend the operation time as much as possible. However, this involvement of those who were not skilled in wrapping the fibers around the wooden pipe, was one of the reasons why the fiber seams were defective.

Through these investigations, it became clear that the poor quality in the rough spinning process was not due to the laziness of the workers, but due to a lack of manpower, indicating the need to review manpower allocation. To solve this problem, the person in charge of the investigation conducted a time study of the headstock operator of the roving frame and measured the net time that the headstock operator was engaged in operation and the time required for work. Based on the results, the standard number of machines held by each person was calculated to be 1.5.[13]

Conducting "time utilization" studies to improve the division of labor in the roving process is said to have been the first attempt of scientific management in a Japanese company.[14] In January 1909, Kanebo began to use scientific management to solve problems at the production site, which led to the establishment of an efficient division of labor and the formulation of standardized operations. As in the case of the Hyogo mill, Muto requested a large-scale survey of all processes at other mills. The corroboration of the data obtained from the Hyogo mill was more persuasive in encouraging the survey, and led to the cooperative attitude of other mills.

2.3.3 Introduction of Scientific Management

In December 1912, Kanebo issued instructions to all production managers to implement scientific management to promote the rationalization of production

[12] *Kaisho* (Circulating Letter in Kanebo). 5 January 1909, 18 January 1909.

[13] *Kaisho* (Circulating Letter in Kanebo). 18 January 1909.

[14] Kuwahara (1995), pp. 39–40.

sites. Muto wanted to link scientific management with the machine inspections that had been carried out in the past, and to collaborate to further improve the "efficiency" of the machines and the workers' movements to increase profits together with the workers.[15] At that time, the company also distributed booklets, "Kagaku-teki Keiei-hō" (Scientific Management Methods) and "Dōsa Kenkyū" (Motion Study), prepared by mobilizing the operations department's technical staff at the Hyogo mill (which could be regarded as the headquarters). The booklets were based on the January 1913 translation of Taylor's "*Principles of Scientific Management*" and related literature.

In each mill of Kanebo, the production manager and engineering staff took the lead in studying standardized operations at the production site while learning the methods of time and motion study. The operations department also sent researchers to all the mills to evaluate the actual situation at each mill, solve operational problems, establish standardized operations, and realize scientific operations.[16] Even before that, Muto had instructed each mill to improve productivity and quality, and it can be said that scientific management was applied to solve the problems in each mill. These efforts led to the standardization of production activities, including the establishment of appropriate work operations, the formation of rational work organizations, and the adoption of appropriate machine structures and accessories, as shown in Fig. 2.1. The following paragraphs introduce several examples.

One example is the division of labor for cleaning the spinning machines. At the cotton spinning mills, where a day-night, two shift system was adopted, the machines were cleaned and repaired during the 12-h shutdown period that occurred when the day and night groups changed duties on Sundays. In response to the demand to shorten the cleaning time, the Saidaiji and Nakashima mills analyzed the work through time and motion studies and decided to change from the conventional receiving table method, in which the female workers in charge of each machine clean their own table, to a division of labor, in which the cleaning work is divided into separate tasks, such as laser rollers and spindles only, and each worker is assigned to clean one machine at a time.[17] At the Nakashima mill, which adopted division of labor in April 1913, the number of workers required for 44 spinning machines was reduced from 80 to 74, and the average time required per worker was reduced from 7 h and 7 min to 5 h and 36 min.[18]

Another change took place in the method of collecting waste hanks from skeiners. At the skein mill, the collection of scrap yarn was important to improve the quality of skeins and to keep the site clean. The Sumoto mill installed scrap-yarn trays in all hanks to prevent the scattering of scrap yarn, according to the instructions of the operations department; as a result, female workers became increasingly dissatisfied. The use of the skein trays increased the time required to make a frame because of

[15] *Kaisho* (Circulating Letter in Kanebo). 26 December 1912.

[16] *Kaisho* (Circulating Letter in Kanebo). 21 April 1913.

[17] *Kaisho* (Circulating Letter in Kanebo). 4 March 1913.

[18] *Kaisho* (Circulating Letter in Kanebo). 21 June 1913.

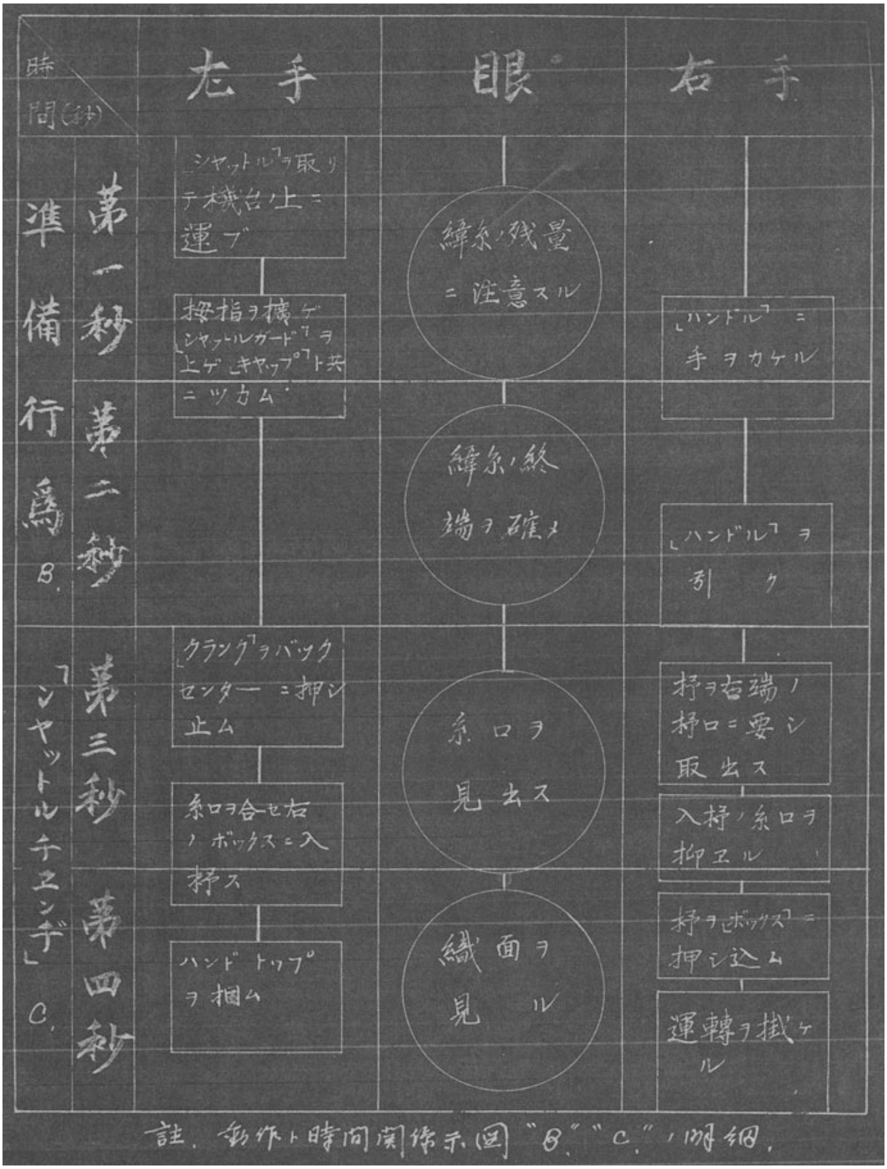

Fig. 2.1 Standard Operation of Shuttle Change on a Loom at Kanebo: For the movements of the left hand, eye, and right hand, the upper half shows the 1st and 2nd seconds of preparation, and the lower half show the 1st and 2nd seconds of shuttle change

extra movements, resulting in a decrease in yield. The body movements also caused discomfort and conditions like stiff shoulders. For this reason, the Sumoto mill decided to use a waste thread bag attached to the belt, invented by an inspector in the finishing department, instead of a waste thread tray. This scrap-yarn bag did not reduce efficiency, and the practice spread to other mills. The selection of the most efficient accessory was made through time and operation studies.[19]

The standardization of production activities at each mill was not only a top-down effort by Muto and the technical staff, but also because of suggestions from the shop floor. Such bottom-up activities may have been influenced by an organizational culture that encouraged suggestions for improvements in machinery, processes, and operations. In June 1903, Kanebo published Japan's first in-house magazine, *Hyogo no Kiteki* (The Whistle of Hyogo), which introduced suggestions for improvement from workers. Awards and prizes were given for outstanding suggestions.[20] In addition, before 1905, the Kanebo Kenkyū-kai (Kanebo Collegium) was established by volunteers from the Hyogo mill and other local mills as a forum for presenting and discussing industry analysis, technology, management, and other topics related to the cotton spinning industry.[21] Therefore, the bottom-up improvement proposals and knowledge transfer through horizontal connections were also important.

2.3.4 Unification of Standard Operations

At Kanebo, in-company education was also promoted to realize scientific management. The aim was to improve the skills of the workers at the production site as well as to raise their awareness. The idea was to make people understand that working in accordance with practices based on scientific evidence would increase efficiency and therefore increase the workers' share of the profits. In addition to the establishment of standardized operations, efforts were also made to foster understanding on the part of both the communicator and the recipient.

From July to December 1917, Kanebo gathered the senior female workers from each mill at the Hyogo mill to conduct company-wide training in standardized operations. The women stayed at the Hyogo mill for two weeks, where they underwent re-training after being assessed for the standard operations in which they had already developed proficiency. This was the final step in the implementation of the standard operations that had been developed through the introduction of scientific management.

The retrained female workers were given the title of *Shihan-yaku* (Master Workers) and were to return to their mills to teach standardized operations to unskilled workers.[22] By the end of 1917, at least 300 female workers had been brought to the Hyogo mill to receive training in standardized operations. After a brief

[19] *Kaisho* (Circulating Letter in Kanebo). 2 September 1913, 22 November 1913.

[20] *Hyogo no Kiteki* (The Whistle of Hyogo). No. 2, 10 July 1903.

[21] *Kanebo Kenkyū-kai Kaihō* (Bulletin of Kanebo Collegium). No. 15, April 1905.

[22] *Kaisho* (Circulating Letter in Kanebo). 21 August 1917.

period, workers who had not been trained in standardized operations, such as foremen, watchmen, and instructors, were called in from various mills.[23]

The implementation of these company-wide operations standardized the work that had earlier been left to the discretion of the workers on the production floor, to the most efficient known protocol determined through time and behavior studies. This was also the reason why Kanebo established a system to control production sites more precisely. In the process, a manual for standardized operations was prepared and distributed to all mills. However, the manual was also disseminated outside the company and triggered the rapid spread of scientific management in the cotton spinning industry. It is well known that Toyo Bōseki (now Toyobo) used Kanebo's materials related to standardized operations, and through engineers transferred from Toyo Bōseki, standardized operations were developed across this company as well from 1918.[24]

2.3.5 From "Scientific Management Methods" to "Mental Management Methods"

While the problem-solving approach based on scientific management spread at Kanebo, it also triggered a confrontation with labor science. For example, investigations and research were conducted on the relationship between fatigue and efficiency, machine noise and concentration, repetitiveness of work tasks and productivity, health and nutrition, and work efficiency and educational level. This attitude toward the workers was based on Muto's realization that the establishment of standardized operations and realizing factory-wide efficiency would not be fully effective unless the workers were motivated to work.

In September 1915, 3 years after the enactment of the "Scientific Management Methods," Muto enacted the new "Seishin-teki Sōgyō-hō" (Mental Management Methods).[25] Based on the premise that the work ethic of workers greatly affects the efficiency of the production site, the "Mental Management Methods" investigated in detail the mills that affected the work ethic of workers, introduced measures to increase work ethic, and provided guidance to managers. Here, Muto's challenge to the management of modern factories, which began with scientific management, evolved into psychological management that also addressed the inner life of their workers. This was to maximize the effectiveness of scientific management.

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[23] *Kaisho* (Circulating Letter in Kanebo). 24 September 1917, 12 November 1917.

[24] Toyo Bōseki Kabushiki Kaisha Shashi Henshu-shitsu (1986), pp. 230–233.

[25] In addition to Muto, other managers in the cotton spinning industry were interested in labor science: Magosaburo Ohara of Kurashiki Spinning developed a unique preferential policy, named "Rōdō Risō-shugi" (Labor Idealism), toward workers and established the Kurashiki Rōdō Kagaku Kenkyūsho (Kurashiki Institute of Labor Science) in 1921, asking Gito Teruoka, a medical doctor, to be its director. For details, see Abe (2017).

In Japan, scientific management did not see large-scale adoption until the middle of the Taisho Era (1912–1926), and especially during the industrial rationalization movement promoted amid the global economic depression in the early Showa Era (1926–1989). However, ahead of other industries, major cotton spinning companies had been implementing standardized operations since the mid-Taisho Era, and it was Muto of Kanebo who started this trend. While Muto’s foresight and keen sense of the times are highly regarded, the background to his advocacy of scientific operation methods lay in the various insights he gained while studying in the USA and the guidance he received from experiments at exemplary factories in Europe and the USA. Muto adopted the scientific management proposed by Taylor as a scientific means to realize his own ideas.

In the case of Kanebo, it can be said that Taylor’s Scientific Management was not only used to render the pioneering efforts in Japan more rational and persuasive, but also to elaborate efforts to promote it as a scientific tool, to encourage more scientific management, and to support the wider spread and expansion of the project. It is possible to consider that both Taylor and Muto arrived at the same solution to the universal management issue of managing a modern factory rationally and efficiently. In considering this viewpoint, in the case of Kanebo, it is not a question of which of Taylor’s or Muto’s Scientific Management Methods came first or are superior, nor is it a question of localizing management methods that originated in different places. But that they were assimilated to systematize and authorize Muto’s management method. It can be claimed that this was a process of assimilation of scientific management into the Japanese approach, and a form of acceptance process when management methods were transferred.

For the movements of the left hand, eye, and right hand, the upper half shows the first and second seconds of preparation, and the lower half shows the first and second seconds of shuttle change.

2.4 Activities to Promote and Disseminate Scientific Management Methods

2.4.1 Establishment of Promotion and Extension Organizations for Education and Training of the Scientific Management Method

With the introducers of the scientific management methods mentioned in Sect. 2.2 as the core, promotion and dissemination groups began to be established, and education and training for the installation of scientific management methods at production sites were started. It is noteworthy that the terminology changed from “scientific management” to “efficiency” during the promotion and dissemination stage.

First, around 1915, Toshiro Ikeda established the Efficiency Association. In 1922, the Chūgai Industrial Research Association established the Efficiency Research

Department and brought out publications on efficiency promotion, as well as a series of booklets called "Efficiency Research Reports" (until 1930).

In the same year, the Sangyō Nōritsu Kenkyūjo (Institute of Industrial Efficiency) was established by the Kyōchō-kai (Harmonization Society), which is a foundation established in 1919 by the business community and the government for the purpose of labor-management cooperation. The institute hired Yoichi Ueno, who had traveled to Europe and the USA in October 1921 to conduct research on industrial psychology and efficiency, as its Director upon his return to Japan. The purpose of establishing the institute was stated as follows: "Although there have been many arguments about improving efficiency, and the writings of Taylor and Gilbraith have been translated and introduced, there has been very little research on the actual implementation of such research. [...] For the development of Japanese industry, there must be a central institute of efficiency research to guide the implementation of efficiency methods" (Kyōchō-Kai 1923, pp. 125–126). The institute raised eight activities, including lectures and courses, publications, consultation, implementation, training of engineers, aptitude testing, introduction of equipment and machinery manufacturing, and experimental research. In 1925, 3 years after its establishment, the institute left the Kyōchō-kai due to financial problems and changed its name to the Nihon Sangyō Nōritsu Kenkyū-sho (Japan Institute of Industrial Efficiency), and started getting run by Ueno himself. Regarding the relationship with the Taylor Society in the USA, Yukinori Hoshino and other Japanese citizens had been members of the Taylor Society since 1920. By 1925, the number of members had grown to 14. The Secretariat is located at the Nihon Sangyō Nōritsu Kenkyū-sho. In this way, Ueno became one of the symbols for the promotion and dissemination of scientific management methods.

Apart from the above activities centered in Tokyo, in Osaka, an economic and industrial city, lectures and seminars on scientific management methods, as well as a project to train efficiency engineers, were promoted since 1922, mainly by the Osaka Prefectural Industry Department, the local government (Takahashi 1994, pp. 84–85). Further, the Osaka Prefectural Institute of Industrial Efficiency and Management was established with a staff of 33 (including 10 engineers) in 1925 (Sawai 2012). The institute had conducted activities included surveys and research, factory diagnosis, lectures and workshops, and guidance for the following five areas: scientific management methods, labor physiology, industrial psychology, standardization, machinery, and equipment (Sawai 2012).

Following this, in 1925, Shinzo Uno, an engineer at the Osaka Prefectural Institute of Industrial Efficiency, retired from the institute and established the Japan Association of Efficiency Engineers, which published the journals *Sangyō Nōritsu Kenkyū* (Industrial Efficiency Research) and *Kōjō Keiei Shiryō* (Monograph for Factory Management). In 1927, the Efficiency Study Groups which were established separately in Osaka and other cities merged to form the Japan Federation of Efficiency.

In 1930, the government promoted industrial rationalization as an industrial policy in response to the lifting of the gold ban; the Temporary Industrial Rationalization Bureau was established to promote this policy. As part of the Bureau, the Production Management Committee was constituted to promote scientific management methods. Committee members included Oki-ie Yamashita, Takuo Godo, Shigeo Kato, Toichiro Araki, and others who had introduced and promoted the scientific management methods mentioned in Sect. 2.2 (Sasaki and Nonaka 1990, pp. 250–252). In line with the proposal of the Production Management Committee (PMC 1932), the Japan Industrial Association was established in Osaka in 1931 as a central organization to improve production control. Later, in 1942 (during World War II), under the guidance of the Ministry of Commerce and Industry, the Japan Management Association was established by merging the Japan Federation of Efficiency and the Japan Industrial Association, thus uniting the private-sector-led and government-led promotion and dissemination organizations.

Training courses for efficiency engineers began in 1922 at Tokyo and in 1923 at Osaka. First, at Tokyo, the Tokyo Efficiency Study Group was organized under the leadership of the Tokyo Prefectural Commerce and Industry Promotion Center, and the first Efficiency Engineer Training Seminar was held for 42 days from November 3 to December 22, 1922, from 5:00 to 8:00 pm every day for 3 h. The course was open to all those who were engaged in commerce and industry in Tokyo Prefecture, and who had graduated from high school and had the academic ability to read English books. The course content is shown in the column (a) of Table 2.1. The lecturers were Matataro Matsumoto, Yoichi Ueno, Nobuo Noda, Toshiro Ikeda, and Hisomu Nagai (physiology), among others. Thirty-five people (11 others attended as auditors) applied against a quota of 25. They were graduates from universities or vocational colleges dispatched from companies such as Ikegai Iron Works, Hoshi Pharmaceutical, Nippon Rubber, Tokosha, Tokyo Keiki, Fujikura Electric Wire, Ishikawajima Shipbuilding, Sankyo, Mitado-rubber (the oldest rubber company in Japan), Kanebo, Shibaura Manufacturing, Tokyo Gas Electric, Yamazaki Shokosha (now Citizen Watch), Otsuka Ironworks, Swan Fountain Pen, and Marumiya Factory (Mitsuwa Soap) (*Yomiuri Shimbun*, November 7, 1922).

The second Efficiency Engineer Training Seminar was held for 50 days from April 25 to June 21, 1923, from 2:00 p.m. to 6:00 p.m. daily. The target audience was raised to college graduates and above. As shown in the column (b) of Table 2.1, the content of the courses was more structured compared to the first seminar (*Tokyo Asahi Shimbun*, April 15,1923).

At Osaka, the temporary training institute for efficiency engineers was established in March 1923, the training lasting a total of 264 h over 60 days. According to the bylaw, the subjects were very similar to those of the second training course for efficiency engineers in Tokyo, as shown in Table 2.2. By March 1924, this temporary training course for efficiency engineers had been held five times, including three courses on factory efficiency (243 graduates), one course on store efficiency (100 graduates), and one course on commerce and industry efficiency (106 graduates). In addition to Yoichi Ueno, Toshiro Ikeda, and Toichiro Araki, who had taught at the Efficiency Engineer Training Seminar in Tokyo, the 49 lecturers included Yutaka Kunimatsu, Toshio Nogami, Fukumatsu Muramoto, Yukinori Hoshino, and others who introduced and promoted scientific management methods in the Kansai region (OPIIM 1976, pp. 23–25).

Fifteen years after the commencement of training for efficiency engineers, a training program called “work study interns” was established by the Japan Industrial

Table 2.1 Curriculum of the training seminar for efficiency engineers in Tokyo

(a) the first seminar (Nov. 3–Dec. 22, 1922)

Subject	Hours
Introduction to scientific management	6
History of efficiency study	12
Wage theory	6
Time and motion studies	10
Experimental psychology	6
Survey methods for efficiency	6
Biometric methods	4
Tests and their practical training	10
Fatigue physiology and its practical training	10
Mental movement	8
Factory sanitation	8
Office efficiency	6
General psychology	12
Reading books and documents	10
Other lectures	12
Total	126

(b) the second seminar (Apr. 25–June 21, 1923)

Unit and subunit	Subject
1. Basic unit	
(a) Psychology	Psychology
	Practical training of psychological experiments
(b) Medicine of labor	Theory of nutrition and fatigue
	Factory sanitation
	Pathology of labor
(c) Engineering	Building regulations
	Power and machine efficiency in factory management
	Lighting
(d) Accounting	Labor regulations
	Commercial and industrial management, capital theory
	Scientific study of sales and advertisement
	Cost accounting
2. Efficiency unit	
	Aptitude test
	Practical training of aptitude test and its organizing method
	Psychology of efficiency
	History of efficiency studies
	Scientific management
	Theory of wages
	Practical training for time study
	Method for implementing efficiency method and its practical training
3. Science lecture	
	Standardization of industrial products
	Facilities for social welfare
	Office management
4. Others	
	Factory tour

Table 2.2 Curriculum of the first temporary training institute for efficiency engineers in the Act 5 of its bylaw

Unit type	Courses
Efficiency unit (60 h)	History of efficiency studies: Origin and present situation
	Scientific management methods (esp. standardization theory, factory organization theory)
	Theory of wages
	Psychology of efficiency
	Methods for implementing efficiency and their practical training
	Practical training of time and motion studies
	Reading books (textbooks by Taylor, Gantt, Emerson, Gilbreth, etc.)
Psychology unit (36 h)	Psychology
	Mental tests and their practical training
	Practical training of psychological experiments
Medicine of labor unit (20 h)	Theory of nutrition and fatigue
	Factory sanitation
	Pathology of labor
	Eugenics
Engineering unit (30 h)	Industrial efficiency and economy
	Power and machinery efficiency in factory management
	Unification of industrial standards
	Factory construction
Accounting unit (48 h)	Commercial and industrial management
	Method for office efficiency
	Cost accounting
	Methods for advertisement and sales
	Statistics (including methods for tabulation and drafting)
Extracurricular lecture (some hours)	

Source: OPIIM (1976), p. 24

Association in September 1937 in response to the shortage of researchers to conduct work studies necessary to implement work rationalization in each factory. Applications were accepted twice a year, for a period of 2 months (later 3 months), with 12 applicants per training session. Ken-ichi Horigome and Tsuneo Ono, engineers of the Japan Industrial Association, were engaged as trainees. According to the advertisement for the third training course, which started in September 1938, the training program was divided into two parts: (A) training on the qualities of work researchers and (B) training in technical methods. The former consisted of (1) attitudes and tips for working researchers, and (2) methods for measuring labor and capital coordination. The latter consisted of six items: (1) analytical study of working methods, (2) improvement of working methods, (3) observation of working time, (4) study of leeway, (5) use of work study materials, (6) maintenance of standard working methods and speed. Most of the trainees in this program were sent by companies in the heavy and chemical industries, such as Hitachi, Shibaura, Furukawa Electric, Sumitomo Metals, Nippon Steel, Kobe Steel, and Sankyo (Japan Industrial Association 1938, pp. 1–6).

2.4.2 Education of Scientific Management at Institutions of Higher Education

How have scientific management methods been taught in institutions of higher education, such as universities and vocational colleges? In previous studies, we have often discussed this issue without making a distinction between economic/commercial departments and industrial departments. In this subsection, we will distinguish between the two, because the meaning of education is considered to be quite different.

First, let us look at the education of scientific management methods in economic and commercial departments. It has been said that scientific management methods were taught as a course at an institution of higher education was around 1914, when Tetsuzo Watanabe taught them as a voluntary course at the Department of Commerce, the College of Law at the Tokyo Imperial University. However, it was not until 1919 that “Theory of Factory Management” became a required course in the Department of Commerce, Faculty of Economics, Tokyo Imperial University.

Next, in 1919, Otaru Higher Commercial School offered classroom lectures on “Commerce and Industry Management (Store Management, Factory Management, Cost Accounting),” as well as an exercise course named “Enterprise Practice,” which was taught by Yutaka Kunimatsu. In 1921, Kunimatsu moved to the newly established Nagoya Higher Commercial School, which also offered a course named “Management Theory” to teach scientific management methods. In 1924, a 1-year postgraduate course named “Commerce and Industry Management” was established at the Nagoya Higher Commercial School, where Kunimatsu was in charge of a subject called “Industrial Efficiency.”

In addition, Tokyo University of Commerce and Faculty of Economics at Keio University offered a course named “Factory Management” as an elective course from around 1922, each taught by Koichi Kanda of the Monopoly Bureau. In 1928, Osaka University of Commerce, which had been promoted to a university, also offered a course on “Factory Management,” which was taught by Fukumatsu Muramoto. Syllabi, lecture notes, and textbooks for the courses taught by Watanabe, Kunimatsu, Kanda, and Muramoto have survived, confirming that scientific management methods were covered not only in the course titles but also in the content.

In the higher educational institutions for economics and commerce, such as the Faculty of Economics of Kyoto Imperial University and Nagasaki Higher Commercial School, a course titled “Commerce and Industry Management (Studies)” was established from around 1925, in which scientific management methods seem to have been covered in relation to the wage system (Otsuka 1937).

It should be noted that “factory management” courses at various universities were offered as 2-h courses per week for 1 year, while courses at higher commercial schools were offered as 2-h courses per week for 6 months to 1 year.

Next, let us look at the education of scientific management methods in engineering departments. First, it is important to note that, although there were only a few courses on economics and commerce in engineering higher education, these courses were offered from the very beginning of the school’s establishment. In addition, “Bookkeeping” course was started at the Tokyo Technical School, which was established to train head craftsmen and teachers for vocational schools. Thereafter, “Industrial Economics” and “Industrial Bookkeeping” were introduced with the objective of imparting practical knowledge of the field to engineers; this was after the school was renamed Tokyo Higher Technical School in 1902. After 1900, higher technical schools were established in various places outside of Tokyo. With a few exceptions, such as Nagoya Higher Technical School, most national higher technical schools offered “Industrial Economics” and “Industrial Bookkeeping” as courses.

In 1910, the Department of Mechanical Engineering in the College of Engineering at Tokyo Imperial University was the first to offer a course titled “Factory Management (Method).” Engineers from the Railway Bureau (Ministry of Railways after 1920) were appointed as lecturers, and after 1926, Oki-ie Yamashita, who introduced scientific management methods at the Ministry of Railways (as mentioned in Sect. 2.2) took upon this role.

In addition, prior to the higher technical schools, the Ueda Silk Yarn Polytechnic and the Tokyo Imperial College of Sericulture in 1911 and 1914, respectively, had started courses entitled “Theory of Factory Management” (lecture course) and “Factory Management” (practical training course) in their respective silk-reeling departments since their inception. The establishment of the “Factory Management” course in the Silk-reeling Department was partly due to the influence of the Minorikawa Silk-reeling School (closed in 1902), established in 1900 by Naosaburo Minorikawa of the Minorikawa Works for the education of silk production. We could find no evidence that scientific management methods were covered in the course from the beginning. However, it can be inferred that research and education on scientific management methods was underway at those colleges by at least the late 1920s from 2 instances: (a) the publication of Theory of Silk Production Efficiency by Fusakichi Nakagawa (Nakagawa 1928), an assistant professor at the Tokyo Imperial College of Sericulture, and (b) the fact that approximately 30% of the courses taught by the teachers of the Tokyo Imperial College of Sericulture at the silk industry management seminar held by the Ministry of Education in the fall of 1930 were related to efficiency improvement and rationalization.

The first two higher technical schools to offer a course on “factory management” were the Nagoya Higher Technical School and the Kiryu Technical College in 1919, both of which offered the course in textile-related departments. The person in charge of the course at Nagoya Higher Technical School was Hirosuke Moriyama, mentioned in Sect. 2.2. At the Kiryu Technical College, Hirotaro Nishida commenced the course as the school Principal and was also in charge of the course from 1922. Incidentally, Nishida was a rare teacher who stressed the importance of management in engineering education. He was a researcher specializing in dyeing and chemical industry, but 1918 onwards, he was the principal of Kiryu Technical College for 27 years, where he had his own policy of education. In his speech at the tenth anniversary of Kiryu Technical College in 1925, he stated that his educational policy was to give priority to the students' personalities and that "in addition to the cultivation of personality, concepts ranging from economic thinking, knowledge of factory management and organization to industrial administration will be imparted to the students so that they can learn both technical and professional skills" (Kiryu Technical College 1942, p. 300). It is thought that he devised the above educational policy because he had been involved in the management of Japan Celluloid Artificial Silk Yarn as a chief engineer and an executive before he became a professor at Kiryu Technical College. In addition, Nishida traveled abroad for 13 months from June 1929 to conduct research on economic and industrial education in Europe and the USA (Kiryu Technical College 1942, p. 888).

The establishment of "factory management" courses in non-textile departments of higher technical schools took place between 1920 and 1924, as shown in Table 2.3. However, in many cases, instructors were selected from nearby higher commercial schools or from among engineers working in companies, and only two schools, Yokohama Higher Technical School (Toichiro Araki) and Nagaoka Higher Technical School (Kanzo Kiribuchi), can confirm that scientific management methods were taught by the efficiency specialists.

However, the absence of "factory management" courses does not necessarily mean that scientific management methods were not covered in industrial education, as can be seen from the following two examples. In the teaching guidelines for "Economics and Factory Accounting" at the Hiroshima Higher Technical School (1927–1937), "Factory Accounting" section consisted of two parts: factory accounting methods and factory management methods. The former included industrial bookkeeping and cost accounting, while the latter included factory management methods and labor management, with scientific management methods also listed as an educational topic. In addition, according to the teaching guidelines (syllabus) for "Law and Economy" at Nagoya Higher Technical School (1929–1933), the section that had been "Industrial Economy" until 1928 was changed to "Industrial Efficiency," and the subjects included "Industrial Efficiency, Scientific Management, Rationalization of Management, Standardization Principles, Time Studies, Skills Transfer, Fatigue Studies, Wage Systems, Factory Organization Theory, Management Methods for Raw Material, Process Control Theory, Cost Accounting, and Factory Diagnosis (Nagoya Higher Technical School 1929, p. 88). Further, it is confirmed that the lecturer in 1929 and 1930 was Yutaka Kunimatsu.

As in the Economics and Commerce departments, the number of hours of "Factory Management" classes in the Engineering departments were only 1 to 2 h per week per year, and it seems that they remained at the stage of acquiring knowledge.

In the USA, after the creation of the Industrial Engineering course at Pennsylvania State College in 1908 (promoted to a department in 1909), the course expanded to 15 colleges by the end of the 1920s (Emerson and Naehring 1988, pp. 45–55). In

Table 2.3 Courses offered related to the scientific management method in Higher Technical Schools 1915–1926

Schools and Colleges	Year of establishment	Course name	Start year	Departments covered
Nagoya Higher Technical School	1905	Factory management	1919	Weaving
Higher Technical School of Kumamoto	1905			
Sendai Higher Technical School	1921			
Yonezawa Higher Technical School	1910	Factory management method	1924	All dept.
Kiryu Technical College	1916	Factory facilities and management	1919	All dept.
Yokohama Technological College	1920	Factory administration and management	1920	All dept.
Hiroshima Higher Technical School	1920	Economy and factory accounting	1922	All dept.
Kanazawa Higher School of Technology	1921	Industrial economy and factory management	1926	Mechanical engineering, applied chemistry
Meiji College of Technology	1921 (1909)	Factory management	1921	Mechanical engineering
Kobe Technical College	1923			
Hamamatsu School of Technology	1923	Industrial management	1924	All dept.
Tokushima Higher Technical School	1923			
Nagaoka Higher Technical School	1924	Industrial management	1924	All dept.
Fukui Technical College	1924			
Yamanashi College of Technology	1924			

Meiji College of Technology was established as a private college in 1909, then became a national college in 1921.

Japan, however, the establishment of a separate department for factory management had to wait until 1935, when it took the form of an Industrial Management sub-department in the Faculty of Science and Engineering at Waseda University. The curriculum specific to the Industrial Management department at Waseda University, which was prepared by Sadao Hatano, the president of the Japan Federation of Efficiency, is shown in Table 2.4 (UHCCoWU 1989, pp. 176–178). Comparing this curriculum with that of the Manufacturing Production Program at the University of Akron (Table 2.5), from which Toichiro Araki graduated, we can see that they are quite similar.

Table 2.4 Curriculum of industrial management sub-department at Waseda University (1935 & 1937)

Course subject	1935	1937
Industrial management	*	*
Factory management and personnel management	*	
Production management	*	
Work study	*	
Office management	*	
Industrial psychology	*	
Practical training of making correspondence	*	*
Practical training of industrial management	*	*
Practical training of foreign language	*	*
General theory of law	*	*
Accounting	*	*
Money and economy	*	*
Commerce	*	*
Principles of economics	*	*
Transportation economics	*	*
Statistics		*
Industrial legislation		*
History of industrial development		*

* indicates the course was listed.
Source: UHCCoWU (1989) p.177–178, Calendar of Waseda University at 1937

Furthermore, in order to compare the content of "factory management" education in Japan with that of Industrial Engineering education in the USA, a comparison was made between "Factory Organization and Administration" by Hugo Diemer, considered to be a representative text of Industrial Engineering, and Japanese textbooks such as Kunimatsu (1926) and Kiribuchi (1932). Since its first edition was published in 1910, *Factory Organization and Administration* was in existence till 1935 (publication of its fifth edition), and its contents changed. Here we will focus on the third edition (Diemer 1921) (Table 2.6). Tables 2.7 and 2.8 show the table of contents of Kunimatsu (1926) and Kiribuchi (1932), respectively. The structure and content of Kiribuchi (1932) are similar to those of Diemer (1921). Kunimatsu (1926) focuses more on the periphery of scientific management than on factory management as a whole and can be considered a digest version of *Factory Organization and Administration, Industrial Organization and Management* (Diemer 1917) (See Table 2.9).

2.4.3 Efficiency Exhibition

The use of the term "Nōritsu (efficiency)" in the process of promoting and disseminating scientific management methods has been mentioned before, but one of the activities that contributed to increasing its visibility among the non-technical public, was the holding of exhibitions. Several "efficiency exhibitions" were held up to

Table 2.5 Program of manufacturing production 1919–1920 in university of Akron

	Freshman Year	Sophomore Year	Junior Year	Senior Year
First semester	Military or physical training	Military or physical training	Chemistry	Physics
	Trigonometry	Analytic geometry	Modern language	Modern language
	Surveying	Economics	English composition	D. C. electricity
	Mechanical drawing	Modern language	Materials laboratory	D. C. laboratory
	Bookkeeping	Co-ordination	Business organization	Banking
	Co-ordination			Thesis
Second semester	Military or physical training	Military or physical training	Chemistry	Physics
	Algebra	Statistics	Modern language	Modern language
	Cost accounting	Economics	English composition	A. C. electricity
	Elementary mechanics	Modern language	Engineering lab.	A. C. laboratory
	Machine drawing	Co-ordination	Commercial law	Corporation finance
	Co-ordination			Thesis
Summer term	Analytic geometry	Biology	Transportation problems	
	Accounting problems			

Source: Annual Catalog 1919 of the Municipal University of Akron

1945, but here we will focus on the two pioneering exhibitions of efficiency, one held in Osaka in 1924 and the other in Nagoya in 1925.

According to AoEE (1924), the Industry and Trade Promotion Investigation Committee of the Osaka Chamber of Commerce decided to hold the Osaka Efficiency Exhibition in January 1923. Taichi Nakayama and five other executives of the Chamber of Commerce were appointed as Secretaries to implement the plan. Owing to the Great Kanto Earthquake, the exhibition was postponed and was held from March 15 to April 20, 1924. Although the Osaka Kangyō-kan (Osaka Messe Exhibition Center) was used as the venue, Tennoji Park, where the Kangyō-kan was established, was often used in the past as a venue for expositions and other events.

The exhibition was originally planned to be held under the auspices of the Osaka Chamber of Commerce, but an organization called the “Efficiency Exhibition” was specially established to organize the event, with support from Osaka Prefecture, Osaka City, and the Osaka Chamber of Commerce. The organization was headed by Nozomu Nakagawa (Governor of Osaka Prefecture), with Hajime Seki (Mayor of

Table 2.6 Table of contents of Diemer (1921)

Chapter	Title	Percentage of all pages
Chapter I	The Principles, Field and Methods of Industrial Management	3.3%
Chapter II	Industrial Finance	2.1%
Chapter III	Organization and Control	4.4%
Chapter IV	Typical Factory Organizations	3.1%
Chapter V	Factory Accounts	1.8%
Chapter VI	Departmental Reports	3.3%
Chapter VII	Factory Location	2.3%
Chapter VIII	The Planning of Factory Buildings; and the Influence of Design on Their Productive Capacity	7.5%
Chapter IX	Personnel Department	6.9%
Chapter X	Office Management	1.5%
Chapter XI	The Order Department	2.6%
Chapter XII	Bills of Material	1.8%
Chapter XIII	The Drafting Department	2.6%
Chapter XIV	The Pattern Department	1.5%
Chapter XV	The Purchasing Department	2.6%
Chapter XVI	Stores and Stock Department	4.1%
Chapter XVII	Planning and Supervising Production	5.9%
Chapter XVIII	Foundry Systems	3.1%
Chapter XIX	The Machine Shop and Tool Department	4.4%
Chapter XX	Shipping and Receiving Departments	2.6%
Chapter XXI	Time Taking	4.6%
Chapter XXII	Cost Department	5.9%
Chapter XXIII	Aids in Taking Inventory	3.3%
Chapter XXIV	Inspection Methods in Modern Machine Shops	3.1%
Chapter XXV	Rate Fixing and Time Studies	3.3%
Chapter XXVI	Wage Systems	4.4%
Chapter XXVII	Principles Underlying Good Management	3.9%
Chapter XXVIII	A Bibliography of Works Management	3.9%

Osaka City) and Katsutaro Inahata (President of the Osaka Chamber of Commerce) as Vice Presidents, and Yoichi Ueno, Toshio Nogami, Yukinori Hoshino, other experts in scientific management methods, and people from Osaka business circles (including Zen-emon Konoike and Kichizaemon Sumitomo) as advisors.

The contents of the exhibition can be divided into four categories: (1) 58 exhibits related to industrial efficiency, from organizations such as Nippon Elevator Works, Toyo Seikan, Toyo Bōseki, Osaka Steel, the Institute of Industrial Efficiency of the Kyōchō-kai, and others, from all over Japan. (2) 20 exhibits related to government and public ministries and Efficiency Exhibitions. These include companies in Osaka known for their scientific management methods, such as Nakayama Taiyōdō and Fukusuke Tabi Shoes. (3) 60 exhibits related to store efficiency. (4) 66 cases related to general efficiency. In addition, lectures by Carl Barth and Takuo Godo were held.

Table 2.7 Table of contents of Kunimatsu (1926)

Chapter & Title	Percentage of all pages
Part 1: Introduction	
Chapter 1. Scientific management method	1.1%
Chapter 2. Management and administration	0.7%
Chapter 3. Efficiency and scientific management	1.3%
Chapter 4. Brief history of scientific management	2.6%
Chapter 5. Origin of the name scientific management	0.9%
Part 2: Study on laws of efficiency	
Chapter 1. Time study	8.1%
Chapter 2. Motion study	3.7%
Chapter 3. Operation instruction card	2.9%
Chapter 4. Standardization	2.2%
Chapter 5. Fatigue study	5.3%
Chapter 6. Selection of suitable person	1.3%
Chapter 7. Classification and coding method	2.4%
Part 3: Maintenance and Implementation of Laws of Efficiency	
Chapter 1. Efficiency compensation system	11.0%
Chapter 2. Factory organization	9.2%
Chapter 3. Maintenance of standardization	5.3%
Chapter 4. Control of production process	12.9%
Part 4: Efficiency Audit	
Chapter 1. Factory diagnosis	4.2%
Chapter 2. Preparation of management reform	1.3%
Chapter 3. Efficiency and inefficiency audit	5.5%
Chapter 4. Efficiency audit and cost accounting	2.2%
Part 5: Cost Accounting	
Chapter 1. Cost accounting and management	0.4%
Chapter 2. Elements of cost	1.1%
Chapter 3. Primary cost	2.2%
Chapter 4. Indirect factory expenses	3.3%
Chapter 5. Record of costs	3.1%
Chapter 6. Handling of depreciation	0.9%
Conclusion: Review of Scientific Management Method	4.8%

The fact that 98,000 people visited the exhibition, even though it was fee-based, shows that it succeeded in attracting the interest of not only engineers but also the general public.

In October 1925, a year and a half after the Osaka exhibition, an Efficiency Exhibition was held at the Aichi Commodity Exhibition Hall in Nagoya. According to ERSoA (1926), as in the case of Osaka, an executive organization called the Efficiency Exhibition was created, with Haruki Yamawaki, governor of Aichi Prefecture, as Chairman and Yutaka Kunimatsu as Advisor. The council members included Hattori Shōten (now Kowa Company), Nippon Tōki (now Noritake),

Table 2.8 Table of contents of Kiribuchi (1932)

Chapter & Title	Percentage of all pages
Part 1: Industrial Development and Changes in Corporate Forms	
Chapter 1. History of industrial development	3.6%
Chapter 2. Development of our industry	2.2%
Chapter 3. Types and current status of our industry	1.8%
Chapter 4. History of the development of industrial management	1.9%
Chapter 5. Corporate form and corporate control bodies	2.2%
Part 2: Factory Organization	
Chapter 6. Principles of factory organization	3.6%
Chapter 7. Organization of the factory	3.2%
Chapter 8. Representative system of the factory	2.8%
Part 3: Construction of the Factory	
Chapter 9. Selection of factory area	2.4%
Chapter 10. Overview of production process: factory cost planning	3.9%
Chapter 11. Factory planning	3.3%
Chapter 12. Factory Construction and attached equipment	2.8%
Chapter 13. Heating, ventilation, lighting, and fire protection facilities	3.2%
Part 4: Production Management	
Chapter 14. Purchasing and warehouse management	3.8%
Chapter 15. Material handling and control	3.6%
Chapter 16. Standardization of operation and wage rate setting	7.4%
Chapter 17. Production management	9.2%
Chapter 18. Control of quality and inspection	1.4%
Chapter 19. Management of tool rooms	1.5%
Chapter 20. Factory cost (or manufacturing cost)	3.6%
Chapter 21. Maintenance of production equipments	1.7%
Chapter 22. Measurement of management	1.4%
Chapter 23. Management of offices	2.1%
Part 5: Labor Wages	
Chapter 24. Foundation of labor wages	3.3%
Chapter 25. Types of wage payments	6.1%
Part 6: Personnel Management	
Chapter 26. Management, training, and development of executives	1.3%
Chapter 27. Selection and training of workers	4.6%
Chapter 28. Maintenance of working environment	4.0%
Appendices	
(I) Simplification and standardization	2.6%
(II) Classification and coding method	3.9%
(III) About industrial regulations	1.3%

Nippon Sharyō, Toyoda's Loom Works (now Howa Machinery), Toyo Bōseki, Okamoto Bicycle and Automobile Works, Kondo Spinning Works, Teikoku Twisted Fiber Textile, Suzuki Violin Factory, Matsuzakaya, and Nagoya Pottery

Table 2.9 Table of contents of Diemer (1917)

Chapter	Title	Percentage of all pages
Chapter I	The Princeples of Business Organization	5.3%
Chapter II	Types of Organization	5.3%
Chapter III	Locating an Industry	4.2%
Chapter IV	Manufacturing Plants and Equipment	6.3%
Chapter V	Buying	5.3%
Chapter VI	Receiving, Storing, and Recording Materials	6.0%
Chapter VII	Planning	6.7%
Chapter VIII	The Determination of Costs	6.7%
Chapter IX	Methods of Collecting Material and Labor Costs	6.7%
Chapter X	The Distribution of the Expense Burden	5.3%
Chapter XI	Standardization	6.7%
Chapter XII	Scientific Management	4.6%
Chapter XIII	Time and Motion Studies	5.3%
Chapter XIV	Wage Systems	8.5%
Chapter XV	Welfare and Betterment Work	5.6%
Chapter XVI	Employment Problems	6.7%
Chapter XVII	Report to Executives	4.9%
Index		

(now Narumi), all of which had implemented scientific management methods in the Chukyo area business community.

The exhibits included: (1) 23 on factory efficiency, (2) 23 on store efficiency, and (3) 28 on general efficiency. Exhibits related to factory efficiency included not only companies from Aichi Prefecture, but also Osaka-based companies such as Nakayama Taiyōdō, Fukusuke Tabi Shoes, and Osaka Steel, as well as the Osaka Prefectural Institute of Industrial Efficiency. In addition to the exhibits, there was a film about production work, and typewriting and shuzan (calculation on the Japanese abacus) competitions were also held. Although the exhibition was held for 21 days, lasting less than the Osaka exhibition, it attracted 68,463 visitors, partly because it was free of charge.

These exhibitions contributed to educating the general public about modernization and rationalization, and at the same time, served as an opportunity to showcase the modernity and advanced nature of the companies that introduced scientific management methods. It is interesting to note that the “gaze of others” of the exhibitions was used to motivate the companies that worked on scientific management methods.

2.5 Analysis

This section attempts to analyze the historical evidence discussed up to 2.4. In our analysis, we employ two frameworks—one based on the context of standardization, and the other, on translation theory.

Traditionally, scientific management methods have been understood in various ways based on their nature. Here, it is understood as a method and a way of thinking for standardization of production. The first stage of standardization of production (Standardization 1.0) is the emergence of a production system based on the standardization of parts. Although the idea of production with standardized interchangeable parts originated in France, with the production of guns in the late eighteenth to nineteenth century, it spread to the USA, where it was established as the "American method of production" (Hounshell 1984).

The scientific management method pursues labor and workflow standardization and cost equalization (standardization), rather than standardization of parts and other goods themselves, and can be considered the second stage of standardization of production (Standardization 2.0).

What is the background of the attention to and introduction of labor and workflow standardization in Japan? Here, we would like to focus on the following three points. First is the modernization of Japanese industry. Recognizing that it was lagging behind the West in modernization, Japan sought to rapidly modernize its industry, and domestically produce a wide range of industrial products. In particular, the difficulty of importing industrial products from Europe during WWI led to the domestic production of heavy and chemical industrial products from the 1920s onward. Despite being a backward country, Japan introduced state-of-the-art machinery and employed new workflows to match the machinery. Therefore, it is thought that scientific management methods were focused on and introduced as a foundation to support these changes. Second, as a result of a series of corporate mergers, there was pressure to standardize labor and workflow in order to unify production methods with those of the merged firms and improve productivity gaps. In some cases, mergers of enterprises resulted in the acquisition or merger of ailing companies, as in the case of the spinning industry, while in other cases, the nationalization policy of the railroads (1906–1907) resulted in the integration of private railroad companies in various regions. Third is the spread of Western rational thinking. In the past, companies and government offices wrote administrative documents by hand in the Japanese language, which has a mixture of kanji and kana characters. However, the Kanamoji-kai,[26] of which Yukinori Hoshino and Yoichi Ueno were members, proposed writing documents horizontally in kana characters like Western languages, and developed a kana-Japanese typewriter. In 1921, the Weights and Measures Law was revised, and it was decided, as a matter of policy, to

[26] It was established in 1920 as the Kana-Moji Association, renamed Kanamoji-kai in 1923.

unify the metric system.[27] This may have contributed to the spread of Western rationality.

It should not be forgotten that the University Decree of 1919 increased the prevalence of acquiring university education, and many engineers with higher education entered corporate production sites in the 1920s.[28] This may have resulted in the replacement of field-taught foremen by technicians and field engineers with university and technical college degrees, leading to the discovery of Japan's own optimal workflow, using measurement and scientific management methods.

Let us now turn to an analysis based on translation theory. In translation, there is an intention or attitude of the translator as to how he or she perceives the source text and how to reflect it in the translated text.[29] Venuti (1995) refers to the translation strategies which preserve the cross-cultural characteristics of the source culture, as "foreignization," and those that adapt the cross-cultural characteristics to the target culture, as "domestication." These two are used as opposing concepts. Because thought and technologies introduced from abroad, including scientific management methods, are introduced to Japan through a translation process, this concept of translation strategies is considered useful for analyzing the introduction of thought and technologies.

Ogura (2008) presented the following two rules regarding foreignization and domestication.

The Law of Foreignization.

> When translators (including editors) focus on the source text/culture rather than the readers of the target language (TL), foreignization occurs in the TL. The greater the translator's (or editor's) respect for the source text/culture, the greater the rate of foreignization.

The Law of Domestication.

> Domestication occurs when translators (including editors) are more conscious of the target language (TL) reader than the source text/culture and try to create a translation that is easier to understand. The less knowledge the reader has of the source text/culture (and the more the translator/editor is aware of this), the greater the rate of domestication.

Let us use these laws to analyze the introduction process of scientific management. In the introduction stage of the scientific management method, it can be said that foreignization and domestication were used differently depending on the position of the introducer. Journalists such as Toshiro Ikeda, who aimed to introduce the scientific management methods to the general public, were more likely to use

[27] The revised law went into effect in 1924, but in practice the metric system and the traditional system of weights and measures coexisted for a while.

[28] According to Table 10 and Table 11 of Ministry of Education, Science and Culture (1972), the number of undergraduate university students in 1915 was 7403, while in 1925 the number jumped to 25,989 and in 1935 to 46,251. The number of students in technical schools/colleges similarly increased from 23,923 (1915) to 51,420 (1925) to 88,563 (1935).

[29] For a definition of translation strategies, Sato (2004) is quite helpful.

domestication, while scholars who tried to introduce the methods as an academic discipline were more likely to use foreignization. In the next stage of promotion and dissemination, in the training of efficiency engineers and in higher education, it is thought that the promoters and disseminators focused more on the source text/culture than on the readers (recipients) of the TL. In addition, because the prospective efficiency engineers and students had a certain level of knowledge of the source text/culture, the ratio of foreignization was considered to be large. However, as the propagation of scientific management progresses to a certain degree, the number of recipients of scientific management expands beyond those who have procured higher education. As a result, knowledge of the source text/culture decreases, and the proportion of domestication becomes larger.

The fact that the scientific management method was understood as a method for improving efficiency and spread with the word "efficiency" can be interpreted as one of the manifestations of domestication. This domestication can also be considered to have promoted the localization of scientific management methods in Japan.

2.6 Conclusion

In this chapter, we divided the installation of scientific management methods in Japan into three phases: introduction, adoption, and promotion/dissemination. Thereafter, we described each of them from a historical perspective. In addition, an analysis using standardization theory and translation theory was presented.

From the viewpoint of standardization, the installation of scientific management methods can be positioned as the introduction of the standardization philosophy at the production site. Although we tend to focus on the standardization of production processes including labor, the published texts and materials in Japanese suggest that the idea of standard cost was also introduced by the scientific management method. Furthermore, as a result of the simultaneous spread of Western rationalization ideas, it can be said that not only standardization of production, but also rationalization of office work progressed. It should also be noted that during the period of its introduction, increasing supply of higher education graduates led to a rise in the number of evangelists and trainers of scientific management methods.

Moreover, analyzed by translation theory, the renaming of the introduction of the scientific management method as an Efficiency movement, can be considered a manifestation of domestication. The "Japanization" of scientific management methods can be the result of localization through this domestication.

Next, we will examine the impact of the scientific management method on studies of business administration in Japan. First, the "separation of planning and execution," the "wage system based on task management," and the "objective setting of tasks," which are considered to be the characteristics of scientific management methods, possess a strong functional and analytical character based on measurement. This may have led to the emergence of positive management studies along with normative management studies, and to a major change in the character of management studies. The initial members of the Japan Society of Business Administration, which was founded in 1927, included efficiency engineers such as members of the Osaka Prefectural Institute of Industrial Efficiency and Toichiro Araki, Taichi Nakayama of Nakayama Taiyōdō, and professors of higher technical and sericultural schools. This would seem to indicate that the players of scientific management methods had expressed interest in and expectations of business administration.

Finally, we would like to discuss the relationship between scientific management methods introduced in Japan after WWI and (statistical) quality control introduced after WWII. In previous studies, the dominant view is that there is a disconnect between scientific control and statistical quality control methods because they have different players and promotion/dissemination organizations. However, the fact that the promotion and dissemination organizations have made a significant contribution to the promotion and dissemination of statistical quality control, as well as scientific management methods, is a result of the experience of introducing scientific management methods. A study also finds the origin of the proposal system (or the suggestion system) and small group activities in the quality control movement in the TWI (Training Within Industry), which was introduced to Japan after the WWII (Robinson and Schroeder 1993). However, according to a study of scientific management at the Japanese National Railways before WWII (Nishizawa 2020), work improvement study groups and invention (proposal) systems were started at the plant level around 1925. It is natural to assume that the activities used in the practical process of scientific management methods were also employed in quality management. The experience and memories of the localized scientific management method may have been embedded in various activities through the practice of the domestication of the scientific management method, and this may have been mistakenly understood to be the "Japanese way" after WWII. As this point has not yet been fully examined, we will reserve it as the subject of a future study.

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Chapter 3
The Acceptance of Human Relations Theory in Japan

Tetsuya Takahashi

Abstract Human relations theory has made a significant contribution to the history of business administration. This chapter will examine how human relations theory came to be accepted in Japan. Japan and the USA were at war when human relations theory was popularized in the USA, but the spread of human relations theory in Japan largely took place after the war with the USA. Therefore, it is necessary to examine the postwar economic context to understand how human relations theory came to be accepted in Japan. A review of the literature from the period reveals that human relations theory was used to harmonize labor–management relations during the chaotic postwar era. It is also clear that the content of TWI training, which was invented in the USA during the war, had a significant impact on the postwar Japanese economy. Kaizen, a management technique unique to Japan, is presumed to have been derived from this training. Subsequent developments in human relations theory saw it applied to human resource management and case study-based methods of education. Human relations theory developed and eventually dissolved into organizational behavior theory and human resource management theory under the influence of behavioral science.

Keywords Human relations theory · Hawthorne Research · GHQ · TWI · Job instruction · Job method · Job relations · Kaizen

3.1 Introduction

This chapter aims to clarify how human relations theory, which was imported from abroad, came to be accepted and developed in Japan. Human relations theory was introduced to Japan in the 1950s. It should be stressed that the 1950s in Japan was a chaotic period following World War II; in addition, it should be noted that human relations theory in the USA was taken over by behavioral science in the 1950s. Our

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working hypothesis is that the Japanese business community adopted a negative attitude toward human relations theory because it essentially emphasizes the importance of informal organization, which was not seen as appropriate to conditions in Japan, and because the Japanese academic community did not engage in developing human relations theory.

Odaka (1953) argues that human relations theory is regarded as a manipulative management technique in Japan and that although human relations theory may seem attractive, it is not conducive to democratic human relations. Sugiyama (2013) points out three reasons for this. First, many management methods that emphasize communication had been developed in the USA before World War II on the basis of human relations theory; such methods had already been introduced in Japan. Second, labor unions had been banned during the war; they were, however, legalized after the war and rapidly gained strength. Labor unions adopted a hostile attitude toward top management and made various demands. Top management needed to create appropriate measures to deal with labor unions, so it brought its paternalistic attitude to bear on workers by using management methods that emphasized communication (this topic is reviewed in greater detail on page 9). However, the labor unions opposed such methods. Third, the methods newly introduced by top management were quite different from those based on human relations theory; they remained the same as the personnel and labor management methods that had already been introduced and adopted.

On the one hand, the Japanese academic community shifted its attention from human relations theory to organizational theory in the 1950s and, as a result, research on human relations theory declined rapidly. On the other hand, a workplace management tool was introduced by the General Headquarters (GHQ) of the Supreme Commander of the Allied Powers: Training Within Industry (TWI) for supervisors, which was not seen as connected with human relations theory. However, as Odaka (1953) points out, TWI was deeply related to human relations theory; it was highly popular at that time and was still being used for supervisor training with modified content. Dinero (2005) points out that TWI is regarded as one of the sources of lean management (this topic is reviewed in greater detail on pages 13–14).

3.2 Research Method and Design

In this section, we describe our research methodology and design. We adopt the following methods to clarify how Japanese academia and industry accepted, developed, and transformed human relations theory.

First, we examine the diffusion process of human relations theory in the USA. Second, we examine the period when research findings from the USA were introduced to Japan. Third, we examine the reception of the research results by Japanese academia and industry. Fourth, we confirm that the measures used to secure the labor force in the wartime economy in the USA were used for the same purpose in Japan in recovering from World War II. Finally, we review the subsequent impact of human

Table 3.1 Hawthorne Research Summary

Research Description	Implementation Period	Main Participants
Station 1. Illumination experiment	Nov. 24, 1924–Apr. 30, 1927(2.5 years)	Jackson Bush Barker (MIT)
Station 2. Relay assembly experiments	Preliminary period + April 25, 1927–February 8, 1933 (5 years, 10 months)	Turner (MIT) Mayo (Since April 1928)
Station 3. Interview program	September 1928–around summer of 1931 (2 years, 3 months)	Mayo Roethlisberger Dickson.
Station 4. Bank wiring room experiments	November 13, 1931–May 19, 1932 (6 months)	Warner Roethlisberger Dickson.

See Gillespie (1993), Roethlisberger (1977), Wren (1994), and Yoshihara (2006).

relations theory. Through these, we describe the process of acceptance of human relations theory in Japan.

3.3 Outline of Human Relations Theory

In the history of business administration studies, the Hawthorne Research, which began in 1924, played a major role in the research that led to the development of human relations theory. The Hawthorne Research was a research study conducted at the Hawthorne Plant of Western Electric, a subsidiary of AT&T. It was conducted from November 1924 to May 1932 and included a wide range of research topics and participants. In the first half of the study, the relationship between lighting conditions and productivity was studied using F. W. Tyler's scientific management method as the theoretical premise. However, while the research did not yield the desired results, a research group led by G. E. Mayo, who became involved mid-way through the project, discovered that there was a relationship between human relations and productivity. This became a factor in the development of human relations theory. The most comprehensive report on the study was submitted by F. J. Roethlisberger and W. J. Dickson in 1939. The Hawthorne Research involved a wide variety of researchers and adopted a multidisciplinary approach, drawing on physiology, psychology, psychopathology, anthropology, and sociology. As a result, it is difficult to summarize the study, but I will attempt to do so. A summary of the Hawthorne Research is given in Table 3.1.

According to Roethlisberger (1941), human relations theory is an area of research that simultaneously advances both theory and research and professional formulation and practice. As a research method, it takes a clinical stance and advocates conducting research based on a conceptual scheme rather than random observation. He suggests that the role of the conceptual scheme should not be to explain but to direct attention to what should be observed. Next, I will give a brief description of the period during which there was a sustained focus on human relations theory.

In his article "Human relations: rare, medium, or well-done," Roethlisberger (2013) asked whether human relations theory was still in a "rare" state or if it had already reached a "medium" state or if it had passed the "medium" state and was "well-done." This article was published in the *Harvard Business Review* in 1948, and according to Roethlisberger, the field was already in a medium state by then. According to Davis (1957), US industry entered the "age of human relations" around 1945, leaving behind the "engineering age." According to Shindo (1978), US industry entered the "age of human relations" around 1945, leaving behind the "age of technology." Human relations was then in a "well-done" state, as can be seen by the fact that the term "human relations" was being used in a variety of ways. However, in the latter half of the 1950s, the popularity of human relations theory began to wane.

Next, we will consider how long the focus on human relations theory continued. To clarify the factors that led to the decline of the fad, human relations theory will be organized in terms of its main points and counterpoints. According to Landsberger (1958), Shindo (1977), Wren (1994), and Ohashi and Takebayashi (2008), the findings and shortcomings of human relations theory can be summarized as follows: (1) Employees in business organizations are not economic actors who always seek to maximize their economic rewards. (2) They are influenced by the behavioral norms of their work group (clique) rather than by comfortable physical conditions. Therefore, employee productivity is not directly affected by wages or working conditions but by employees' work ethic or morale. (4) Employees satisfy their need for a sense of belonging in the informal organization of their work group, and if their sense of satisfaction is high, their morale will be high. (5) Morale, which determines employee productivity, is a function of employee satisfaction. (6) This is the view of human beings known as the social model. Morale in the workplace group becomes important here in human relations management. However, there are some objections to the theory of human relations. These include: (1) disregard for formal organizations, (2) emphasis on the sense of belonging to the work group, but lack of perspective on the desire to maximize one's abilities and personal growth, (3) rejection of the hypothesis that employees with high morale and satisfaction with the workplace are more productive, and (4) overlooking of labor–management relations.

In addition, the emergence of behavioral science had an impact on human relations theory, and around 1950, a new field adopting an interdisciplinary approach named behavioral science was developed with the support of the Ford Foundation. The name "behavioral science" gradually replaced human relations theory. According to Roethlisberger (1977), the rapid spread of the term "behavioral science" and the popularization of the term led many of the scholars who were working in the new field to become behavioral scientists. He describes his impressions of that time as follows:

> I was the grateful recipient of generous grants from Program Five, which lasted until 1957, when the Program was terminated and many social scientists returned to their individual disciplines. By this time, I not only had no disciplinary home to return to, I also had no

> respectable label for my subject matter, because the words "human relations" had gone out of favor in both academic and foundation circles. I had to start a new cycle in my search for a subject matter. Before this shift in academic and foundation climates occurred and while I was still in favor and where the money was, I spent my time cultivating my focus for the development of human relations.[1]

As Roethlisberger noted, many social scientists returned to their fields of study. And he sensed a decline in human relations theory.

In 1957, the name of the course dealing with human relations at Harvard University was changed to *Organizational Behavior*, and the theory of human relations was phased out. In 1958, March and Simon published *Organizations*, which compiled the results of research in the behavioral sciences, and thereafter logical positivist research was actively promoted. After that, human relations theory was taken over by Lawrence and others who had studied under Roethlisberger. Around 1960, Argyris conducted research based on Roethlisberger's concept of skills and Rickert studied group phenomena from the standpoint of productivity. McGregor introduced the theories of the psychologist Maslow to management science. Herzberg conducted research to substantiate Maslow's theories. Their work is sometimes referred to as late-stage human relations theory. In this way, human relations theory was influenced by behavioral science and developed into a field called organizational behavior theory. The subject of their research was not human relations itself but leadership and motivation in the workplace.

3.4 Historical Background of the Introduction of Human Relations Theory to Japan

In this section, I will review the historical context before and after the introduction of human relations theory in Japan. The Hawthorne Research was completed in 1932. Mayo's *The Human Problems of an Industrial Civilization* was published in 1933. W. J. Dickson of the Hawthorne Plant and Roethlisberger of Harvard University published *Management and the Worker* in 1939. The emergence of human relations theory in the USA in the 1940s was due to the results of research conducted in the 1930s. The historical background of the Japanese economy during the same period should also be considered.

I will outline the historical background of Japan at that time, referring to Nakamura (1998). The Japanese economy experienced an incredible economic boom due to the effects of World War I. However, in 1920, the postwar depression set in, and a recession continued for more than a decade. In 1930, the Great Depression spread, and the Showa Depression arrived in Japan. In the midst of this depression, the Japanese attempted to occupy Manchuria on the Asian continent in 1930. The people, suffering from the depression, supported the actions of the

[1] Roethlisberger (1977), pp. 195–196

Japanese military, and in 1931, the Japanese occupied Manchuria and established the Manchukuo State, leading to the outbreak of an armed conflict between Japan and the Republic of China that lasted until 1933. The outbreak of this conflict was largely due to economic reasons. To try to break out of the global depression, the advanced nations imposed high tariffs on imports of other countries' goods and began a policy of protectionist trade between themselves and their colonies. As a result, Japanese goods were no longer sold. The imperialist countries that had only a few colonies were at a disadvantage. Therefore, they sought the redistribution of colonies, strengthened their military power, and invaded other countries to establish colonies of their own. Japan, too, began to expand its territory. Then, in 1937, the Sino-Japanese War broke out. The Pacific War broke out on December 8, 1941, and World War II ended with Japan's acceptance of the Potsdam Declaration in 1945.

In 1950, the Korean War broke out on the Korean Peninsula, which marked a turning point for the postwar Japanese economy. It began in June 1950, when the Democratic People's Republic of Korea (DPRK) invaded the Republic of Korea (ROK) in an attempt to reunify the country by force. In this war, Japan became a logistics base for the US military, and Japanese manufacturers produced and supplied goods for the US army. As a result, the Japanese economy was restored to its pre-war level around 1955, to the point where it was said to be "no longer postwar" (Economic White Paper, 1956). After that, the Japanese economy continued to recover steadily. After the postwar recovery period, there was a period of economic growth from the latter half of 1954 to 1957 based on capital investment and the spread of household electrical appliances (black-and-white televisions, electric refrigerators, and electric washing machines), which is known as the Jinmu economic boom. In addition, from 1959 to 1961, the industrial structure shifted to heavy and chemical industries, and the economy entered a period of promoting free trade and strengthening export competitiveness, which is known as the Iwato economic boom. In addition, social infrastructure was developed in preparation for the 1964 Tokyo Olympics. In particular, the development of transportation networks centered on the construction of the Shinkansen bullet train and expressways; this is known as the Olympic economic boom. The Japanese economy then entered a period of rapid economic growth, with an average annual real growth rate of 10%. This period of rapid economic growth continued until the 1973 oil crisis. From the 1930s to the 1950s, several wars had a great impact on the Japanese economy. Human relations theory emerged during this same period, and its impact was not small.

3.5 Acceptance of Human Relations Theory in Industry

In this section, I will review the state of discussions in Japanese academic societies with a view to understanding the reception of human relations theory in Japan. Specifically, I will focus on reports on human relations theory published by the Japan Academy of Business Administration in the 1940s and 1950s. The Japan Society of Business Administration is the home of business administration research in Japan, and its first annual conference was held in 1926. We conducted a survey of the titles of the annual conference reports of the Japan Academy of Business Administration to identify papers concerned with human relations theory. The number of papers identified was zero in the 1940s, eight in the 1950s, three in the 1960s, and one in the 1970s. No relevant papers were published in the 1940s because of the impact of the war. In the 1950s, there were those who actively tried to absorb and develop human relations theory, such as Tasugi (1953) and Sakurai (1953), while Hasegawa (1956), who was initially negative about accepting the theory, changed his opinion due to the rapid spread of human relations theory (this topic is reviewed in greater detail on page 8). In the 1970s, Shindo (1977) published an article summarizing the Hawthorne Research and human relations theory. The period of active discussion was during the 1950s, and it tended to decline in the 1960s.

3.5.1 Movements in the Academic and Industrial Worlds

In this section, I would like to discuss the movements in Japan's academic and industrial worlds where human relations theory was introduced. According to Yamamoto (1977), the academic world could not avoid the effects of the war, and the unified theme of the Japan Academy of Business Administration was the issue of control in the wartime economy, and management theory became stagnant. The themes of the annual meetings were largely influenced by the wartime context: "Business Management under the Wartime System" in 1938, "Price Controls" in 1939, "Profit Controls" in 1940, and "Expansion of Productive Forces" in 1941. In 1942, the annual conference was held, but the annual report was lost, and from 1943 to 1945, the conference itself was canceled. The annual conference of the Japan Academy of Business Administration did not resume until 1946.

The industrial world was also undergoing major changes. According to Yamamoto (1977), most of the pre-war managers were expelled, middle management was selected for top management, and American management was used to introduce management innovation. In 1945, the GHQ introduced Training Within Industry (TWI) for supervisors through the then Ministry of Labor. According to Hasegawa (1956), TWI was introduced to Japan as an American style of business management, and it is pointed out that this movement extended to the management level. The training method, which started in the US Far East Air Force, was implemented as a management training program (MTP) for middle managers through the Ministry of International Trade and Industry. Jinji-in Supervisory Training (JST) was implemented by the National Personnel Authority (NPA) for the training of supervisors of banks, insurance companies, and other administrative offices. In addition, the Nihon Business Federation (Nikkeiren) conducted a course through the Civil Communication Section (CCS) for top management education and training. The CCS was a part of the GHQ. A management course was created and implemented by the CCS and used to educate managers of Japanese companies in the telecommunications industry. The introduction of such training was intended to introduce the American style of business management as well as TWI.

The role of the GHQ in the post-World War II reconstruction of the Japanese economy was also significant. The GHQ's labor democratization policy strongly criticized the apprenticeship system, which it regarded as feudal and undemocratic, and called for it to be abolished. As a result, the government started a system of training technicians to protect workers. Attempts to institutionalize new vocational training began. In 1947, the Employment Security Law was promulgated, and the Ministry of Labor was established to handle labor management. In 1948, the GHQ ordered the Japanese government to implement the Nine Principles for Economic Stabilization. This was due to the intensification of the Cold War with the Soviet Union, which led to a shift in US occupation policy toward Japan and a strong interest in Japan's economic recovery. These movements led not only to the reform of the feudal labor environment in Japan but also to the reform of industry as a whole. According to Sakurai (1956), Japanese academia began to see Japan's feudalism as a problem. While GHQ's guidance caused external changes in companies, the situation was stagnant regarding internal changes in values. One of the main reasons for this was the persistence of familial and paternalistic management in corporations.

3.5.2 Acceptance of Human Relations Theory in the Japanese Academic World

While human relations theory became popular in the USA in the 1940s, the start of World War II made it difficult to obtain literature published in the USA in Japan; furthermore, the academic world demanded research on the wartime economy. For a while after the war, researchers had no material on which to base new research, but many scholars began to search for new research areas. After the war, Japanese business administration research changed to American business administration research, and human relations theory was introduced from the USA. Odaka (1995), who was one of those who came into contact with human relations theory at an early stage, recalls a chance encounter with Roethlisberger's book. In addition, Odaka himself states that he came to be considered a leading expert in human relations theory while introducing it to Japan.

Okamoto (2013) describes the situation at that time as follows. There were scholars who attended the American Culture Center and actively absorbed the literature on management and organizational theory published during the gap. One such scholar, Baba (1948), paid serious attention to American business management theory and was one of the first to conduct a survey of human relations theory, starting with Mayo, and to report on it at Japanese conferences. According to Baba (1954), it was still the case that few scholars were willing to embrace American business administration thinking, and the few scholars who had written relatively good theories of human relations in organizations were still rarely read. He also predicted that the current status of and trends in human relations in management organizations would become an important concern for management studies. It was in this context that human relations theory was introduced. This was the period when interest in human relations theory increased.

How was human relations theory accepted in the Japanese academic world at that time? According to Natori (1960), the first period in the history of human relations theory in Japan was from 1947 to 1951, when Baba introduced human relations theory in his 1947 paper, while Odaka and Yoneyama published their papers in 1949. The second period was from 1951 to 1955, when human relations theory was adopted by companies. The third period was after 1955, when human relations theory gradually became popular. Looking at the literature of that period, there were those who actively tried to absorb and develop the theory, such as Tasugi (1953) and Sakurai (1953). However, some, like Hasegawa (1956), argued that human relations theory represented the introduction of US-style business management techniques and was intended as a countermeasure against labor unions. Others, such as Odaka (1953), Mouri (1958), and Kumoshima (1964), strongly criticized Roethlisberger's theory of human relations. Baba's (1954) interest in Barnard and Simon's organization theory increased. Thus, human relations theory was introduced to the academic world in Japan in a variety of ways, depending on how each researcher perceived it.

Among them, there were researchers who focused on the democratization of industry. Representative examples are Sakurai (1956) and Odaka (1953), as mentioned earlier. Odaka (1953) argued that human relations management rejects the paternalistic style of personnel management and focuses on a democratic style of personnel management. In the postwar period of the 1950s, the expectations of human relations management were being explored. However, the human relations theory introduced by the academic world was accepted by the industrial world in a different direction from that expected by Odaka. According to Sugiyama (2013), in postwar Japanese industry, the fact that labor union activities, which had been banned during the war, became possible had a major impact. The labor unions adopted a hostile attitude toward the management and demanded various things, and the management was required to respond in some way. From the management's point of view, they were looking for a way to show a warm-hearted attitude. In response to this situation, Odaka (1965) pointed out that more than 10 years after the importation of human relations management, the reality was that fake human relations management, or manipulative management, was spreading. In other words, although human relations management should be distinguished from traditional forms of personnel management, it was still confused with familial and paternalistic methods, and this was a matter that required attention.

Sugiyama (2013) also points out that various systems conceived in the name of human relations management, specifically internal newsletters, welfare facilities, grievance handling mechanisms, and suggestion systems, had only been introduced in personnel management around that time. According to Nikkeiren (1953), a survey of items of systems related to human relations also indicated that they tended to be accepted as tools for personnel management. The management systems introduced by management in the 1950s were completely different from management based on situational thinking, as pointed out by Roethlisberger, and the expansion of human relations management may not have been successful because of the lack of supervisors who were trained in interviewing techniques based on situational thinking. It could be said that human relations theory attracted a great deal of criticism because it was equated with paternalistic personnel management. After the debate matured in the 1950s, attention turned to the results of behavioral science research in the 1960s. Although the cause of industrial democratization was raised, most research at the time focused on dealing with hostile labor–management relations during the chaotic postwar period.

3.5.3 Acceptance of Human Relations Theory in Japanese Industry

In considering the acceptance of human relations theory in Japanese industry, the TWI service is significant. First, I will give an overview of the background of the birth of the TWI service. According to the Training Within Industry Service (1945), the birth of the TWI service was largely due to the work of C. Allen, who was active in the training of shipyard workers during World War I. Writings by Allen (1919, 1922) were a major inspiration for the TWI service's supervisor training, which led to the development of the TWI service's three programs. The relevant sections on the basic policies that inspired them are quoted below.

> . . .we would have the best conditions if: (1) Each man were trained so that he could do his job in the best possible way. (2) Each man were trained to do his job in the least time, compatible with thorough training. (3) The experiences of each man during the training period had been such that he stayed through the training period and did not quit when only partly trained. . .
>
> The training that is given there.. . . Whether he carries on the training work himself, or whether he puts the actual work of instruction into the hands of instructors, he should know what constitutes good instruction. . . If he gives the training himself, he must know how to do a good instructing job. If he has instructors, he must know whether they are or are not giving good instruction. . . .[2]

The basic purpose of the TWI service was to assist the defense industry in meeting its human resource needs by training each worker within the industry to maximize his or her individual capabilities and to make maximum use of the best available technology. As shown above, the TWI service was used to deal with the wartime labor shortage.

[2] Allen (1919), p. 5, 361

According to Robinson and Schroeder (1993), the TWI service, which was set up in the USA during World War II, was one of the first emergency services established by the US government. According to the Census Bureau at that time, more than eight million US citizens were unemployed, and almost none of them had ever worked before. Therefore, it was clear that millions of inexperienced workers, supervisors, and managers would have to be trained quickly to set up a wartime production system. To establish the TWI service, management and education experts from industry and academia were brought together and appointed as a group of experts. And so, the TWI service was born and spread at an astonishing rate. In 1945, the US government shut down the TWI service, abruptly ending the history of TWI in the USA. This special wartime program was then applied to the economic reconstruction of occupied Japan.

From 1945 to 1952, the US occupation of Japan was led by General Douglas MacArthur. Some of General MacArthur's staff had worked for the War Manpower Commission during the war and were familiar with the TWI program. They believed that the TWI approach was not only ideal for training supervisors but would also facilitate the Occupation's primary goal of introducing democratic practices into the workplace.

3.5.4 Introduction of the Three Training Programs

The TWI service offered three training programs, which I will review first. These were Job Instruction Training (JIT), Job Relocation Training (JRT), and Job Method Training (JMT). I will review the contents of each of these programs, beginning with the history of JIT, which originated from Allen's (1919) training method. Allen's training, which was used during World War I, emphasized practicality and fast action. All information should be given at the appropriate time when it is needed on the job, and there should not be a period of memory storage between acquisition and application. The learner is not given a single piece of supplementary information or process until it is needed in practice. Then it is appropriate to "learn the process by being taught on the job how to solve that particular problem." This method is called "the principle of instructing for immediate values" or the "Application Principle." Allen points out that a general instructional organization based on the principle of memory retention, where knowledge is learned and acquired in a classroom setting, would be of little use in the work of a training department in an emergency situation such as wartime. He goes on to point out that, in fact, it may be used in apprenticeship schemes that require handover, but it is not recommended for training to add value in the future. Here, he focuses on the idea of "learning a process while being taught how to solve a specific problem on the job." This is the origin of on-the-job training (OJT). It presents a process in which a person who is not yet capable of doing a job learns how to do it while being given the job. In other words, it is the concept of "learning by doing" and the attitude that it is possible for someone to learn how to do a job by actually letting them do it. It is important to note that this method of instruction is exactly what OJT is.

Next, I will turn to the topic of JRT, in which Henderson of Harvard University is known to have participated. I quote from the TWI Service (1945) as follows:

> In January 1941, Sidney Hillman, Commissioner of the Division of Labor in the Advisory Commission to the Council of National Defense, made this request to the National Academy of Sciences: "What can be done to increase knowledge and improve understanding of supervision at the work level?" The Academy handed the request on to the National Research Council's Committee on Work in Industry, of which Dr. Lawrence J. Henderson, Director of the Fatigue Laboratory at Harvard University, was made chairman. This committee made an extensive report which called attention to three problems: (1) selection of supervisors, (2) training and development of supervisors, and (3) intensified problems of supervision arising from the emergency situation. In connection with supervisory development, the committee recommended that training be directed toward "improving and accelerating the training of supervisors in handling the human situations under their charge so as to secure maximum cooperation." When this report was received by Mr. Hillman, he asked Training Within Industry to formulate such a training plan.[3]

The importance of training supervisors to deal with the human situation in their charge to obtain the maximum cooperation of the workers is stressed here.

In addition, the TWI headquarters, with the help of F. J. Roethlisberger and John B. Fox of Harvard University, would develop a program, knowing from their experience with JI that supervisors would benefit greatly from an intensive, short-term training program that included both training and practice. Therefore, the TWI service decided to set up a 10-hour unit called "Job Relations Training" to practice "processing human relations." The reason for using the term "job relations" instead of "human relations" is to emphasize the specific areas to be addressed. It is important to note that Roethlisberger participated in the development of JRT. I quote from Roethlisberger (1977) as follows:

> Job Instruction Training (JIT), Job Methods Training (JMT), and Job Relations Training (JRT). Of the three, JIT was by far the most popular and successful. I had nothing to do with the development of JIT or even JMT; my contribution, if any, was to JRT. But JRT was not—I would not have anyone believe it—my baby.[4]

Roethlisberger himself states that his contribution to TWI was very small. However, Odaka senses the essence of human relations theory in TWI brought about by Roethlisberger. According to Odaka (1953), one of the main components of the TWI, which was popular in Japan in the 1950s, included training in management techniques, especially training in job relations. These training programs are sometimes called "Human Relations Training," he explains. However, Odaka was not so happy about this. According to Odaka (1953), in the USA, the term "human relations" had been used too much by some managers. This phenomenon can also be seen in postwar Japan. In particular, he points out that the rapid spread and seemingly uncritical consumption of TWI, which was imported from the USA

[3] TWI (1945), p. 204

[4] Roethlisberger (1977), p. 88

after the war, promoted the popularity of this term. It is important to note that at least TWI's JRT is recognized and accepted as part of human relations theory.

In addition, JRT is intended to strengthen supervisors' management skills to build good working relationships. The implications of increased training in management skills include increased training in the workplace and enhanced line management. This concept is linked to personnel management by line managers.

Finally, I will address JMT. In addition to supervisors who know how to train people to do their jobs, industry needed supervisors who can improve the way work is done. Therefore, JMT taught supervisors to continuously improve their processes and operations, how to generate such improvements, and the importance of documenting the proposed improvements. JMT was based on established principles of scientific management that required that the supervisor's objectives be considered, the proposal be shown to be consistent with those objectives, the opinions of those affected by the proposal be heard, and the improvement proposal be written up and acted upon as quickly as possible. This is where the essence of on-the-job training, strengthening of line management, and kaizen in the management of Japanese companies was introduced.

The supervisory management techniques introduced by the TWI service were used to great effect in Japan after World War II. In particular, the advanced supervisor management techniques in factory workplaces were useful for managing work groups in the workplace. It can be assumed that the acceptance of human relations theory in the industrial world was based on this point.

According to Robinson and Schroeder (1993), many of the teachings of TWI are so deeply ingrained in Japan that even Japanese management experts sometimes forget their origins. In Japan, most management education is conducted in industry, whereas in other countries, it is mainly conducted in vocational schools. Many Japanese do not question the fact that the on-the-job training of employees is carried out inside companies. According to Robinson and Schroeder (1993), Toyota was one of the first companies to adopt TWI in 1951, and TWI is still the basis of Toyota's team leader training. They point out that TWI was the driving force behind the growth of Japanese industry. For Toyota's kaizen, please refer to Imai (1997). A study by Dinero (2005) also points out that TWI is the source of lean management. According to Imai (1997), who published a book on kaizen in 1986 and is also the president of the Kaizen Institute, kaizen is based on the following ideas:

> Kaizen means continuous improvement in personal life, home life, social life, and working life. When applied to the workplace, kaizen means continuous improvement involving everyone, managers and workers alike. The kaizen philosophy assumes that our way of life should focus on constant improvement efforts. It is a gradual, unending improvement, doing little things better, setting and achieving ever-higher standards.[5]

Kaizen means continuous improvement, including both management and workers. In the American way of thinking, implementing improvements is considered the responsibility of management. In Japan, in contrast, improvement is also

[5] Imai (1997) pp. 1–2

carried out at the level of workers. Also, according to Imai (1992), it is pointed out that the proposal system in the USA emphasizes economic effects and offers rewards, whereas the Japanese-style proposal system emphasizes the improvement of workplace morale associated with active employee participation. Over the years, the Japanese-style suggestion system developed into a group suggestion system, with what are called small group activities, such as QC circles and ZD groups. A recent study by Dinero (2005) also points out that TWI is the origin of lean management. Thus, the training techniques introduced by TWI became the source of Japan's subsequent competitiveness.

TWI in Japan has been developed and accepted as kaizen. However, according to Ohtsuka (2013), the introduction and spread of TWI supervisor training programs in Japan had already been discussed to some extent by those who were involved in examining the results of the postwar economic recovery process, and there have been some empirical studies of this phenomenon. It is true that the TWI was introduced, but how it spread needs to be examined. To verify this, it is necessary to examine the background of the creation of the TWI program in the USA and the results of the US program during the war, and then further consider the results. In Japan, there are still few studies of the continuity between the introduction of TWI and modern lean management.

3.6 The Impact of Human Relations Theory in Japan

As its acceptance in the industrial world came to an end, the essence of human relations theory remained in TWI, and it survived in companies such as Toyota. However, it failed to be accepted in the academic world and disappeared. One reason for this is the development of human relations theory into legitimate human resource management. The other is the development of the case method.

In Chap. 7 of *Management and Morale*, Roethlisberger writes that he explains personnel management based on human relations theory, or "adequate personnel management." In this chapter, he mentions situational thinking, i.e., the necessity of considering the situation as a whole. Appropriate human resource management requires situational thinking that is always aware of the interdependence of social events and considers them as a whole; social skills based on this thinking; and interviewing techniques to evaluate employee attitudes. Based on this idea, personnel management developed into a personnel management system that emphasizes line management.

In the 1950s, there were two schools of thought on personnel management in the USA. One is the traditional theory of personnel management. The other is the personnel management theory, which was influenced by human relations. Yoder (1956) is representative of the former and Pigors and Myers (1956) is representative of the latter. These two books have been translated into Japanese as representative of the American personnel management texts of the time. Pigors and Myers (1956) completed a systematic approach to personnel management by drawing on the theoretical conclusions of human relations research based on the experiments at the Hawthorne Plant. According to Pigors and Meyers, "situational thinking" is necessary to solve human problems in management. Pigors and Myers developed their logic based on Roethlisberger's theory. However, it should be noted that research on human relations-based personnel management in the USA also changed its direction due to the influence of behavioral science.

Next, I will address the issue of how the personnel management mentioned above was accepted in Japan. According to Mori (1976), before World War II, personnel management focused on the effective or economically rational use of labor. This is the aforementioned traditional personnel management. After World War II, personnel management under the influence of human relations theory emerged. This is a school of personnel management influenced by the theory of human relations, which is characterized by its emphasis on the cooperative relationship of the community in the workplace while inheriting the effective utilization of labor power. The formation of cooperative relationships between supervisors and employees, as well as between employees, encourages voluntary cooperation in the workplace. To achieve this, the findings of human relations theory were applied. The training programs introduced by TWI were based on on-the-job training, strengthening of line management, and kaizen, and it is noteworthy that there is a strong affinity between kaizen and voluntary cooperation at the workplace level. Thus, it can be said that there is a confluence of voluntary collaboration recommended by human relations-based personnel management and the concept of kaizen in the Japanese workplace.

The influence of behavioral science became significant in Japanese academia, and by the 1960s, the focus of discussion had shifted to the design of individual employee duties, motivation, and leadership. As a result, the analysis of individuals in organizations became the main focus, and discussions of human relations in the workplace tended to decrease. In this context, Iwade (2014) presents the perspective of employee satisfaction management, which focuses on morale, which was considered important in human relations theory, and discusses both individual motivation and workplace morale. According to Iwade (2014), there is a roadmap that shows the transition from human relations theory to human resource management theory.

Another movement that has developed in human relations theory in Japan is the case method. According to Sakurai and Sakai (1995), in July 1957, an open lecture entitled "Human Relations and the Case Method" was given at the Faculty of Economics, Aoyama Gakuin University, and broadcast on Japan Shortwave Broadcasting in August 1957. In May 1958, Nobuyuki Sakurai, Shigeru Tomimoto, and others published *Cases in Management and Human Relations* with the Institute of Economic Research at Aoyama Gakuin University. Subsequently, the case method research led by Sakai developed significantly after the 1970s, especially in the 1990s. However, the number of publications on case method research has decreased in recent years. The Hawthorne Research took an interdisciplinary approach, and the participants were from various fields, so there is great potential for the development of the case method approach in other fields besides business administration.

3.7 Discussion and Conclusion

The introduction of human relations theory to Japan in the 1950s seems to have taken two routes. The first was the introduction of human relations theory in the academic world. Human relations theory became popular in the USA in the 1940s during the war, and it is highly likely that the absorption of the theory was delayed. The earliest literature introducing human relations theory in Japan came after the war. At the same time, several scholars vigorously pursued research to absorb the results of American management studies. In the 1950s, the findings of human relations theory were adapted to personnel management in the practical world. After the war, human relations theory was introduced, but attention was focused on the paternalistic aspect of labor–management relations due to the time period. Human relations theory was misunderstood as eliminating the paternalistic style of personnel–management relations. In the 1950s, behavioral science had made a remarkable ascent in American academia, and research on people tended to be more psychological and also tended to concentrate on motivational research on leadership and human behavior in formal organizations. There was a gap between the time when human relations theory was introduced in Japan and the time when it became popular in the USA. In addition, the acceptance of human relations theory in Japan during the confusion of the postwar period tends to be misunderstood. Thus, the changes in the discussion of human relations theory in Japanese academic circles have been tossed about by the flow of the times.

Another example is the introduction of TWI led by the GHQ in the industrial world, and it is highly possible that the essence of human relations theory was introduced during the introduction of the TWI service, which had three main programs, one of which was human relations training. It is noteworthy that Roethlisberger participated in its development. Elements of human relations theory have been identified by Japanese researchers in the TWI, which was widely accepted by the postwar industry. It has also been pointed out that elements of TWI were transformed into kaizen and still have a significant influence on Japanese industry. However, the process from the introduction of TWI to its acceptance and development has not been sufficiently understood, and further discussion is needed.

In this study, the following points were identified from the literature on the introduction of human relations theory in Japan. The democratization of industry was included in the construction of the democratic system in postwar Japan. The purpose of human relations theory was to introduce ideas and methods to facilitate this. On the one hand, it is clear that the techniques of human relations theory were introduced as a tool for personnel management. On the other hand, what was introduced as a way of promoting industrial democracy was the TWI, which had been developed in the USA. The TWI was created to support the US wartime economy, and it became a factor in the growth of the Japanese economy after the war. It is now clear that it was not the method presented by human relations theory that played a major role in the democratization of industry, but the TWI. These methods, which seemed to be unrelated to human relations theory, were adopted and had an influence on the postwar Japanese economy. The presence of Roethlisberger, who was involved in both human relations theory and the TWI, was significant.

Finally, I would like to confirm the issues that need to be addressed in the future. With the spread of behavioral science, motivation theory has been applied to improve workers' motivation, and this trend led from personnel management to human resource management theory. From the perspective of the efficient use of human resources, motivation management can be found to be meaningful. It is a measure to motivate workers to engage in their duties. However, the discussion of improving the morale of the work group may be in retreat. The author feels that there is a need in human resource management for discussion that integrates individual motivation and workplace morale while being aware of personnel management trends based on human relations theory.

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Chapter 4
Examining the Impact of Chester Barnard's Organization Theory in Japan

Takanori Sakurada and Kazuhito Isomura

Abstract This chapter aims to clarify how and why Japan has accepted and developed Barnard's theory more positively than other foreign countries. First, we examine the introduction process of Barnard's theory into Japan. Second, we investigate the accumulation of studies on Barnard's theory quantitatively. Third, we analyze book reviews of *The Functions of the Executive* to examine how his theory has been evaluated in both academic and business communities. On the basis of these analyses, we propose some hypotheses for our research questions. Fourth, we examine review articles on research trends of Barnard studies in Japan. Then, we precisely review literature on Barnard studies to clarify how and why Japan has introduced and developed Barnard's theory. Finally, we summarize the implications of our research and propose our conclusion.

Keywords Barnard · Organization theory · Barnard Society of Japan · The foundation of management theory · Autonomy of formal organization · Archival studies

4.1 Introduction

This chapter aims to clarify how and why Japan has accepted and developed Barnard's theory more positively than other foreign countries. It also examines the impacts of Barnard's studies on organization and management theory in Japan. In particular, it focuses on academic community's attitudes toward Barnard's theory.

In the late 1980s, Harasawa (1988) reviewed *Barnard: Gendai Syakai to Soshiki Mondai* (*Barnard: Contemporary Society and Organizational Problems*), a book

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published for commemorating the 100th anniversary of Barnard's birth that thoroughly examined Barnard's contributions to organization and management theory (Kato and Iino 1986). Harasawa then suggested that contributions of 15 papers by Japanese authors might be more impactful quantitatively and qualitatively than those by Wolf and Simon who are leading researchers on Barnard's theory. In addition, Murakami (1996) pointed out that Japanese researchers intensively studied Barnard's theory in the 1970s and 1980s, and that Barnard studies in Japan are astonishing both quantitatively and qualitatively.

But is this really true? If so, can it be confirmed? In this chapter, we systematically review literature on Barnard studies in Japan and explore answers for these research questions. Thus, the chapter clarifies how Barnard's theory has influenced organization and management theory in Japan.

4.2 Research Method and Design

Research method and design of this chapter is as follows:

First, we clarify the introduction process of accepting Barnard's theory through examining major publications of translation, introduction books, research books, and journal's special issues on Barnard's theory.

Second, we investigate the accumulation of research on Barnard's theory quantitatively. More specifically, we identify how many papers and books that include "Barnard" in the title or subtitle have been published in Japan by CiNii (Citation information by National institute of informatics), one of the most reliable search engines in Japan. Then, we compare the number with that of papers and books published in foreign countries.

Third, we analyze book reviews of *The Functions of the Executive* (hereafter, *The Functions*) to clarify how his theory has been evaluated in both academic and business communities. We summarize the result as a table of its advantages and disadvantages. On the basis of those analyses, we propose some hypotheses for our research questions.

Fourth, we examine review articles on research trends of Barnard's theory. We provide an overview of how Barnard's theory has been accepted and developed in Japan. Then, we precisely review literature on Barnard studies to clarify how and why Japan has accepted and developed Barnard's theory.

Finally, we summarize the implications of our research, propose our conclusions, and show future directions for our research.

4.3 Acceptance of Barnard Theory

4.3.1 Introduction process of Barnard Theory

We would like to examine what Barnard's books have been translated and what introductory books, research books, and journal's special issues have been published in order to clarify the introduction process of accepting Barnard's theory in Japan.

The studies on Barnard's theory started in the 1950s when Baba (1950a, b, c) introduced Barnard-Simon theory for the first time. Tasugi and his colleagues translated *The Functions* into Japanese in 1956; then, Yamamoto, Tasugi, and Iino published the new translation of *The Functions* in 1968.

Acceptance of Barnard theory accelerated from the 1960s to the 1970s. *Keizaigaku Ronsyu* (*Journal of Economics* by University of Tokyo) published a special issue on organization theory in 1968; Tsuchiya's keynote speech summarized the development of Barnard-Simon theory in Japan. Then, the symposium about Barnard-Simon theory precisely examined Barnard's contributions and pointed out some criticisms. Sekiguchi and his colleagues translated *Organization and Management* (hereafter, *O & M*) (Barnard 1948) in 1972. Yamamoto and Tasugi then edited *Barnard no Keiei Riron* (*Barnard's Management theory*) in 1972, which thoroughly examined *The Functions*. *Soshiki Kagaku* (*Organizational Science*), one of the top journals in Japan, published a special issue on Barnard in 1975. Iino and his colleagues established the Barnard Society of Japan (hereafter, BSJ) in 1974, and the number of members was about fifty. BSJ then translated Wolf's book, *The Basic Barnard*, in 1975 and *Conversations with Chester I. Barnard* in 1978 (Wolf 1973, 1974). Iino edited an introductory book to Barnard's theory, *Barnard: Keieisya no Yakuwari* (*Barnard: The Function of the Executive*) in 1979 (Iino 1979a).

Acceptance of Barnard theory reached its peak in the 1980s. Iino organized an international conference to commemorate the centennial of Barnard's birth at the Kyoto University in 1986 and Wolf was invited as a guest speaker. Wolf and Iino edited selected papers of Barnard, *Philosophy for Managers* (hereafter, *Philosophy*), and Kato and Iino edited *Barnard: Gendai Syakai to Soshiki Mondai* (*Barnard: Contemporary Society and Organizational Problems)* at the same time. Iino edited *Ningen Kyodo* (*Human Collaboration*) in 1988 as the record of this conference. BSJ retranslated *O & M* under Iino's supervision in 1990. Table 4.1 summarizes the introduction process of accepting Barnard's theory in Japan from the 1950s to the 1990s.

Thus, we confirm that the foundation for deepening understanding of Barnard's theory has been consistently built from the 1950s to the 1990s. Iino and BSJ especially played a major role in publishing translations of Barnard's books, his interviews, and unpublished papers. *O & M* and *Philosophy* are very important for tracing and furthering understanding of Barnard's theory; however, the number of citations of *The Functions*, *O & M*, and *Philosophy* are 22,203, 779, and 16, respectively (accessed January 5, 2020) on Google Scholar. We understand that most researchers in foreign countries referred to *The Functions* and did not pay sufficient attention to other publications of Barnard. Therefore, we emphasize the importance

Table 4.1 The introduction process of Barnard's theory

	Translation	Introduction book	Research book and paper	Journal
1950			Baba (1950a, b, c)	
1956	*The Functions* by Tasugi et al.			
1968	*The Functions* by Yamamoto et al.			Special issue on organization theory by *Keizaigaku Ronsyu*
1972	*O & M* by Sekiguchi et al.	Yamamoto and Tasugi (1972)		
1975		Wolf (1974) by BSJ		Special issue on Barnard by *Soshiki Kagaku*
1978	Wolf (1973) by translated BSJ			
1979		Iino (1979a)		
1986	*Philosophy* by BSJ		Kato and Iino (1986)	
1988			Iino (1988)	
1990	*O & M* by BSJ			

Table 4.2 The number of books and papers on Barnard by decade in Japan

	1950s	1960s	1970s	1980s	1990s	2000s	2010s
Book	0	0	6	9	6	5	2
Paper	10	34	163	102	80	67	42

of the fact that most publications of Barnard have been constantly available in Japan thanks to BSJ and leading researchers on Barnard's theory.

In sum, we propose two hypotheses regarding why Japan has accepted and developed Barnard's theory: Hypothesis 1a is that high accessibility to Barnard's publications including unpublished papers has enabled not only an acceptance of Barnard's theory but also its significant development in Japan; Hypothesis 1b is that some core researchers played a leading role in organizing research groups such as BSJ and in strongly promoting and developing Barnard's theory.

4.3.2 Accumulation of Studies on Barnard Theory

We examined how many books and research papers that include "Barnard" in the title or subtitle have been published in Japan on the basis of the method we adopted to reveal the accumulation of Barnard studies in Japan (accessed September 1, 2019). Table 4.2 shows the results. It should be noted that the number of papers on Barnard could be larger than that shown in Table 4.2 because their title or subtitle may not necessarily include "Barnard." However, we focus on adopting objective criteria by excluding subjectivity.

According to the changes by decade, the number of books reached a peak in the 1980s and has been decreasing since then. The number of research papers has been gradually decreasing since its peak in the 1970s.

However, in total, 498 papers and 28 books on Barnard have been published in Japan. In contrast, we found 54 papers by ProQuest ABI/INFORM and 6 books in foreign countries by WorldCat Discovery on the basis of the same standard (accessed December 20, 2019). There are far more books and research papers on Barnard in Japan than in foreign countries. Thus, we confirm that the amount of Barnard studies in Japan is larger than in foreign countries.

4.3.3 Book Reviews' Analysis on *the Functions*

We analyzed book reviews of *The Functions* to clarify how Barnard theory's contributions have been evaluated by both practitioners and academicians. The results are summarized in Tables 4.3 and 4.4. Book reviews are mainly published in three periods: before 1956 when the first translation of *The Functions* was not yet published, after 1956 when the first translation was published, and after 1968 when the new translation was published.

In the business community, *The Functions* has been constantly reviewed; therefore, we assume that the business community has also accepted Barnard's theory. Basically, *The Functions* has been highly valued despite the fact that it is considered to be abstract and difficult to read. Most reviewers recognize that Barnard's theory is based on his experience, and they value Barnard's deep insights and observations on human beings in organization. In addition, practitioners emphasize that Barnard's theory is useful because it balances theory and practice; they highly value Barnard's theory as a general theory of organization that has a broader perspective and deals with both economic and non-economic factors. Then, they insist that Barnard' s theory is still applicable to the current situation because of his rigorous framework and management thoughts corresponding to modern democracy. However, some reviewers criticize Barnard's theory because it does not refer to background information about modern society; it emphasizes more formal aspects of management rather than its informal aspects; then, it does not deal with organizational dynamics and change.

In the academic community, similarly, Barnard's theory has been highly valued because it is scientific, systematic, universal, and theoretical. Most reviewers paid attention to the fact that Barnard tries to build a systematic organization theory as the foundation of management theory. In contrast, criticisms are basically varied by reviewers. However, we summarize the major points of criticisms as follows: Barnard's theory is so theoretical and abstract that it underestimates history; it is not useful to understand the reality; and it lacks the practicality to apply the theory.

Thus, we propose two hypotheses as follows: Hypothesis 2 is that Japan has accepted Barnard's theory because it is logical and systematic and tries to use

Table 4.3 Summary of book reviews by practitioners

Author	Advantages	Disadvantages
Kuronuma (1956)	1. Not only experience-based but also theory-based 2. An attempt to develop a new organization theory that overcomes traditional organization theory to adapt to a new society 3. Taking advantage of a blind spot of Marxism	No explanation about the idea of modern society and democracy as the background of Barnard's organization theory
Itsumi (1970)	1. A theoretical research that attempts to analyze the reality of organization 2. Theoretical inquiries into organizational structure and its management 3. Organization theory on the basis of scientific knowledge 4. General theory of organization 5. Insight that an organization is based on individuals' contributions 6. Emphasis on non-economic factors 7. Examining the problem between an individual and organization	1. Not sufficient reference to the essence or raison d'etre of organization and to the role of managers who are responsible for managing it 2. Focus on structural network of decision-making and communication rather than their human aspects of organization
Miyata (1997a, b)	1. Understanding an organization as human phenomena 2. Barnard's highly abstract way of writings that are based on concrete facts he experienced 3. High level of objectivity	Not stated
Goto (2001)	1. An attempt to establish new management theory by systematically criticizing traditional management theory 2. Deep philosophical thoughts on human behaviors 3. A pioneer of behavioral science	Not stated
Ono (2013)	1. Dealing with both normative and factual factors at the same time 2. Emphasis on communication, decision-making, morality, and free will 3. Management theory on the basis of observations and insights on human beings 4. Recognizing the interaction between formal and informal organization 5. Many "seeds" for organizational management theory developed by later great scholars	1. Lack of arguing organizational learning or development 2. Emphasis on system equilibrium rather than dynamic changes such as risk-taking and innovation

Table 4.4 Summary of book reviews by academicians

Author	Advantages	Disadvantages
Kose (1952)	1. Broad perspective 2. Scientific rigor	Not stated
Yoshida (1956)	1. Adoption of a thorough participant observation method and integration of theory and practice from practitioners' viewpoint 2. Systematic theory 3. Appropriate model case for group analysis 4. Large and secondary group analysis rather than small group analysis 5. Excellent structural functional theory	The following points are not sufficiently argued: 1. Effectiveness and efficiency 2. Policy to locate informal organizations through informal communication 3. Communication system as a feedback system and its formal and informal system (= shadow government) 4. Authority in a formal communication system and influence in an informal communication system 5. The perspective to understand organizational purpose not only in semantic contents but also in individuals' concrete actions 6. Lack of the notion about behavioral patterns and norms
Aonuma (1956)	1. Scientific approach to executive processes on the basis of a general organizational theory 2. Highly theoretical research 3. Emphasis of importance on formal organization and organizational efficiency	1. Lack of analysis on institutional factors as social conditions 2. Ignorance of class relations in modern society
Harasawa (1970)	1. The concept of organization as being functional 2. Formal theory about organizations 3. Achieving generality corresponding to the degree of abstraction 4. Systems approach	Not stated

Barnard's theory as the foundation of management theory; Hypothesis 3 is that Japan has been attracted by the possibility of developing organization theory on the basis of Barnard's theory.

4.4 Research Trends on Barnard Studies

In this section, we examine seven papers that review research trends on Barnard studies: Uemura (1979), Iino (1979b, 1986b, 1994), Murakami (1996), Fujii (2006), and Isomura (2011). We clarify the overview of research trends on Barnard studies; we also confirm how these trends relate to the hypotheses we presented in the previous section. Table 4.5 shows the summary of review articles on research trends of Barnard's studies in Japan.

Table 4.5 Summary of review articles on research trends of Barnard studies

Iino (1979b)	Baba: dual organization theories with the concept of a cooperative system and formal organization; Yamamoto: three-layered structure theory of cooperation, organization, and management; Urabe: behavioral science and modern management theory; Iino: organization theory-based management theory; Mito: organization theory beyond the theory of capitalism and bureaucracy; Kato: intellectual exchange between Barnard and Henderson; Mano: organizational economy; Kawabata: criticism on organizational equilibrium theory; Sakai and Yoshihara: moral aspects of organization; Uemura: systematic management theory; Takasawa: bibliographic studies
Uemura (1979)	Baba: pioneering studies on Barnard, Barnard-Simon theory, and the whole process of an organization; Yamamoto: three-layered structure theory and a full-scale management theory on the basis of actor-oriented logic; Mito: a theory to solve the fundamental problem between individual and organization in organizational society; Iino: comprehensive studies on Barnard, organization theory-based management theory, and priority theory of responsibility
Iino (1986b)	Baba: Barnard-Simon theory; Urabe: modern management theory, organizational equilibrium theory, and decision-making theory; Yamamoto: three-layered structure theory; Mito and Kato: contemporary significance of Barnard's theory; Mito: bureaucracy; Kato: methodology; Iino: introduction of the concept of cooperative system, organization theory-based management theory, priority theory of responsibility, and three-dimensional model of organizational survival
Iino (1994)	First generation: Baba, Urabe, Yamamoto, and Tasugi engaged in studies on *The Functions* to establish a systematic management theory as an independent discipline. Second generation: Iino collected and used archival materials on Barnard and established organization theory-based management theory; many other studies flourished. Third generation: Researchers examined different problems on the basis of established organizational science.
Murakami (1996)	1950s: Baba was a pioneer of introducing Barnard theory and proposing management theory as organization studies; the first translation of *The Functions* in 1956 triggered the dissemination of Barnard theory. Full-scale research development since 1960s: Urabe regarded Barnard theory as modern organization theory, developed organizational equilibrium and decision-making theory, and fostered many successors. From 1970s to 1980s: Yamamoto proposed three-layered structure theory in 1972; Yamamoto and Tasugi edited *Barnard no Keiei Rion* (*Barnard's management theory*) in 1972; *Soshiki Kagaku* published a special issue on Barnard in 1975; BSJ was established in 1974; BSJ published 4 books in 1986 commemorating the 100-year anniversary of Barnard's birth and retranslated *O & M* in 1990; the number of members for BSJ was 70 in 1988, and BSJ included the leading Barnard scholar such as Iino, Kato, Mano, and so on.
Fujii (2006)	Development from acceptance (from the 1950s to 1960s): Baba's studies; the first translation of *The Functions* in 1956; Yamamoto's and Urabe's studies in the 1950s; Iino's and Kitano's studies in the 1960s; the new translation of *The Functions* in 1968. Golden age (from the 1970s to 1980s): Yamamoto and Tasugi (1972); Urabe (1974); special issue on Barnard in *Soshiki Kagaku* in 1975; Iino (1978); international conference commemorating the 100-year anniversary of Barnard's

(continued)

Table 4.5 (continued)

	birth in 1986. Stagnation (from the 1990s to the present): Kato (1996).
Isomura (2011)	Acceptance: Baba (proposal to establish management theory on the basis of organizational theory, Barnard-Simon theory), Yamamoto (construction of a basic theory of management, three-layered structure theory, and actor-oriented theory), Iino(organization theory-based management theory), Mito(a paradigm shift by total man hypothesis), Kitano(organization as an integration of dynamic powers, art of leadership), Tsuchiya(decision-making theory), Urabe(founder of modern organization theory, organization-based management, descriptive science orientation, behavioral science), Tsuchiya(developing the theory of conflict and organizational equilibrium) Criticism: Tsuchiya and Kawabata(boundary of organization), Kawabata(theory of authority), Suzuki(theory of totalitarianism), Kitano (lack of an organizing process) Development: first, Iino-Kato debate (definition of formal organization), Murata (organizational autonomy and vitalization), Yoshida (self-organization), Niwamoto(autopoiesis); second, Iino(priority theory of responsibility and three dimensions' model of morality); third, Yamamoto(actor-oriented theory), Kato (practitioner's way of thinking and sharing a research method with Henderson), and Niwamoto(organizational knowledge theory and an origin of knowledge management)

As stated above, Barnard studies started in the 1950s in Japan. Baba is considered to be a pioneer in recognizing the importance of Barnard's theory (Uemura 1979; Iino 1979b, 1986b, 1994; Fujii 2006; Isomura 2011). According to Iino (1979b, 1986b), Baba, Tasugi, Yamamoto, Urabe, and Mito are regarded as the first generation of Barnard studies. Iino argues that the first generation tried to build the foundation of management theory on the basis of Barnard's theory (Hypothesis 2, 3). Uemura (1979) shares almost the same views as Iino.

Iino (1994) examines research trends by different generations; he points out that the second generation pursued the establishment of management theory as a discipline independent from economics and other social sciences (Hypothesis 2) and deepened Barnard studies by collecting and using new research materials (Hypothesis 1a); furthermore, Iino considers that the third generation developed Barnard studies by utilizing concepts and theories from other research areas (Hypotheses 3).

Murakami (1996) points out that Barnard studies were a major research trend in organizational theory from the 1970s to the 1980s (Hypothesis 3). Fujii (2006) examines how Barnard studies have been developed by decade. Yamamoto and Urabe initiated Barnard studies from the middle of the 1950s to the 1960s. Iino and Kitano inherited the studies in the 1960s. The new translation of *The Functions* in 1968 triggered the flourishment of Barnard studies. Barnard studies in Japan enjoyed their golden age with the publication of books authored by Yamamoto and Tasugi (1972), Urabe (1974), and Iino (1978, 1979a) from the 1970s to the 1980s (Hypothesis 1b).

Isomura (2011) points out that Barnard studies have been developed not only by positively accepting Barnard's theory, but also by severely criticizing Barnard's theory because such criticisms cause some debates among researchers and were useful in furthering its understanding (Hypothesis 1b). Moreover, Isomura argues that Iino and Kato collected unpublished archives on Barnard's theory and precisely examined and traced how Barnard had developed his theory of organization and management throughout his life (Hypothesis 1a).

4.5 Development of Barnard's Theory

In this section, we review literature on Barnard studies more precisely on the basis of our Hypothesis. The Sects. 4.5.1, 4.5.2, and 4.5.3 are based on Hypothesis 2, Hypothesis 3, and Hypothesis 1a and 1b, respectively.

4.5.1 The Foundation of Management Theory

We examine studies by the following authors that pursued to establish the foundation for management theory on the basis of Barnard's theory: Baba, Yamamoto, Mito, Kato, Iino, and Mano.

Baba introduced Barnard's theory in Japan for the first time (Baba 1950a, b, c); he pointed out that Japan's management theory does not have a sufficient theoretical foundation and that the theory of business policy lacks a methodological foundation. Therefore, Baba (1954, 1956) proposed that organization theory is useful to build the foundation of management theory, and that the foundational theory should be built on the basis of Barnard's and Simon's theories.

Yamamoto (1956, 1963, 1972) insisted on the necessity of establishing a foundational theory for management by clearly defining the relationship of three core concepts: cooperation, management, and organization. Yamamoto proposed that the general management theory should have a three-layered structure composed of cooperation theory, organization theory, and management theory, and that its methodological foundation should be an actor-oriented theory like Barnard's theory.

Urabe recognized the importance of Barnard's theory through Drucker's books when he stayed at the University of Pittsburgh as a visiting scholar in 1950. Urabe (1955, 1966, 1974) regarded Barnard as the founder of modern management theory, which is distinguished from traditional management theory. Urabe pointed out that Barnard's theory built upon modern management theory in that it is a management theory on the basis of organization theory, it is oriented to descriptive science, and it is a behavioral science that regards human beings as active agents for managing an organization.

Mito (1973, 1986) considered that Barnard's theory led to a paradigm shift in management theory by adopting a total man hypothesis as an alternative to an economic man hypothesis. Mito insisted that organization and management theory should be developed on the basis of Barnard's total man hypothesis. He traced the theory of Tayler, Follett, Barnard, and Drucker and sought to build his own management theory (Mito 2002).

Kato (1974, 1980, 1996) insisted on the necessity of accepting Barnard's conceptual scheme proposed in *The Functions* as a Kuhnian paradigm, which led to the development of a cooperative science on the basis of Barnard's methodology that has the same scientific structure as normal science.

Iino (1978, 1986a) emphasized how Barnard's theory regards formal organization as a system of human behavior rather than a mechanical structure of jobs. Iino called Barnard's theory a "organization theory-based management theory" because Barnard created his management theory on the basis of organization theory. Iino considered Barnard's theory to be a human behavior-centered system theory and proposed the development of a systematic management theory in which an organization is established, endured, and developed in its environment by accomplishing three conditions of effectiveness, efficiency, and morality.

Mano (1978, 1986, 1987) insisted on the necessity of understanding management as a total structure of an organism and of exploring a behavior system that has its own values and standards. Then, Mano suggested that Barnard's theory of organization economy become the foundation of management theory because the concept of organization economy is to grasp the totality of economic aspects of a cooperative system as an organism and because balancing organization economy is a process of managerial behavior in itself.

4.5.2 Autonomy of Formal Organization

Next, we examine researches to discuss the autonomy of formal organization: the Iino-Kato debate, Murata, Yoshida, Yamaguchi, Niwamoto, and Fujii. These Japanese researchers considered an organization to be a living entity. In general, such views are different from Western views that understand an organization as basically a mechanical structure or tool.

Iino published his book on Barnard's theory of organization and management in 1978 (Iino 1978) and Kato (1978) then reviewed the book, which quickly led to a debate on how to interpret the definition of formal organization. Barnard (1938) defined a formal organization as "a system of consciously coordinated activities or forces of two or more persons" (p. 73). Kato (1978) challenged the idea that a formal organization is coordinated by the system itself because the definition of formal organization includes what is defined. Kato insisted that the definition is tautological and proposed his interpretation, which perceives a formal organization as a conscious coordination by all its contributors. In response to Kato's book review, Iino (1979b) argued against Kato's interpretation, insisting that a system is a whole entity and that the whole is more than the sum of the parts. According to this systems approach, Iino claimed that it is appropriate to understand the coordinator as the system itself because of its autonomy. The focus of this debate was to formulate how a formal organization is autonomous and how a system creates its autonomy.

In response to the debate, Murata (1978, 1987, 1989) argued that a system includes its purpose in itself and is self-organized by referring to some concepts of an organic system approach such as isomorphism, interpenetration, and emergence. Murata suggested that a formal organization is autonomous and activated by the coordination and intersection of both individuals' and the organization's conscious and unconscious actions, as well as logical and non-logical factors.

Yoshida (1986) insisted that Barnard's theory is a systematic self-organizational theory. Yoshida defined a self-organization as the control and coordination in the relationship between a system and its environment through information that the system includes. Such a theory can be created only by a participant observer like Barnard who expressed his real and living world from the viewpoint of a flesh-and-blood manager.

Yamaguchi (1988) pointed out that a system is not merely the sum of its parts but is also self-referential, and that it has a nested structure in which all minute parts include their miniature. Therefore, it is possible to say that a system has a fractal structure in which all parts are meaningfully related to other parts. According to Yamaguchi, Barnard's concept of formal organization is created by a participant observer who can see a system as an insider, that is, an observer of a system who includes his or her own observations.

Niwamoto (1994, 1996) suggested that Barnard's concept of formal organization is deeply related to the theory of self-organization and autopoiesis. The concept of formal organization is that of a closed system where outsiders' contributions are considered to be inclusive from the viewpoint of actors. In contrast, the concept of formal organization is that of an open system where internal activities for an organization are perceived as coming from individuals on the outside. Niwamoto argued that Barnard's theory adopts the logic and description of autopoiesis; therefore, Niwamoto insisted that Barnard's theory enables the development of a paradigm that integrates the interaction and interpenetration between an individual and organization.

Fujii (2001) argued that contributors to an organization who live and make decisions in an ever-changing reality cannot ignore the passage of time. Fujii suggested the necessity of adopting an autopoietic approach by an insider to capture an ever-changing moment subjectively rather than by an outsider's observation who can interpret the past objectively without time limitation. Fujii emphasized that Barnard's theory is based on such an autopoietic approach.

4.5.3 Archival Studies on Barnard's Theory

In this section, we first examine Barnard studies using archives; then, we introduce studies that further develop Barnard's theory by tracing Barnard's contributions through references to Barnard's other books such as *O & M* and *Philosophy*. Finally, we confirm that the research group BSJ intensively discussed different topics of

Barnard's theory, which significantly contributed to the development of Barnard's theory in Japan.

We refer to three representative archival studies on Barnard by Iino, Kato, and Yoshihara. Iino (1978) precisely examined the differences between the drafts of Rowell lectures and *The Functions* and then clarified that Barnard introduced and developed the concept of cooperative system through his discussion with L.J. Henderson.

Kato (1996) traced almost all Barnard's published and unpublished writings before his publication of *The Functions* and then examined how Barnard's major concepts had been created. Moreover, Kato studied how Barnard had elaborated his research method and built his conceptual scheme under Henderson's influence through precisely examining correspondence between Barnard and Henderson.

Yoshihara (2006) examined intellectual exchanges mainly through correspondence among seven management thinkers: C.I. Barnard, W.B. Donham, E. Mayo, L.J. Henderson, F.J. Roethlisberger, H. Cabot, and T.N. Whitehead. Then, Yoshihara clarified how the scientific group called Harvard circle, which existed from 1927 to 1937, attempted to develop a science of human cooperation.

Next, we examine studies on Barnard that developed Barnard's theory through *O & M* and *Philosophy*.

Iino (1978, 1992) traced the development of Barnard's thought by examining papers published after *The Functions*. He argued that Barnard had rejected a traditional organizational principle regarding the correlation between authority and responsibility, insisting that Barnard had emphasized that responsibility is more important than authority. Iino referred to Barnard's theory of responsibility as a "priority theory of responsibility." He clarified Barnard' views on responsibility, explaining that an organization creates its own values, becomes a moral institution, and depends upon the morality of individuals rather than an organizational authority.

Moreover, Iino developed Barnard's theory and built a three-dimensional model of organizational survival. Barnard argues that the survival of a formal organizations depends upon two conditions: effectiveness and efficiency. However, Iino added one more condition: morality. Thus, Iino expanded Barnard's theory to establish a more comprehensive organization theory of how organizations are established, endured, and developed in the long term.

Niwamoto (2006) focused on Barnard's theory of organizational knowledge; Barnard presented three different forms of knowledge: skill (behavioral knowledge), personal knowledge, and formal knowledge (Wolf and Iino 1986). Niwamoto built a model of a dynamic cycle regarding how actions are transformed to formal knowledge through skill and personal knowledge, and then back to new actions through judgment-making. Moreover, Niwamoto discussed the intellectual exchange between Barnard and M. Polanyi and insisted that Barnard's theory should be regarded as one of the origins of knowledge management.

Isomura (2012, 2019) and Isomura and Kobayashi (2020) argued that intuitive, holistic, and logical thinking depend upon behavioral, personal, and formal knowledge, respectively; they then clarified practitioners' thinking methods on the basis of Barnard's theory.

Finally, the contributions of BSJ (Nihon Barnard Kyokai 1977–1988) must also be recognized. This society played an important role in the acceptance and development of Barnard's theory in Japan by holding research meetings regularly and publishing a newsletter every year. Moreover, the society translated Barnard's books and relevant literature and published research books on Barnard.

Moreover, a lot of debates took place in regular research meetings held by BSJ concerning a variety of different topics. For example, Yamamoto and Iino discussed how the relationship between the ideas of cooperative system and formal organization should be interpreted. As already argued, Iino and Kato showed different views on Barnard's definition of formal organization. Taira emphasized the importance of communication while Iino insisted that communication should not be separated from two other conditions of establishing a formal organization: a common purpose and a willingness to cooperate. Tsuchiya, Kawabata, Mito, and Chujo criticized how Barnard's definition of a formal organization makes the boundary of organization ambiguous, whereas Niwamoto emphasized the novelty of this definition. Yoshihara and Niwamoto debated whether Barnard shared his research method with Henderson (Nihon Barnard Kyokai 1977–1988; Kawabata 2015). Such debates have been continuously held in research meetings of BSJ, Japanese Academy of Business Administration, the Society for History of Management Theory, and the Academy of Management Philosophy.

4.6 Discussion and Conclusion

We would like to summarize some implications of this chapter by answering our research questions.

First, we understand that Japan's academic community has positively accepted and developed Barnard's theory to build the foundation of management theory, and that Japan's academic community has recognized the importance of Barnard's concept of formal organization as an autonomous system rather than a mechanical structure.

Second, we confirm that the amount of Barnard studies in Japan is much larger than those in foreign countries, but it is not easy to evaluate whether Barnard studies in Japan is qualitatively better than those in foreign countries. However, we were able to point out that the basic condition of developing Barnard studies has been well formed in Japan. For example, *The Functions*, as well as *O & M* and *Philosophy,* have all been translated into Japanese, and introduction books to *The Functions* have been consistently published. Some leading researchers have furthered their understanding of Barnard's theory by collecting and using archival materials such as unpublished writings and correspondence. Moreover, researchers established research groups like BSJ and intensively discussed different topics to develop Barnard's theory.

Overall, we conclude that Barnard's theory has encouraged Japanese academicians to build the foundational theory of management. These individuals have strongly resonated with Barnard's organization theory because a formal organization is considered to be autonomous. Of course, other theories have challenged the dominance of Barnard' s theory in Japan, and these theories have generated a variety of additional interpretations. However, Barnard's theory is rigorously logical and systematic despite the fact that it is based on his experience and observation; therefore, Barnard's theory is considered to be a promising paradigm in management theory in Japan.

Studies on Barnard's theory in Japan have become stagnant since the 1990s. This is because Barnard's theory has been sufficiently understood and accepted, so studies on the matter have decreased quantitatively. Therefore, it is possible to say that Barnard's theoretical contributions have been well recognized. However, for future research, Barnard's studies still have potential to be revitalized and developed further if Barnard's theory is examined in regard to its application in business practices. For example, Isomura and Kobayashi (2020) recently built a framework for how practitioners can utilize different thinking methods on the basis of Barnard's theory of organizational knowledge. In addition, Isomura (2020, 2021a, b) suggests that Barnard's concept of formal organization is useful in the creation of a new style of management when diverse contributors' contributions are utilized effectively.

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Chapter 5
Peter F. Drucker and the Philosophy of "Management"

Yasushi Isaka and Hisashi Shimada

Abstract In this chapter, we will examine Drucker's influence on Japanese management. It is well known that after its defeat in World War II, Japan made a tremendous economic recovery and developed rapidly, especially in the industrial sector. On the other hand, Drucker came to Japan in 1959 and provided a great deal of guidance to Japanese managers and scholars. He not only understood Japanese industry, organization, and economy, but also culture, history, and art, and greatly encouraged the Japanese people who had been defeated in the war and sunk into disappointment. We would like to look at how postwar Japan accepted Drucker and how he was useful in shaping Japanese management, in relation to the "management boom" and the rise of "management journalism." This is because we believe that the Japanese did not only learn management from Drucker but also learned a lot from his "philosophy" and "views for society."

Keywords Peter F. Drucker · Japanese management · Japanese economy · Social ecology

5.1 Introduction

Drucker has been known as the "management giant" who had widespread influence over the world in the twentieth century. With his various titles: a management scholar, a consultant, a social ecologist, a writer, he was a person who contributed not only to business management but also to social and human issues.

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Drucker's popularity has continued even after he passed away in 2005, and his books are still widely seen on shelves in bookstores. Many people, especially practical managers, praise Drucker's achievements.

For Japanese people, especially during the period of rapid economic growth, Drucker was synonymous with "management." Even those who were not so interested in business knew his name. It became a brand for business executives and managers, persons over 40 years old with high social status, and those with a "charisma" of the business world. All of his writings have been translated into Japanese, and it is said that most of his books have sold more than 100,000 copies.

Since the 1960s, his books have been bestsellers, and his contributions to such prestigious newspapers as *The Economist*, *Forbe*s, and *The Wall Street Journal* have become instant hits.

He is also known as one of the pioneers of consulting and has consulted with executives of giant corporations such as GM, GE, IBM, and P&G.

The authors believe that Drucker's greatness is still helpful in practice and his thoughts are consistent. As described in this chapter, his misunderstanding, expressed as "Drucker's setback," must be recognized. Nevertheless, his thoughts were unwavering. He is also well known among NPO people.

This chapter would like to describe Drucker's image through his acceptance and development in Japan, focusing on his basic thoughts, especially his views on Japanese society and Japanese management.

In addition to this point, both authors are going to discuss the interaction between Japanese management and Drucker, but there is one fact that should be mentioned first.

We have extensive experience in business and then entered the research field. Also, both authors have had the opportunity to meet Drucker in person and to interview with him. In addition, we have met many managers who have been directly and indirectly influenced by Drucker and have applied his ideas to their management. We would like to ask the audience to understand in advance that these facts may have a great influence on the contents of this chapter.

5.2 Postwar Japan's Management Boom

After suffering a disastrous defeat in World War II, Japan experienced a rapid economic recovery. After a period of occupation, Japan learned from American management theories and developed a strong community orientation, so-called "Japanese management." In the first place, we would like to look at the process of its formation.

5.2.1 Japanese Economy in the 1950s

Japan's post-war period started with scorched earth.

Immediately after Japan's war defeat, NHK news began to speak with impressive narration like this. Moreover, it reflected the miserable situation of Tokyo, with rubble, shacks, and people hunting for food in the black market. Furthermore, it announced, "We cannot help but say how much pain we suffered from meaningless World War II." We are now surprised that the pre-war slogans of *Kichiku-Beiei* (Devil American and British) and *Ichioku-Hinotama* (100 million fireballs) were quickly replaced.

After WWII in Japan, which started from the burns, democracy was rapidly implemented under the United States' occupation policy, and this was also the beginning of a new society in which the emperor-centered view of the nation declined.

Fukoku-Kyohei (Japan's slogan of national prosperity and strong army) was replaced by "economic reconstruction," and many public-private efforts began. Through the experience of defeat, Japanese people were heading for a heterogeneous "the Age of Discontinuity."

It was an unimaginable situation in Japan 76 years ago, but rising from the scarcity of resources, skyscrapers are now standing in the previously rubble-covered city, high-tech products have become commonplace, and there is competition for gourmet food. That is the reality we are witnessing.

Ten years have passed since 1945, and the "Economic White Paper" declared that it was "no longer post-war," and high economic growth, with a 10% increase in GDP annually began. Televisions, washing machines, and refrigerators were called *Sanshu-No-Jingi* (the three sacred treasures), and the standard of living for ordinary people had unthinkably improved. In 1960, Prime Minister Hayato Ikeda announced the "income doubling plan" and enjoyed the benefits of economic development in which the public and private sectors were united to work for a single aim. Japan, the defeated nation, which is also scarce in natural resources, had surpassed the government's plan and had successfully doubled its income in seven years with an annual economic growth rate of 10%.

In 1968, Japan became the world's second-largest economy after the United States, even though their oil supply was once severly restricted during the oil crisis and despite the appreciation of the yen, but Japan overcame it again, and since 1975 it displayed unusual results for an economically advanced country. It had achieved high annual growth of 4%.

Eventually, cooperation between the public and private sectors and so-called "Japanese management" provided strong support to economic development, although there were various factors, such as an extraordinary demand for the Korean War, and US assistance in response to the Cold War. In resource-poor Japan, human resources have become the most significant driving force behind creating an economic power.

Above all, Japanese management had a significant influence on Japanese society. Loyalty to the "emperor nation" shifted to the "company" and created *Kigyo-Senshi* (corporate warriors) who worked hard for *Waga-Sha* (our company).

The unique Japanese management system also created the same kind of working style, including *Service Zangyo* (work for unpaid overtime), *Froshiki Zangyo* (overwork to take home), single assignment, and finally, *Karoshi* (killed by overwork) became a common word.

This situation was widespread not only in companies but also in government offices. The song "Can you fight for 24 hours?" that appeared in a commercial for the tonic drink "Regain" became popular at karaoke houses during the bubble economy era.

The strength of Japanese management lies in the fact that such a harsh and neglected style of human rights was not due to imposition or orders but was voluntarily and often happily accepted.

Incorporating "company man" into the company has brought about powerful results for the Japanese economy. By combining diligence, accuracy, and effort to create a unique quality management system (QC), the introduction and development, and bottom-up contributions based on a sense of participation by all made Japan a brilliant success of advanced technology from the burn marks of the resource-poor country which it once was.

Management inspection teams from all over the world visited Japan to learn about Japanese management systems and observe QC and other successful institutions.

Theory Z by William Ouchi (Ouchi 1981), University of California professor, and *Japan as Number One* by Ezra Vogel (Vogel 1979), Harvard University professor became bestsellers and significantly increased Japanese pride.

5.2.2 Japanese Economy in the 1950s

Drucker wrote *The Practice of Management* (Drucker 1954), and his first visit to Japan was in 1959.

Drucker portrays the corporation, the center of production, as an institution of functional and communal excellence in *The Practice of Management*. Moreover, he sees the reconstruction of the post-WWII world with the development of corporate activities as a fatal and inevitable process. In the present day, the view of the corporation and industry as the center is generally shared, but at the time, such views were not necessarily common knowledge, especially for the intellectual class.

The hidden purpose of *The Practice of Management* was to shed an intense light on the reality-creating aspect of corporations and to dispel the ideological prejudices associated with corporations. One of the things that had a strong influence on Japanese managers was Management by Objectives and Self-Control (MBO). Many anecdotes of real people were introduced in the MBO in *The Practice of Management*.

It was James C. Abegglen, who came to Japan from the United States, who observed Japanese management and introduced its characteristics. He had the experience of fighting the Japanese army in World War II, and after the war served as a Boston Consulting Japan representative and a Sophia University professor and was finally naturalized in Japan. In 1958, he published the book *The Japanese Factory* (Abegglen 1958).

When Drucker visited Japan for the first time and was asked for his impression of Japanese management scholars, he said he was concerned they seemed likely to have less actual workplace experience. Drucker’s first impression concerning management in Japan was that it lacked a management system whereby corporations could borrow knowledge from “outsider-insider” consultants.

Abegglen listed three characteristics of Japanese management, *Shushin-Koyo* (lifetime employment), *Nenko-Joretsu* (promotion by seniority), and *Kigyonai-Kumiai* (in-house trade workers union).

Lifetime employment is a system in which the company workers that join a company work there until retirement age, and the company does not dismiss them. Promotion by seniority is a system in which salary and status increase according to years of service. An in-house labor union is a system in which workers of all occupations within a company, whether sales, research, production, or finance, participate in the same union.

These were in contrast to the United States where changing jobs was an opportunity for higher salary and promotion, job performance determined treatment, and labor unions were formed for each occupation like the welder labor union in the automobile industry.

Japanese people who had trouble with food after the war welcomed a stable system, and salaries increased as expenses increased with age. The treatment of all employees was improved as the company improved its business performance while raising the awareness of “our company.” From the president to every ordinary worker, “company men” who try to contribute work hard for their company, regardless of overtime work or a single assignment, are the basis for growth in the economy of a country without resources.

The Japanese industry has succeeded in improving the inventions and systems imported from overseas. By learning through the unity and contribution of people and raising such imports to a level that cannot be imitated, the Japanese industry has boosted its international competitiveness to an unparalleled level.

When a foreigner asked us to explain Japanese management, one of the authors often took them to an *izakaya*, a Japanese-style dining bar around the business district. *Izakaya* style might be unpopular for Japanese young people these days, but after all, some sites come to life when the night falls. Most of the guests enjoy themselves. The topic of conversation while drinking is wide-ranging. Business meetings, information exchange, rumors of personnel changes, and ill talk about bosses are the norm, and as are topics such as golf, baseball, soccer, family, and health. Eventually, complaints and real intentions come out. There are various small stories, from serious to funny ones.

Westerners would be shocked by this. It would be out of the question to spend some time away from family members after finishing work and instead spend with colleagues.

For Japanese people, the workplace has more meaning than work. The workplace is a place to provide abilities and receive salaries and involves the whole human personality. It is also a place for creating “lifelong friends” or “family.” There are many in-house marriages. Salary aside, it is a place where people can live together, with a lot of noise, conversations, information exchanges, and a little serious consultation.

In Europe and America, people leave their homes, communities, churches, and other communities to work, whereas, in Japan, people live in their workplace community in some extreme cases.

In Japanese management, employees and staff cannot be regulated considered only as “businesspersons” and “workers.” Not only do they earn an income within the organization, but they also have a place of personal life there, gaining social status and stability in the community, creating a whole personal life. In Abegglen’s books, he describes it as a “lifetime relationship.”

The essence of Japanese management is that the company goes beyond its economic function and creates a communal living body with personal contact and ties as friends. Employees are treated as people with all personalities, not just functions, and collaborate, and management builds a place to live together where there is something to be evaluated. Therefore, even if pay-for-performance progress and the disparity in income and status increase, as long as employees are considered people with personality and abilities as real persons, the merits and potential of Japanese management can be inherited by others.

5.3 Drucker’s Visit to Japan

Drucker’s visit to Japan came at a time when Japan was rapidly recovering from the devastation of World War II. As an American management scholar and industrial leader, Drucker was enthusiastically welcomed by the Japanese managers and business scholars of the time. It was also the time when the “management boom” was sweeping Japan, and this spurred Drucker’s popularity. In this section, we will examine the relationship between Drucker and postwar Japanese management.

5.3.1 Drucker and Japanese Management

There is no doubt that in postwar Japan’s development, Japanese management had a significant effect. The Japanese management had similar features with the industrial society which Drucker imagined. In short, Japanese management had a culture of social and political structure with an economic focus. Japanese corporations’ function in society was as a human community and the place that provided an income for most Japanese.

Drucker first visited Japan in 1959. His books were widely read, and "Drucker fans" rapidly increased in Japan. On the other hand, Drucker also praised Japanese industrial people; hereafter, he frequently visited Japan. His affluent knowledge about Japanese art promoted favorable interaction.

In particular, the publication of the book *Management: Tasks, Responsibilities, Practice*s (Drucker 1973) can be said to be a compilation of his previous three major management-related works, *The Practice of Management* (Drucker 1954), *Managing for Results* (Drucker 1963), and *The Effective Executive* (Drucker 1967), along with other articles, papers, and new findings, had a tremendous impact on Japanese managers.

One of the characteristics of this book is that it contains many descriptions of Japanese companies. Later, Drucker turned to criticize Japanese management, but at this point, he was so involved in Japanese companies that it seemed a bit improbable. Through his interactions with his Japanese friends, in businesses and academics, he came to know such Meiji-era industrialists as Eiichi Shibusawa and Yataro Iwasaki, whose names are also mentioned in this book. It was Eiichi Shibusawa in particular for whom Drucker had intense awe. What Drucker notes in Shibusawa's achievements is from the perspective of people management. His idea was to utilize the intellectual abilities and knowledge cultivated and accumulated during the Edo-era to take advantage of the opportunities of the new era after the Meiji era and utilize people's strengths actively.

Shibusawa is also highly regarded from the perspective of "responsibility," which is the subtitle of this book. In Drucker's view, Shibusawa recognized that industrialists had a responsibility to society. Drucker understands that even GM was somewhat less concerned with its responsibility to society in the USA, while Japanese companies relied on their contribution to society and the responsibility that comes with it.

The Japanese were undoubtedly strongly inspired by Shibusawa and the other significant figures of the Meiji era, although not everyone had such a deep awareness of them.

In fact, in the 1970s, a new generation of Drucker followers began to form in the Japanese industry. We might even call them the second generation of Drucker followers, such as Masatoshi Ito of Ito-Yokado, Isao Nakauchi of Daiei, Kazuma Tateishi of Omron, Koji Kobayashi of NEC, and Yotaro Kobayashi of Fuji Xerox.

On the other hand, Drucker understands Japanese history and culture well. Notably, his collection of Japanese paintings and his knowledge of the styles, especially Sumi-e (black ink brush paintings), are first-rate. His collection was put on public display at department stores in major Japanese cities at one point. After turning the age of sixty-nine in 1979, he became a visiting lecturer of Oriental Arts at the Pomona College of Claremont Graduate University in California for five years.

According to the transcript of an interview with Drucker, at 2:00 p.m. on a Saturday, May 7, 1934, he encountered an exhibition of Japanese art in the Burlington Arcade in London.[1]

He has spoken many times about his initial encounter and the fascination he felt at that time. Furthermore, we can assume that Japanese art was probably one of the most remarkable encounters he had during his time in London.

He describes how the knowledge of Japanese art had such an impact on him that it changed the composition of his mind.

> June 7, 1934, 2:00 p.m. Saturday, I was working in a London bank. It was one of the glorious June days you can sometimes get in England, so I walked home, and we only worked till 12:00 on Saturday. It was a long walk home from the city to Hampstead and just as I was going—do you know London? Halfway at Piccadilly Circus, a storm hit, and I ducked into the first enclosed space which was the Burlington arcades. That's where the Royal Academy had its annual exhibition of paintings, and instead of its usual horrible paintings, there was their first travelling exhibition, the first exhibition of Japanese paintings. The Japanese government had sent to the West. And I was hooked for life. Two years later when I emerged back when the storm had passed, I was hooked for life.

Even later, Drucker said that he made it a habit to keep his favorite works of art in his study and look at them for a certain amount of time a day. He perceived Japanese art as something that would restore his sanity and correct his view of the world. Without exaggeration, it is safe to say that his encounter with Japanese art was an ecstatic experience.

Furthermore, Drucker loved Zen paintings and literati paintings and listened to the silent words of the works. Having lived through the bloody and horrific reality of Europe, he must have found a powerful affirmation of the world in the silence of Japanese art. Japanese art seems to have repaired Drucker's mind, which had become paralyzed in the cycle of curses that called for violence after violence.

Once, Drucker admitted that he left Europe for America because he was drawn to the extensive collections of Japanese art in Boston and Washington, DC. There were no significant collections of Japanese Sumi-e in Europe at the time. Even during his first lecture tour of Japan, he wanted to see Japanese paintings. Since then, Drucker frequently visited Japan. Drucker actively supported art museums and NPOs with connections to Japan. He made donations and offered free consulting. Drucker rescued the financially troubled Asian Art Museum of San Francisco. He donated some money and offered to consult for its revival and offered free consultation to organizations that donated to the museum. Drucker also helped build the "Japan House" in New York City.

Japanese paintings and Chinese paintings were not the same to him. In Drucker's eyes, they were entirely different things. Drucker's opinion was shared by a Chinese acquaintance in London who told him that Japanese and Chinese paintings were distinguishable. According to the friend, Chinese people are not sure how they are supposed to feel when viewing Japanese paintings and are less comfortable than

[1] Drucker (1999b).

when viewing Chinese paintings. The brushes, the way to use the brushstrokes, the ink, its density, and the subject matter are all the same, but the resulting drawings are not alike.

In the present, about 200 pieces of Drucker's collection, including ink paintings, have been purchased by a Japanese company and donated to the Chiba City Museum of Art.

It is important for us to emphasize that there was a coherent interest between his love for Japanese art and management. This was because he had consistently taken a cultural, historical, and social perspective in his observations of postwar Japanese society. This can be seen in his 1993 book *The Ecological Vision*, in which he included a section discussing Japan that begins with the following statement.[2]

> My point all along has not been that Japan is 'good' or that Japan is 'bad,' but that Japan is different. And the differences are not economic; they are social. In fact, my approach to Japan has not been through economics and business. It has been through Japanese art and through Japanese history—the result of my falling in love with Japanese painting when still a very young man and an economist working for a London merchant bank.

Also, Hideki Yamawaki, a professor at the Drucker School of Claremont Graduate University, where Drucker taught, said, "He believed that a deep understanding of human nature was essential for management. I can picture him deepening his insights about human beings by pondering the background and ideas behind the paintings," he commented in an interview with *the Asahi Shimbun* (January 24, 2019).

Based on that trust, and the comments of Akio Morita, co-founder of Sony, Kazuma Tateishi of Omron, Yotaro Kobayashi of Fuji Xerox, and other Japanese friends of Drucker, they comprehend his management disciplines well. Konosuke Matsushita, founder of Panasonic, though he never met him in person, had a similar business philosophy to Drucker. Masatoshi Ito, the founder of Seven & I Holdings, made a significant donation to the Drucker School of Claremont Graduate University, and the business school was named accordingly.

This way, Drucker's management disciplines had a more significant impact on industry and academia. Most of his books have been translated into the Japanese language, printed along with the original edition, and widely acquired by large audiences.

Thus, Drucker's whole story was not necessarily always smooth sailing because the Japanese industry's limits became clear.

We describe this with the words "Drucker's setback." Of course, he wanted to believe in the possibility of industrial society and to devote himself to developing in it; we suppose that he felt a slight hesitation in using the word "setback."

We believe that Drucker was an optimistic person if anything. Because of that temperament, we believe that he misread the indefatigable energy for profit pursuit of industrial society, market principle, and capitalism. He might have disregarded the violent energy that resulted in America's market economy system becoming the best

[2] Drucker (1993) p. 361.

after the end of the cold war. The actual image of the industrial society was not necessarily the same as Drucker's images; it made prioritized shareholders and the pursuit of profit expansion exclusively. Rationalism and efficiency principles were emphasized under the name of Neoliberalism. Its greedy pursuit of profit by dealing promoting virtual finance more than a real economy with a profit rate limit caused the financial crisis in 2008. We believe that in this world, money is the highest priority for most. Conversely, the consideration for humanity and society that Drucker had solid expectations for in his ideal industrial society was overlooked.

The market economy is operated by leveraging the human ego. By losing proper control, industrial society has fallen far short of what Drucker aimed for. Its side effects were also terrible.

Unfortunately, Japan was no exception. Japanese companies got stuck in the "bubble economy" and diluted the best of Japanese management. Pay-for-performance has progressed, and shareholder priority has become more robust. The excellent characteristic of community life in Japanese management had faded. Drucker accepted these facts with his remarks, "This is true even in Japan, despite the emphasis on lifetime employment and on building a "loyal," permanent work-force," and despite in his heart expecting the realization of a corporate community in Japan.[3]

5.3.2 Management Journalism

In Japan of the 1950s, there was a movement called "management journalism" that made Drucker's name more famous in Japanese industry. Unlike usual business journalism, management journalism had started with the publication of a series of media covering live activities such as companies and industries.

After the war, radio, especially commercial broadcasting, actively started, and by 1954, the number of radio stations had increased to 54 from 33 companies. According to the "White Paper on National Life," the radio penetration rate reached 91.7% in urban areas and 90.3% in rural areas in September 1958. The appearance of television was a little late, and NHK Tokyo started broadcasting in 1953, NHK Osaka and Nagoya the following year, Nippon Television in 1953 for commercial broadcasters, and Tokyo Broadcasting the following year. The Tokyo Tower was completed in 1958, and the number of subscribers increased significantly.

At the same time, weekly magazines were published all at once, and publishers' magazines boomed around 1956, including *the Weekly Shincho* and other major magazines. Management magazines were first published in 1942 by *Nihon-Noritsu* (Japan Management Association) and in 1946 by *Kikaku-to-Hyojun* (JSA: Japanese Standards Association) and *Seisan* (Japan Management Association) during the pre-war period. In addition, *Jimu-to-Keiei* (Nippon Office Management

[3] Drucker (1999a) p. 148.

Association), *Jimu-Noritsu*, and *Seisan-Noritsu* (Japan Management Association) were first published in 1949, but both are positioned as specialized journals by specialized management organizations.

Management journalism had an enlightening characteristic that targeted ordinary business people as readers and interviewed managers and the voices of ordinary working people. The first was *Management* (Japan Management Association), published in 1951, but when the so-called "management boom" came, new management magazines began to be published one after another.

Although it is possible to find a strong correlation between the rise of management journalism and the acceptance of Drucker, it was in 1959 when Drucker first visited Japan that he foresaw Japan's potential as an economic power even though she had not yet acquired the foreign capital required for industrialization. The Japan of the time overflowed with a "can do" spirit and a firm belief in her future as such a power. Only twelve years later, Drucker wrote "What we can learn from Japanese Management" in *the Harvard Business Review* (Drucker 1971).

What amazed us here was swift recognition for Drucker by the Japanese government at that time. He was awarded the Order of the Sacred Treasure, Third Class, in 1966 for his contributions to the modernization of Japanese industry management and the friendship between Japan and the United States. Drucker grew quite nostalgic for the energetic Japan of the past in his later years—not because Japan bestowed this award on him, but because of the now stagnated Japan he could see before him.

The Japanese living in a postwar society were urgently seeking industrial recovery. Drucker was an intellectual who brilliantly embodied the demands of the times in exploring management principles.

He was brought up in European culture, had a deep knowledge of oriental culture, and was an American intellectual. His remarks did not resonate with the Japanese, who wanted to restore national power.

Most of these magazines introduced management theories and techniques from the United States and adapted them to Japanese companies.

Also, there is a Japanese translation issue involved. The Japanese have a history of thoroughly translating and learning from Western writings since the Meiji era. Even after World War II, there were many excellent translators who contributed greatly to importing and transplanting knowledge, especially from the United States.

The greatest contribution to Drucker was made by Atsuo Ueda, a translator and an editor with a background in business at Keidanren (Japan Federation of Economic Organizations). Drucker himself called Ueda his "closest friend and alter ego in Japan," and he was a trusted partner. Ueda not only translated all of Drucker's works but also edited *The Essential Drucker* (Drucker 2001) by himself, which has been translated and published around the world since 1999.

Ueda had worked hard to translate Drucker's works into Japanese in a way that was familiar and acceptable to Japanese people. We can also point to the fact that this involved "customizing" and "localizing" them to Japan, beyond simple translation.

For example, Ueda wrote the following about the translation of "Integrity," which appears in *Management: Tasks, Responsibilities, Practices* (Drucker 1973), as "*Shinshisa* (sincerity)," which most Japanese prefer.

> I did not simply translate integrity as "*Shinshisa,*" but precisely there were three corresponding languages. First, 'integrity,' then 'Integrity of character,' and 'character.' I did not want to translate them differently. I did them all as "*Shinshisa,*" as a whole concept that expresses the spiritual value of human beings. If I force myself to translate them differently, the reader will try to find the meaning in the different translations. However, I believe there is no exact difference in meaning. So, the work of translation is an adventure.

His "adventure" helped Drucker's translations become easily accepted by the Japanese mind and can be seen as an important factor in maintaining Drucker's popularity, especially in Japan.

5.4 Drucker and the Present Time

Reliance on Drucker in Japanese management has been relatively strong with other countries. It can be said that Japanese industrialists and scholars accepted Drucker's theories not only as management principles but also as philosophies. Similarly, Drucker himself, as we have already seen, tried to understand the Japanese economy in terms of its culture, history, and social factors. In this respect, just as Drucker called himself a "social ecologist," it can be thought that the Japanese also responded strongly to his social and cultural perspective.

5.4.1 Japanese Management and Drucker

We have seen Drucker and Japanese management. Japanese management regards employees personally and motivates them and contributes to their lives. On the other hand, embracing employees too much in the organization has led to the assimilation of value, impairing its independence, and narrowing its vision.

This light and shadow are still problems that remain and would not disappear due to Japanese management and the life characteristic of the Japanese.

Drucker's *The Age of Discontinuity* (Drucker 1969) was very well received in Japan. According to Drucker, it was a crucial point that by "discontinuity," he meant a breakthrough and innovative change, not continuity, would begin.

In the last few decades, the driving force of growth in developed economies has been traditional industries such as agriculture, steel production, the automobile industry, and the chemical industry, supported by tractors, fertilizers, and improved varieties. These industries have been supported by traditional foundations and have expanded their growth to become huge. It is a history of continuous successes with technologies and improvements that can be traced back to the Industrial Revolution of the eighteenth century.

It is now pointed out that while we are devoting ourselves to expanding traditional industries, our foundation is beginning to show different quality and discontinuous changes. Drucker's main points can be summarized in the following three points.

1. International world economy
2. Knowledge society
3. A society of the new plural organizations

What is pointed out here is now evident to everyone. Drucker called himself a "social ecologist." A social ecologist does not predict the future, but Drucker's unique views clearly show the reality that has already happened that no one has noticed yet. He wrote like this. "This book does not project trends; it examines discontinuities. It does not forecast tomorrow; it looks at today. It does not ask, 'What will tomorrow look like?' It asks instead, 'What do we have to tackle today to make tomorrow?"

Drucker was a social ecologist. In observing organisms, ecologists understand each thing as a whole. Essentially, the purpose of ecology is to observe things. It is a system for observing and reporting. Going to the South American jungle, a nature ecologist does not say that the trees should grow in such a way. So too, a social ecologist does not say how society should be. First and foremost, observation is fundamental.

However, not only that, but an ecologist also observes changes. He determines whether things are genuinely affected by those changes or not. He tries to find a way to make the change into an opportunity. The phrase "social ecology" itself is a Drucker coinage, along with "knowledge society" and "knowledge work." Nowadays, it is widely accepted.

According to Drucker, social ecology can be established not by analysis and logic but by perception and description. That is the difference between social ecology and sociology. Social ecology is not constrained by analysis and logic, as analysis and logic can never be perfect. These are what Drucker tells us. Theories can be systematized. However, that usually does not create anything. Systematization is to organize and classify.

However, society is dramatically evolving. The paradigm of social science should never stop changing. It has been changing at an accelerated pace. Social ecology observes those changes. Change displays this essence.

Besides, social ecology deals with the bigger picture, not with a collection of parts. It observes the whole. The whole may not be larger than the sum of its parts. Of course, it is not a collection of parts but a living organism.

Jack Beatty, Editor of *the Atlantic Monthly*, puts "the man who invented management" at the subtitle of his book. The history of management is based on the scientific management left by F.W. Taylor at the beginning of the twentieth century. Based on subsequent developments, he systematically organized management and made its importance known.

Management turns out to be as essential to an organization as a conductor leading a symphony. Its property established the Industrial Revolution bourgeoisie. We are now in an era in which management matters more than property, which drives this society in a way in which organizations have great power. The top manager and the person in charge of levels including the middle and lower are all responsible for the management of organizations.

The two pillars that make up management are business development and human resource utilization. Then, through leadership, the two pillars function with each other to achieve the organizational purpose. If business development is an engine mechanism, then human resources utilization can be regarded as gasoline, and leadership can be regarded as a detonating plug.

In addition to Drucker's writings, many manuals have been published on these findings. It is systematically organized by his excellent book *The Practice of Management* (Drucker 1954) and its expanded version *Management: Tasks, Responsibilities, Practices* (Drucker 1973).

Drucker made a shocking statement with *The Practice of Management*. During the Industrial Revolution and the development of the market economy, companies acted to maximize profits, and it was believed that this was the driving force of economic development. He said, "The prevailing economic theory of business enterprise and behavior, the maximization of profit which is simply a complicated way of phasing the old saw of buying cheap and selling dear-may adequately explain how Richard Sears operated. However, it cannot explain how Sears Roebuck or any other business enterprise operates, not how it should operate. The concept of profit maximization is, in fact, meaningless."[4] In other words, the purpose of a company is to contribute to society and people by fulfilling customers' needs and providing financial results, and it is Drucker's idea that a company is a social institution.

Drucker did not deny the need for profit. It was a way to measure a company's ability to create customers and provide satisfaction. It is an evaluation given by society for fulfilling the corporate purpose. It is a safety net for companies to take risks and develop their businesses, and it is a necessary cost to open the future. Without it, there would be no guarantee that the company would continue to be stable. Enterprises are also going concerned. Profit is not the main purpose of a business but an indispensable condition for achieving the business goals in the long term.

As of 1954, Drucker believed in the future of industrial society and had high expectations of companies. However, even when his dream was not fully realized, as mentioned before, he shifted his expectations to a multidimensional organizational society. He did not only apply his customer-oriented perspective to companies but also government and NPOs. Moreover, he emphasized the need for sound finances to prepare for the future and perpetuate non-profit management, even in NPOs whose purpose was not to pursue profits.

[4] Drucker (1973) p. 59.

5.4.2 The Perspectives Since 2000

Drucker said that every organization, including a company, is a social institution, clearly indicated by management's direction.

Companies, governments, and NPOs must aim for achievements that contribute to society and human beings. That is the reason for each organization to exist and the expectations of society.

If that is not possible, the organization will collapse, or management will be replaced. The demand from society that the primary responsibility of management is to improve business performance cannot be overemphasized.

However, it cannot be said that the responsibility as a social institution could be fulfilled as long as their business performance is good enough. It is necessary to draw out the strengths of the people involved in the organization, grow them, make them productive, make them able to contribute to the business's performance and enrich working people's lives. We cannot tolerate so-called "black companies" that hire many young employees, impose harsh working conditions and quotas, and force those who cannot tolerate the situation to leave the company.

Furthermore, the organization must have no negative impacts on society and not participate in various scandals such as pollution, bribery, collusion, and misrepresentation.

The world business situation has been changing rapidly. The academia of business administration is responsible for leading the practical field to create the new desirable business environment and society with proactive leadership. Drucker was such a scholar who led business and societal development through his management theory and philosophy.

In this way, it is the responsibility of the social institution that the organization and its management achieve results in terms of performance, humanity, and sociality. The lack of any such results means that their responsibility as a social institution has not been fulfilled.

Furthermore, the three responsibilities must not be disjointed but have a good relationship. As companies earn significant profits, they strive to make a significant contribution to society. In return, they seek favorable impressions from society and achieve even better business performance by attracting excellent human resources. Three responsibilities must circulate in a positive direction.

For the authors of this chapter, Drucker prioritizes knowledge and skills that integrate well and prioritizes having good relationships with each other so that the three responsibilities are not compromised. We consider it to be the integrity required of leaders.

Viewing it in this way, our ability to integrate the three responsibilities and maintain and develop the organization depends on our ability to set the direction of the organization and promote it with a strong will while also considering the abilities and functions of the management and people. Values and philosophy also become indispensable. Without it, a solid direction cannot be determined, and it will be shaken easily. We lose our long-term perspective.

The real draw of Drucker's management is the actual values that should be constantly maintained. The Japanese have not sought immediate results from Drucker Business Administration or the practical application of his ideas. We knew that building a solid foundation in his management philosophy and learning the theory and applications on which it was based would satisfy Drucker.

From this perspective, what the Japanese sought in Drucker was not only the practical, utilitarian management theories of the American style, but rather the normative theories that originated in his native Austria and Germany. As an example, Drucker does not place the purpose of business in direct profit, but in the creation of customers. He wrote, "There is only one valid definition of business: to create a customer."[5] "To create a customer" is the definition of business that appears at the beginning of *The Practice of Management*, but it is also known as a favorite phrase among Japanese managers. Drucker states that profits can be earned as a result of proper business practices that take normative and ethical standards and moral integrity into account and this is one of the reasons why Drucker has been accepted in Japan.

We are now free to solve many problems such as unrestrained capitalism, conflict, disputes between the United States and China, disparities, cooperation between economically developed and developing countries, various inequalities in one country, and the status of globalization. At this time, we believe that the world should not forget what we should learn from Drucker's disciplines and practices, as they inspire us to consider fundamental issues of society and human nature.

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Chapter 6
How Has Japan Accepted, Developed, and Transformed Strategic Management Theory?

Kazuhito Isomura and Toru Yamaoka

Abstract This chapter aims to clarify how strategic management theory from abroad has been accepted, developed, and transformed in Japan. We adopt some different methods, specifically data analysis, review article analysis, historical analysis of strategy consulting firms, a comparative study of standard textbooks, and a literature review on major research books in Japan. As a result, we conclude that the Japanese academic and business communities positively accepted and developed strategic management theory in the 1960s and 1970s but that, in the 1980s and 1990s, major Japanese researchers transformed strategic management theory into strategic organization theory focusing on the process of implementing a strategy. In addition, Japanese companies basically regard strategy making as engaging in medium-range strategy planning and stick to their management practice of the middle-up-down approach, so they cannot adopt the top-down approach to adjust swiftly to a turbulent business environment. Thus, Japanese companies have suffered from a lack of strategy making and malfunctioning of their traditional strategy planning.

Keywords Strategic management · Strategy planning · Strategy consulting firm · Internal process · Middle-up-down · Strategic organization theory

6.1 Introduction

This chapter aims to clarify how strategic management theory imported from abroad has been accepted and developed in Japan. It also investigates how this theory has been transformed in the process of being accepted and developed.

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Our working hypothesis is that both academic and business communities in Japan have held a basically negative view of strategic management theory developed in foreign countries and therefore have not accepted and developed it. In fact, Okumura (1989) argued that strategic management theory had not received sufficient attention in Japan because strategic management is not taught in most universities and an original Japanese strategic management theory has not been produced. Okumura pointed out three major reasons for this. First, the Japanese economy was in a state of growth, catching up with developed countries; therefore, it just imported strategic management theory and did not need to develop its own theory. Second, strategic management theory and tools from abroad were regarded as not fitting in with the Japanese style of management. Japanese companies pay more attention to the process of implementing a strategy than to making a strategy. Third, the strategic approach adopted in Japanese companies is not top down but bottom up; their focus is on operational decisions rather than strategic ones. Moreover, according to Kotosaka (2018), most Japanese companies still consider strategy making to be equivalent to the strategy planning that was dominant in the 1960s and 1970s; therefore, they do not engage in strategic decision making but decide their course of action on the basis of accumulated managerial and operational decisions.

Thus, we assume that the academic and business communities in Japan have principally adopted negative attitudes toward strategic management theory from abroad. On the one hand, Japanese researchers have tried to clarify the strength of Japanese companies by focusing on the process of implementing a strategy. Therefore, they can be considered to have paid more attention to developing strategic organization theory than to developing strategic management theory. On the other hand, most Japanese companies have accepted the idea of strategy planning since the 1960s and 1970s; however, they have mainly concentrated on implementing a strategy by improving their operational process. Overall, we examine our basic working hypothesis by clarifying precisely how the academic and business communities in Japan have accepted, developed, and transformed strategic management theory from abroad.

6.2 Research Method and Design

Here, we would like to explain our research method and design. We adopt the following different methods to elucidate how the academic and business communities in Japan have accepted, developed, and transformed strategic management theory.

First, we conduct data analysis to examine the research trends of strategic management theory by decade. We identify 268 journal and conference papers on strategic management that include “strategy” and “strategic” in the title from Soshiki Kagaku (Organizational Science) and Keieigaku Ronshu (Annals of the Japan Society for the Study of Business Administration). We determine how many papers on strategic management have been published by decade. We then investigate which keywords have been used frequently by decade. Finally, we analyze the relationship between keywords through co-occurrence network analysis. We interpret the results by referring to the related journal and conference papers. Thus, we clarify the basic research trends in Japan both quantitatively and qualitatively. We adopt the KH coder3 software for analyses in co-occurrence network analysis.

Second, we examine review articles by Japanese researchers on strategic management theory. Through this literature review, we understand how Japanese researchers have evaluated the process of introducing strategic management theory from abroad. We establish chronologically how research trends shifted from the 1960s to the 1980s and from the 1980s to the 2000s and later.

Third, we examine the history of strategy consulting firms. Strategy consulting firms such as McKinsey & Company (McKinsey hereafter), the Boston Consulting Group (BCG hereafter), Bain, and A.T. Kearney played an important role in introducing the idea of strategic management by developing their strategic tool. We investigate how Japanese companies accepted strategic management theory and adopted strategic tools through strategy consulting firms.

Fourth, we conduct a comparative analysis of standard textbooks on strategic management through the hierarchical cluster approach. This analysis contributes to identifying the strategic management theory that has been taught in educational institutions, such as universities, colleges, and business schools. We examine the difference in major contents by comparing standard textbooks in Japan with those in other countries. We use the KH coder3 software for analyses in hierarchical cluster approach.

Finally, we review the research books by major Japanese researchers on strategic management. We identify 13 researchers who have contributed to accepting, developing, and transforming strategic management theory in Japan: Urabe, Kono, Tsuchiya, Itami, Kagono, Okumura, Sakakibara, Nonaka, Fujimoto, Mishina, Asaba, Shintaku, and Numagami.

By using and combining these different methods, we investigate and clarify how the academic and business communities in Japan have accepted, developed, and transformed strategic management theory. In addition, we would like to present the definition of strategy. As Hofer and Schendel (1978) pointed out, there are two approaches, which grasp strategy narrowly and broadly. The former focuses on deciding on a purpose or vision and making a strategy; in contrast, the latter involves establishing an organization structure and implementing a strategy. We adopt the latter approach in this chapter.

6.3 Data Analysis on Strategic Management in Japan

In this section, we investigate how strategic management theory in Japan has developed chronologically through quantitative text analysis. For this purpose, we analyze journal and conference papers on strategic management that were published in Japan from the 1970s to the 2000s. More precisely, we examine the abstracts of journal and conference papers in Soshiki Kagaku (Organizational Science) and Keieigaku Ronshu (Annals of the Japan Society for the Study of Business Administration) because Soshiki Kagaku is a top-ranked journal and Nihon Keiei Gakkai (Japan Academy of Business Administration) is a major academy for business administration in Japan. We identify a total of 268 journal and conference papers that include "strategy" or "strategic" in their title, consisting of 91 journal papers and 177 conference papers. First, we examine the publication trends in papers on strategic management by decade; we then analyze the keywords that have frequently been adopted; finally, we identify the major topics that have received attention through co-occurrence network analysis.

6.3.1 Publication Trend Analysis

Table 6.1 summarizes the number of papers on strategic management by decade. Looking at the change in the total number of papers, we see that it has been increasing consistently. The figures in parentheses indicate the ratio of papers on strategic management to all the papers published in each source and each decade. Focusing on the change in the ratio, we notice that it increased significantly from the 1970s to the 1980s. However, from the 1980s to the 1990s, the trends differ regarding the type of source. In the 2000s, papers on strategic management account for more than 10% of both research and conference papers. It should be noted that the number of papers on strategic management could be larger than that shown in Table 6.1 because their title may not necessarily include "strategy" or "strategic." However, we focus on identifying general trends in strategic management on the basis of objective criteria by excluding subjectivity.

6.3.2 Keyword Analysis

We analyze the research trends on strategic management by identifying the keywords that have appeared frequently by decade. The data from the 1970s to the 2000s indicate that those keywords have a high probability of occurrence in the abstracts of research and conference papers. Therefore, it is possible to say that

Table 6.1 Number and ratio of literature on management strategy

	Period			
Source of literature	1970–1979	1980–1989	1990–1999	2000–2009
Soshiki Kagaku	9 (3.4%)	27 (10.8%)	22 (7.4%)	33 (11.7%)
Keieigaku Ronshu	9 (3.5%)	25 (6.8%)	63 (15.8%)	80 (11.7%)
Total	18 (3.4%)	52 (8.4%)	85 (12.2%)	113 (11.7%)

Table 6.2 Distinctive words by decade

1970s		1980s		1990s		2000s	
Decision	0.191	Organization	0.250	Japan	0.264	Corporation	0.286
Foundation	0.148	Management	0.174	Strategy	0.228	Competitive	0.193
Concept	0.127	Adaptation	0.169	Corporation	0.221	Business	0.156
Comparison	0.120	International	0.169	Construction	0.208	Technology	0.140
Labor	0.111	Behavior	0.155	Management	0.191	Case	0.133
Situation	0.111	Meaning	0.152	Deployment	0.179	Economy	0.127
Incompletion	0.111	Environment	0.151	Relationship	0.177	Advantage	0.124
Environment	0.108	Multinational	0.147	Industry	0.175	Development	0.121
Efficiency	0.107	Deployment	0.147	System	0.160	Value	0.114
Adaptation	0.105	Strategy	0.147	Market	0.160	Exist	0.110
Sample size	18		52		85		113

The figures in the table represent the Jaccard coefficient. The sample size refers to the number of abstracts analyzed

the research trends by decade were characterized by those keywords. For this analysis, we use the Jaccard coefficient to measure the similarity between each decade and word.

As Table 6.2 shows, in the research published in the 1970s, the most distinctive word is "decision," followed by "foundation," "concept," and "comparison." In contrast, in the 1980s, "organization" is the most frequent term, followed by "management," "adaptation," "international," and so on. In the 1990s, the most distinctive word is "Japan," followed by "strategy," "corporation," and "construction." Finally, the most frequent term in the 2000s is "corporation," followed by "competitive," "business," and "technology."

This keyword analysis is useful for grasping general research trends; however, it is not possible to clarify definitively which major topics have been discussed by decade with only the results of this ranking. Therefore, we summarize the following implications by referring to the abstracts of related papers and not just the results of the ranking. In the 1970s, Japanese scholars introduced the concept of "strategy" into the research area of business administration; they considered strategic decision making as indispensable for business administration. In the 1980s, Japanese researchers shifted their focus on the adaptation process of organizations to the environment; more specifically, they highlighted the strategic role of the organization as the agent of implementation of a strategy. In the 1990s, Japanese researchers attempted to reconstruct the concept of strategic management to improve companies' competitive advantages in the face of global competition. We point out as a background to this trend the fact that Japan has suffered from prolonged and intermittent recessions since the burst of the bubble economy in the early 1990s. Finally, in the 2000s, the concept of technology to gain competitive advantages attracted Japanese researchers' attention.

6.3.3 Co-occurrence Network Analysis

We examine more precisely, by decade, the major topics in strategic management that appear most frequently in the abstracts of the 268 research and conference papers through co-occurrence network analysis. This analysis enables us to draw a network diagram in which each line connects words with similar occurrence patterns. For example, terms A and B can be considered to co-occur if they both appear in a particular abstract. We use the Jaccard coefficient to measure the similarity of the patterns of occurrence. By clarifying the connections between keywords, we identify major research topics in strategic management theory.

In the network diagram, larger circles show more frequent occurrences of a word; however, the distance between two words in the figure does not mean any strength of co-occurrence. Whether a line connects two words is essential to evaluate the co-occurrence relationship; each figure only shows the minimum spanning tree to make our interpretation of the results easier.

Next, we divide some communities of words with relatively strong connections in the figure. Words that belong to a community have a similar pattern of occurrence in the abstracts. In this analysis, we interpret a research topic as being composed of words belonging to a community. Words belonging to one community are connected by solid lines, while those belonging to different communities are connected by dotted lines. In addition, we use the index of modularity as a criterion for extracting different communities. Next, we clarify the main topics of strategic management chronologically on the basis of the network diagram; however, we also examine the related papers when necessary to ensure that our interpretation of the results is accurate.

As Fig. 6.1 shows, in the 1970s, there were six communities. “Strategy” is strongly connected with “corporation,” “decision,” and “concept”; “strategy” belongs to a community composed of “corporation,” “management,” and “environment.” All the words belonging to this community appear frequently in the abstracts. On the one hand, “decision” belongs to a community comprised of “production,” “economy,” “capital,” “market,” and “product.” On the other hand, “concept” forms a community with “organization,” “business,” “change,” “purpose,” “adaptation,” and “meaning.”

We interpret the results as follows. First, Japanese researchers discussed the concept of strategy in the context of how to manage a corporation and adapt to its environment. Second, they regarded strategy as a concept that is deeply related to corporate decision making by considering the economy and market as external factors and the production, capital, and product as internal factors. Third, strategy was considered as a core concept for explaining how an organization determines its purpose and business to adapt to its environmental change.

As Fig. 6.2 shows, there were seven communities in the 1980s. “Strategy” frequently appears with “corporation” and “organization”; “strategy” belongs to a core community comprising “corporation,” “organization,” “management,” “Japan,” and “meaning.” On the one hand, “environment” belongs to a community consisting

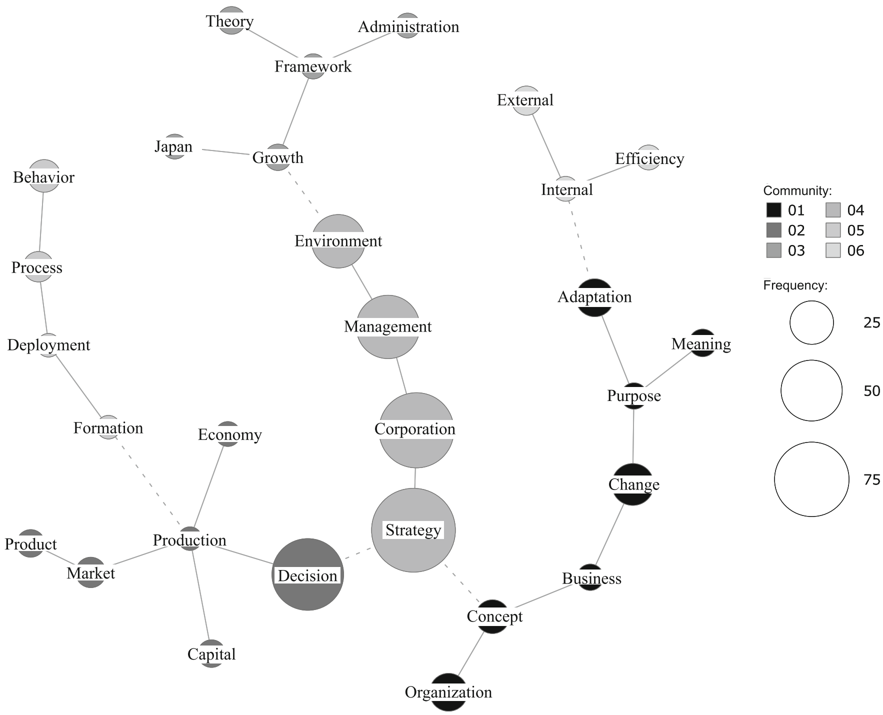

Fig. 6.1 Co-occurrence network in the 1970s

of "change," "adaptation," "relationship," "function," and "objective." On the other hand, "structure" forms a community with "technology," "deployment," "production," "international," and so on.

We analyze the results as follows. First, Japanese researchers came to focus on the strategic role of organization in Japanese companies. In fact, "organization" and "Japan" were frequently used and newly added to the core community, which included "strategy," "corporation," and "management." Second, as in the 1970s, many papers dealt with the topic of adaptation to environmental change. Third, Japanese researchers started to pay attention to internationalizing management and especially internationalizing production.

Figure 6.3 shows six communities for the 1990s. "Strategy" appears especially with "corporation," "management," and "organization"; "strategy" belongs to a core community comprised of "corporation," "management," "organization," "Japan," "construction," and so on. On the one hand, "industry" forms a community consisting of "international," "technology," "development," and so on. On the other hand, "automobile" belongs to a community composed of "production," "overseas," and "growth," while "market" forms a community containing "competitive," "advantage," "product," "business," and so on.

Figure 6.3 suggests the following implications. First, the reconstruction of strategic management in Japanese companies was discussed significantly in publications

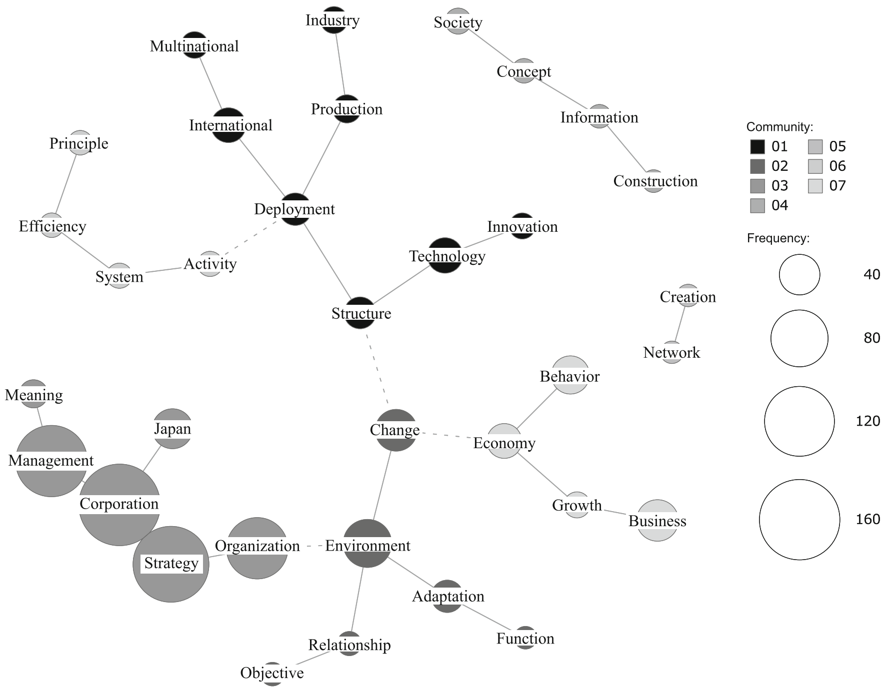

Fig. 6.2 Co-occurrence network in the 1980s

in the 1990s. In fact, “construction” was newly added to the core community comprised of “Japan,” “corporation,” and “strategy.” We also examine the abstracts of related papers in greater depth to confirm this; consequently, we identify a significant number of papers dealing with the topic of reconstructing Japanese companies’ strategy and competitive advantage. As the background, we point out that Japanese companies have suffered from prolonged and intermittent recessions since the burst of the bubble economy in the early 1990s. Second, the number of papers has increased to deal with the transfer of production functions to foreign countries, especially in the automotive industry, as technology development activities expand globally. According to the abstracts of related papers, concrete topics range from the formation of a global production network to strategic human resource management. Third, communities including “competitive” and “advantage” emerged for the first time in the 1990s. The increase in the number of such studies that dealt with “competitive” and “advantage” suggests that the theory of competitive strategy was recognized as a new theoretical framework for strategic management in Japan.

As Fig. 6.4 shows, there were eight communities in the 2000s. “Strategy” has similar patterns of occurrence to “corporation,” “management,” and “organization”; “strategy” belongs to a core community composed of “corporation,” “management,” “competitive,” “Japan,” and so on. On the one hand, “organization” forms a community of “process,” “growth,” “global,” and so on. On the other hand, “business”

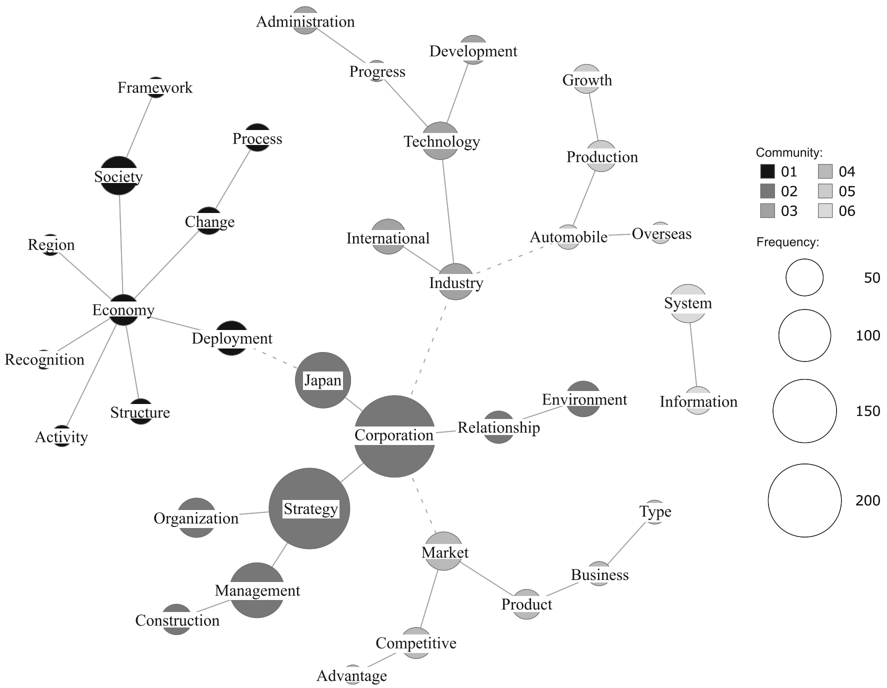

Fig. 6.3 Co-occurrence network in the 1990s

belongs to a community of "technology," "industry," "product," "innovation," and so on. There is also a community consisting of "university," "start-up," and "information." We examine the related papers of this community; we find that these papers were mostly concerned with strategic studies on intellectual property and patents. In addition, there is a community comprised of "capability" and "administration"; according to the related papers, these papers studied strategic organizational capabilities. Finally, there is a community including "customer" and "value"; the related papers dealt with the topic of strategic marketing.

We interpret the results as follows. First, we notice that the topics in strategic management theory have diversified and that some approaches have built their own positions in this research area. More specifically, those approaches include the management of technology, emphasizing technology development and innovation, the theory of intellectual property, addressing the strategic values of patents and knowledge, the theory of organizational learning, focusing on developing organizational capabilities, and marketing theory, highlighting the creation of new customer value. Second, we realize that the research on strategic organizational processes has been established as an effective approach to strategic research. In the 2000s, "organization" was no longer included in the core community composed of "strategy"; "organization" formed an independent community comprising "process" and "growth." This result suggests that an increasing number of papers focused on strategic organizational processes. We examine the related papers and confirm that

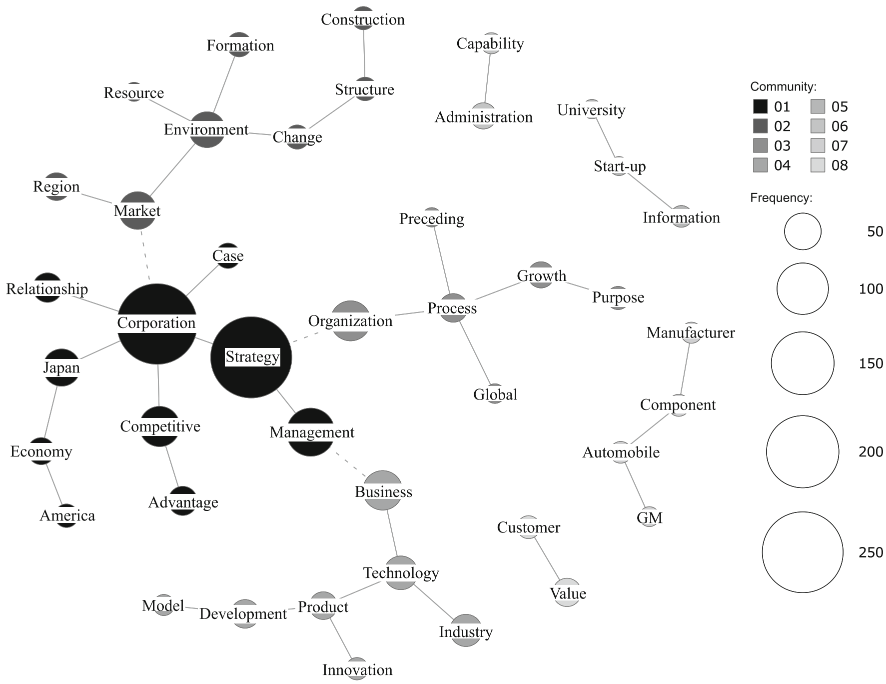

Fig. 6.4 Co-occurrence network in the 2000s

the research on strategic organizational processes was deeply connected with the research on organizational learning and capabilities.

Overall, we summarize the results of the co-occurrence network analysis as follows. In the 1970s, Japanese scholars introduced the concept of strategy into business administration; they considered strategy as the major corporate decision making by the top management. In the 1980s, Japanese researchers explored the strength of Japanese companies; they emphasized the importance of organization in strategic management. In the 1990s, the theory of competitive strategy was widely accepted, while the reconstruction of Japanese companies' competitive advantage was intensively discussed. Finally, in the 2000s, strategic management theory diversified in Japan. In particular, the concept related to strategic organizational processes such as organizational learning and capability received significant attention.

6.4 Examining Review Articles on Strategic Management Theory

In this section, we examine review articles on strategic management theory to clarify how Japanese researchers understand the strategic management research trends. First, we identify the megatrend from the 1960 to the 2000s on the basis of

Numagami (2009), Mitani (2013), and Kotosaka (2018). We then examine the details in accordance with Tsuchiya (1979), Kagono (2012), and Okada (2012).

Numagami (2009) argued that strategic management theory has been developed through five major approaches to strategy: the planning school, emergent strategy school, positioning view, resource-based view, and game theory approach. Numagami (2009) then divided these five approaches into three dimensions. The first dimension concerns the extent to which a strategy is deliberate. The planning school focuses on highly rational planning, while the emergent school emphasizes the importance of what is created in the process of implementing a strategy. The second dimension is concerned with the location of a company's competitive advantages. The positioning view highlights opportunities and threats in the external environment, whereas the resource-based view pays attention to management resources and processes in the internal environment. These two dimensions are basically static; therefore, Numagami (2009) proposed the third dimension, which seeks time development, interdependence, and dynamics. Numagami (2009) considered game theory as the third dimension to make strategic management theory dynamic. Thus, historically, the main approach can be regarded as having shifted from the first to the second dimension; then, the third dimension was combined with the first two dimensions to develop strategic management theory.

Both Mitani and Kotosaka have work experience as consultants at BCG and McKinsey, respectively; from a practitioner's perspective, Mitani (2013) and Kotosaka (2018) examined the basic research trends of strategic management theory chronologically on the basis of how the business community has accepted strategic management theory and practice. Their understanding was basically the same as that of Numagami (2009). Strategic management theory started to focus on strategy planning and shifted the focus from the positioning view, which adjusts to the external environment, to the resource-based view, which emphasizes the importance of the internal environment. Thus, Mitani (2013) and Kotosaka (2018) argued that the focus has moved from strategy planning to strategy implementation. Overall, the megatrend of strategic management theory is considered as the shift from strategy planning to strategy implementation through external environment analysis.

Then, we examine the research trends on strategic management theory more precisely based on the research by Tsuchiya (1979), Kagono (2012), and Okada (2012). Tsuchiya (1979) pointed out that the theory of Barnard's strategic factors made a pioneering contribution to the theory of strategy (Barnard 1938); he then argued that strategic management theory has traditionally been utilized and developed in the educational field at Harvard Business School (Smith and Christensen 1951). Harvard Business School essentially adopted the case method and used strategic management theory to analyze corporate behaviors in its core course, business policy. In the 1960s, Chandler explored the interaction between the diversification strategy and a multi-diversified organization (Chandler 1962). Ansoff (1965) then explained the process for conducting strategy planning; the management process school started to discuss long-range planning on the basis of the theory of planning (Newman and Logan 1959; Steiner 1963). Thus, the strategy planning school was formed and provided the model for making a strategy plan and a checklist for it. However, Ansoff shifted his focus from strategy planning to strategic behavior (Ansoff 1979). In addition, in the 1960s and the 1970s, BCG proposed the idea of an experience curve and product portfolio management (PPM) to decide how to start and develop a new business. This theory and tool were also used to re-examine the performance of each strategic business unit (SBU) and decide from which business unit to retreat.

Kagono (2012) argued that strategic management theory has been taught in the business policy course in the education field and that it has gradually become established in the research field since the 1960s. Concretely, the concept of strategy was recognized by Chandler (1962); it was established by Ansoff (1965). In the 1970s, the idea of an experience curve and PPM triggered the recognition of the importance of determining how to handle diversified companies; strategy consulting firms such as McKinsey and BCG played an important role in introducing such strategic tools into large diversified companies. Moreover, at the end of the 1960s and the beginning of the 1970s, empirical studies using statistics, such as that by Rumelt (1974), became widely available. Rumelt's studies had a huge impact on Japanese researchers; Yoshihara et al. (1981) grounded their empirical studies on Japanese companies' diversification strategy in Rumelt's (1974) work. Furthermore, Itami (1984) paid attention to Penrose (1959) and developed his own strategic theory on the basis of management resources; it was regarded as pioneering work for the resource-based view. Japanese researchers shifted their focus from strategy planning to strategic implementation. Conversely, in the 1980s, the theory of competitive strategy emerged and expanded the scope of strategy, while the 4P (product, price, place, and promotion) framework was developed as a business strategy in the marketing field. Thus, both analytic approaches, those of Porter (1980, 1985) and the strategic process school, became dominant in the 1980s. The latter especially was deeply related to strategic organization theory rather than strategic management theory; this research group emphasized the importance of the emergent process of strategy.

Okada (2012) examined the research trends on strategic management theory following Bowman (1990) and Rumelt et al. (1994). The 1960s was regarded as the stage of birth for strategic management theory; business policy, planning by the traditional management process school, and long-range planning of the top management were considered to be dominant areas of research. The 1970s was viewed as the infant stage of strategic management theory; consulting firms proposed the experience curve, PPM, and profit impact of marketing strategy (PIMS) studies by utilizing statistics and econometrics along with data acquired from their clients. The 1980s represented the stage of youth for strategic management theory; different forms of strategic management theory flourished and were developed on the basis of different research fields, such as Porter's theory grounded in industrial organization economics, economics of organization, power-based theory, transaction cost theory, the theory of population ecology, game theory, agency theory, political science, social psychology, behavioral decision-making theory, and so on. The 1990s was the stage of maturity; Rumelt et al. (1994) raised four dominant issues for strategic management theory as follows: corporate behaviors, the cause of differences between corporate behaviors, the role of the headquarters in a multi-diversified company, and determining factors for the success or failure of global companies. In addition, Mintzberg (1998) insisted that 10 different schools competed in the strategic management theory jungle. Thus, strategic management theory was introduced and established in different fields, such as research, business, and education.

Overall, Japan imported and faithfully accepted the major strategic management theory in the 1960s and 1970s. However, in the 1980s, Japanese researchers paid more attention to the internal process of implementing a strategy, while the positioning school was prevalent in foreign countries. Therefore, Japanese researchers became pioneers of introducing and developing the resource-based view. In other words, they engaged in developing strategic organization theory rather than strategic management theory.

6.5 Examining the Role of Strategy Consulting Firms

In this section, we consider how the business community in Japan has accepted strategic management theory through strategy consulting firms. Strategy consulting firms have played a crucial role in introducing their clients to strategic theory and tools.

In the 1960s, strategy consulting firms started to enter the Japanese market (Namiki 2015). BCG was established in 1963; it then set up its Tokyo office in 1966. Abegglen, who is well known for establishing the Japanese style of management, became the branch office manager and contributed to its entry into the Japanese market by strongly promoting its importance (Kiechel 2010). McKinsey set up its Tokyo office in 1971; then, Booz Allen, Bain, and A.T. Kearney entered the Japanese market in the 1980s.

However, in the 1960s and 1970s, it was not common for Japanese companies to hire strategy consulting firms; therefore, their major clients were global companies aiming to compete with Japanese companies and support their entry into the Japanese market (Kiechel 2010). BCG was a pioneer in entering the Japanese market; Henderson, the CEO of BCG, assumed that the strength of Japanese companies was not just their cost leadership enabled by low wages but their culture, management practices, and support from the government (Henderson 1979). Therefore, BCG engaged in analyzing and learning from Japanese companies in comparison with American companies (Kiechel 2010).

According to Hori (2011), Japanese companies have come to recognize the importance of hiring strategy consulting firms since the 1980s. Hori was the branch office manager of BCG's Tokyo office. He said that its first client was Honda, which was competing fiercely with its major competitor, Yamaha, at that time. Honda hired BCG to beat Yamaha; however, BCG was not able to make a profit for more than 20 years after its entry and considered whether it should retreat from the Japanese market in 1987. Therefore, it can be said that the role of strategy consulting firms was not fully recognized in Japan even in the 1980s.

Omae was the branch office manager of McKinsey's Tokyo office. Omae (1985) pointed out that the importance of strategic thinking has not been sufficiently recognized in Japan and that companies' senior management does not engage in the requisite strategic thinking. Large companies in Japan are highly decentralized, so each diversified department has strong decision-making power; they basically follow a bottom-up, not a top-down, approach. Therefore, the value of strategic thinking is relatively underestimated. For most Japanese companies, corporate strategic decision making means just strategy planning; hence, the role of the top management is regarded as making a medium-term business plan with support from the strategy planning department. Thus, the business community in Japan has essentially accepted the idea of strategy planning since the 1960s and 1970s and considered it to be almost equivalent to strategy making.

According to Kiechel (2010), Japanese companies used strategy consulting firms to develop their middle managers' ability to implement a strategy, so the top management itself did not pay sufficient attention to proposals through strategy consulting firms. Japanese companies emphasized the importance of implementing rather than developing a strategy.

In contrast, strategy consulting firms deepened the understanding of their clients in Japan and paid attention to the strengths that those companies had built. They then introduced such ideas to their clients in other countries, so it is possible to say that the idea of the Japanese style of management has been exported by strategy consulting firms. For example, Pascale and Athos (1981) and Peters and Waterman (1982) developed McKinsey's 7Ss on the basis of Japanese companies' strengths (Kiechel 2010). McKinsey's 7Ss emphasize the importance of not only hard aspects but also soft aspects of organization, such as shared values, skills, and staff. Moreover, BCG learned the strengths of Yammer, a leading farm machinery manufacturer through consultation and developed the idea of time-based competitive advantages; BCG then exported this idea to companies in America (Stalk and Hout 1990).

In the 1980s, the success of Japanese companies attracted worldwide attention (Vogel 1980), so some other ideas were introduced into other countries. For example, Japanese companies engaged in improving the quality of their products in the 1950s; they learned about quality control from Deming (1950) and other researchers. Deming gave lectures to Japanese senior managers and told them that quality improvement reduces firms' total costs and contributes to increasing their productivity and market share. In contrast, Deming's contributions were reconsidered in America in the 1980s and 1990s (Gabor 1990; Mitani 2013). In addition, as Japanese automobile manufacturers became great threats to US auto makers in the 1980s, the automobile industry in America tried to introduce the Toyota Production System and transformed it into the Lean Production System to compete with Japanese auto manufacturers (Womack and Jones 1990; Fujimoto 1997, 2003).

In sum, strategy consulting firms contributed to introducing strategic management theory and tools into Japanese companies. Most Japanese companies partly accepted some theory and tools, such as strategy planning; however, they were not necessarily in favor of utilizing strategy consulting firms. They principally paid more attention to the process of implementing a strategy at the middle-management level than to strategy making at the top-management level. In contrast, strategy consulting firms learned a considerable amount from their clients in Japan; they then exported their ideas to their clients in other countries. Thus, it should be noted that strategy consulting firms played an important role in exporting strategic management theory and tools, not just importing them into Japan.

6.6 Comparative Analysis of Standard Textbooks on Strategic Management

This section conducts a comparative analysis of standard textbooks on strategic management. This analysis clarifies the difference in focus between standard textbooks in Japan and those in other countries. First, we examine the structural differences in their tables of contents; we then explore how the content of Japanese textbooks changed from the 1980s to the 2000s and later.

We select Japanese textbooks on strategic management authored or edited by leading strategy researchers in Japan. We choose seven books published in the 1980s: those by Itami (1980, 1984), Tsuchiya (1982, 1984), Ishii et al. (1985), Kono (1985), and Okumura (1989). Then, we select seven books published in the 2000s and later: Shintaku and Asaba (2001), Aoshima and Kato (2003), Itami (2003), Kagono (2003), Numagami (2009), Asaba and Ushijima (2010), and Amikura and Shintaku (2011). We use the book by Grant (2016) as a benchmark for evaluating Japanese textbooks because this book has been adopted as a current standard textbook by many graduate schools in Europe and America and because of its comprehensiveness, including different approaches and contents in a balanced way.

We conduct hierarchical cluster analysis to examine the structure of books' tables of contents. Hierarchical cluster analysis enables the exploration of groups of words with similar patterns of occurrence, not just combinations of two words. In this analysis, we investigate which combinations of words and clusters have similar patterns of occurrence within tables of contents. Thus, by examining the distribution of such clusters, we identify major topics that appear in strategy textbooks adopted in Japan and other countries. We use Jaccard coefficients to measure the similarity of the occurrence patterns between two words; we then adopt the Ward method to measure the distance between different clusters.

First, we examine the table of contents of Grant's (2016) book, which is composed of sixteen chapters; we conduct hierarchical cluster analysis on 22 words that appear in four or more chapters in the table of contents. Figure 6.5 shows the dendrogram resulting from this analysis; the left side of the dendrogram indicates the number of occurrences of each word. We determine the number of clusters by considering the cluster agglomeration process, making our interpretation of the results easier.

As Fig. 6.5 shows, we identify four clusters. From the results, it can be noted that "strategy," "analysis," "competitive," "advantage," and "industry" are closely located. The results show that the pattern of occurrence of these words is very similar in the table of contents and that they are core concepts of strategic

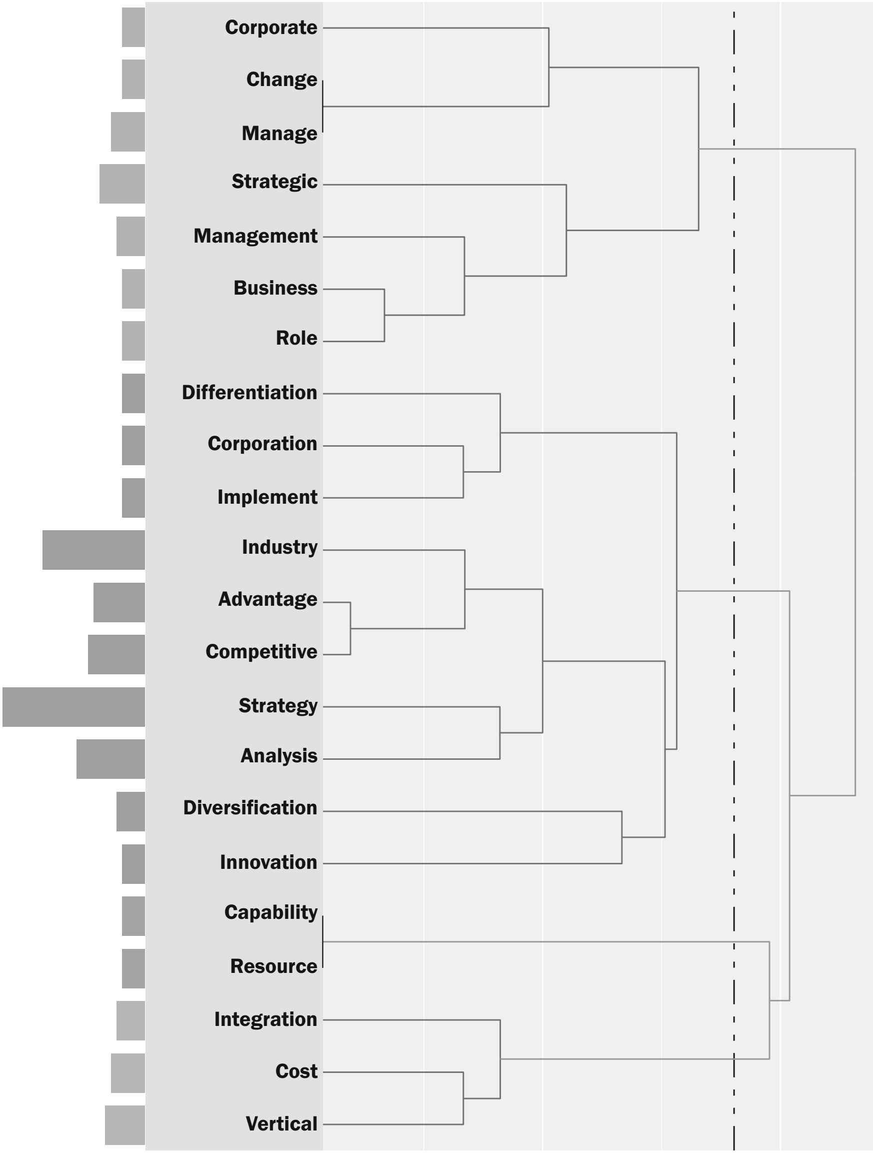

Fig. 6.5 Hierarchical cluster analysis of Grant (2016)

management theory because the number of occurrences of those words is significant. These words are combined with the group of "diversification" and "innovation"; they then make a larger cluster by finally being combined with the group of "corporation," "implement," and "differentiation."

In contrast, the cluster composed of "business," "role," "strategic," "management," and "change" is considered to be related to the strategic management process

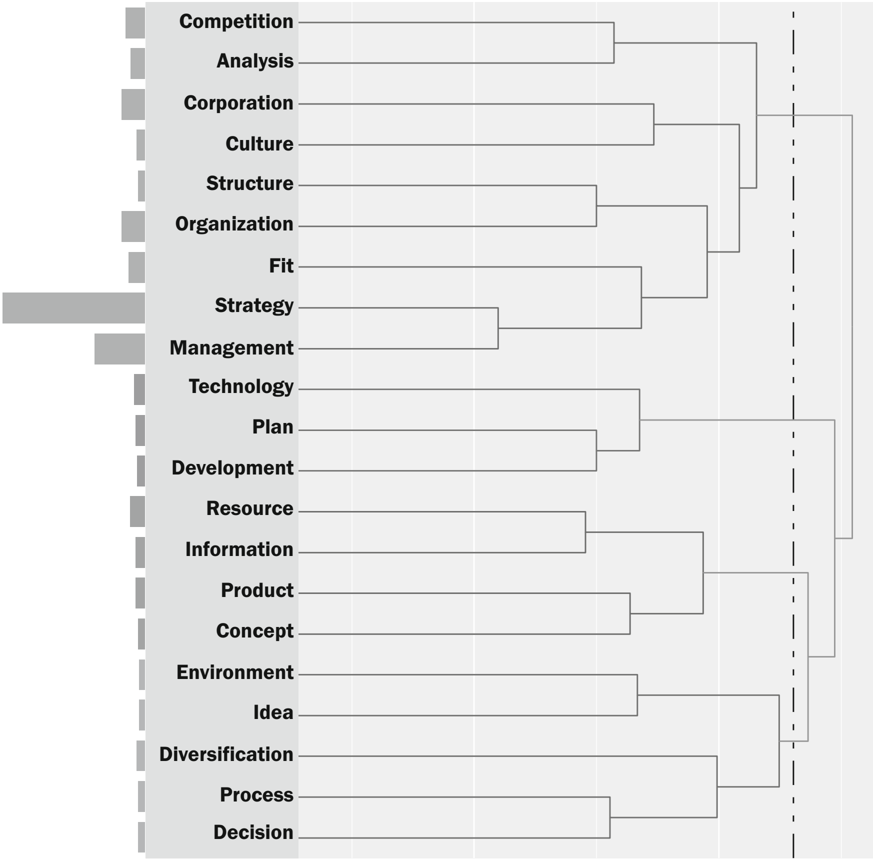

Fig. 6.6 Hierarchical cluster analysis of textbooks published in the 1980s

in organization. Similarly, we assume that the cluster containing "capability" and "resource" is concerned with analyzing organizational capabilities and resources to create strategic advantages. Thus, we interpret those two clusters as being related to the strategic process in organization.

We emphasize the fact that those two clusters are relatively distanced from the core cluster, comprised of "strategy" and "analysis." This result suggests that Grant (2016) located the topic related to strategic organization theory separately from the core topics comprised of "strategy," "analysis," "competitive," and "advantage." In addition, "organization" and "organizing" do not appear many times in the table of contents, so these words do not appear in the dendrogram. As discussed later, this result contrasts significantly with that obtained for Japanese textbooks.

Next, we analyze Japanese textbooks on strategic management published in the 1980s. The table of contents of seven textbooks is composed of 57 chapters in total. As Fig. 6.6 shows, we conduct hierarchical cluster analysis on 21 words that appear in the table of contents for at least seven chapters.

We identify four clusters as the result of this analysis. We emphasize that "organization" and its related words are relatively close to "strategy." As already mentioned, this result contrasts with that of Grant (2016), in whose book the concept of organization appears relatively less frequently. The result also suggests that the patterns of occurrence of "strategy" and "organization" are very similar in the table of contents. To confirm this suggestion, we examine the agglomeration process of groups more precisely. We recognize that "strategy" and "management" are combined with "organization" and "structure" through "fit." Therefore, we investigate how the term "fit" is used in the table of contents; we then realize that Japanese strategy researchers tend to use the term "fit" to refer to the match between strategy and organization, resources, technology, and customers.

Moreover, the combination of the group of "organization" and "structure" with the group of "strategy," "management," and "fit" forms a core cluster by merging with the group of "culture" and "corporation" and finally with "competition" and "analysis." Thus, it is possible to say that Japanese textbooks on strategic management theory in the 1980s mainly focused on the fit between strategy and organization and that they dealt with gaining competitive advantages by integrating "strategy" and "organization."

Finally, we examine Japanese textbooks on strategic management published in the 2000s and later. We select seven textbooks, in which the tables of contents comprise 72 chapters in total. As Fig. 6.7 illustrates, we conduct hierarchical cluster analysis on 20 words that appear in more than eight chapters in the table of contents.

Through this analysis, we identify four clusters. It should be noted that the group of "organization" and "resources" is located close to the group of "competitive" and "advantage." In other words, these results suggest that the occurrence patterns of "competitive" and "advantage" are very similar to those of "organization" and "resource." In contrast, we notice that the cluster comprising "organization" is far from the cluster that includes "strategy." These results imply that "competitive advantage" was discussed more compatibly with "organization" and "resource" than with other strategic concepts in Japanese textbooks in the 2000s and later.

Moreover, we point out that the cluster associated with Porter's competitive strategy theory is composed of "positioning," "industry," "structure," and "analysis" and that this cluster is located in parallel to the cluster of "organization," "resource," "competitive," and "advantage," which are regarded as being deeply related to the resource-based view. These results suggest that Japanese researchers tended to explain the resource-based view in contrast to the position-based view in different chapters.

Overall, we can summarize the implications of these comparative analyses as follows. According to Grant (2016), strategic management theory is mainly explained by the concepts of "industry," "competitive," "advantage," and "analysis." However, the concept of "organization" is not necessarily connected with core strategic concepts as far as our examination of Grant's (2016) table of contents is concerned. In contrast, Japanese textbooks in the 1980s regarded competitive advantages as being strongly linked with the fit between organization and strategy. Finally, Japanese textbooks in the 2000s and later considered that competitive advantages are mainly combined with "organization" and "resource."

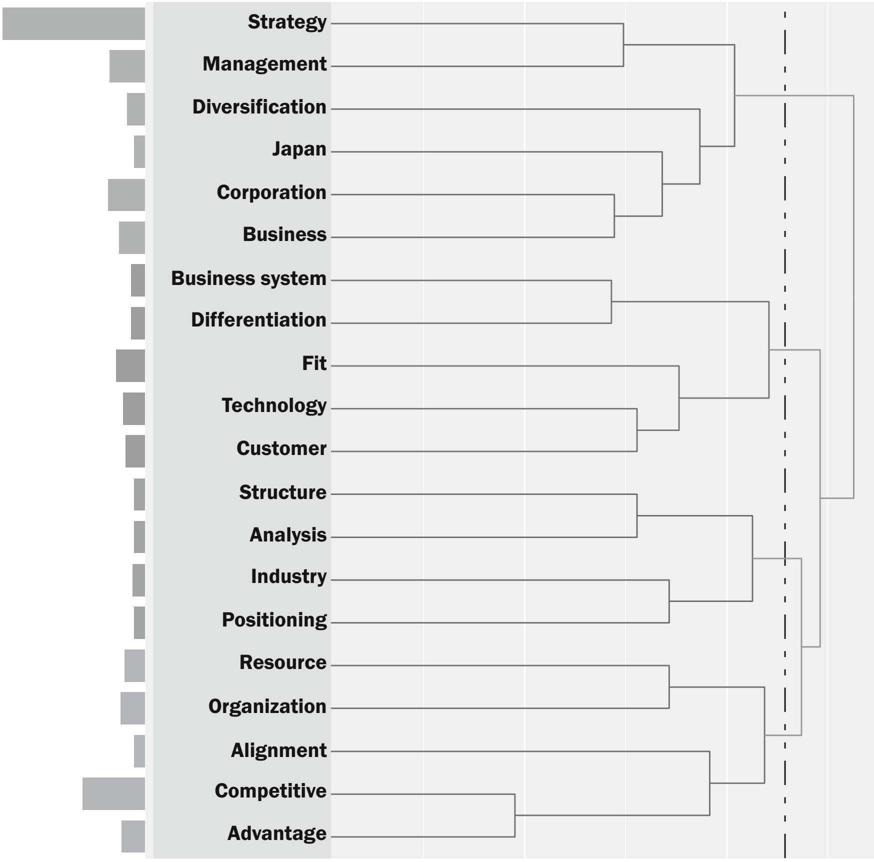

Fig. 6.7 Hierarchical cluster analysis of textbooks published after the 2000s

6.7 Literature Reviews on Representative Research in Japan

In this section, we investigate how major Japanese researchers have accepted, developed, and transformed strategic management theory chronologically through literature reviews of their research books. As examined in Sect. 6.4, in the 1960s and 1970s, the basic concept of strategy was proposed and developed by Chandler (1962) and Ansoff (1965). Kono (1971) and Urabe (1971) introduced the theory of diversification strategy and strategy planning on the basis of the work carried out by Chandler, Ansoff, Steiner, the management process school, and so on. In addition, Tsuchiya (1984) developed a three-dimensional model of strategy following Chandler: diversification, vertical integration, and global strategy. In the 1960s and

1970s, Japanese researchers basically imported strategic management theory from abroad, accepting and faithfully introducing it.

However, in the 1980s, Japanese researchers started to develop their own theory. Yoshihara et al. (1981) triggered the development of their own strategic management theory; their study examined empirically Japanese large companies' adoption and development of the diversification strategy on the basis of Rumelt (1974). Kagono et al. (1983) then systematically and empirically compared the corporate behaviors of Japanese and American companies; they clarified their differences and insisted that Japanese companies focused on improving their internal process rather than coping with the external environment. These two research projects contributed to developing Japanese original theory; in fact, the researchers who conducted these research projects played a major role in developing their own strategic management theory in Japan.

For example, Itami (1984) proposed his strategic model to examine the fit between environment, resources, and organization; this was a pioneering contribution to developing the resource-based view. Kagono (1988a, b) argued that Japanese companies fundamentally developed their new businesses on the basis of their organization culture and changed their business portfolio dynamically by shifting their corporate paradigm. Okumura (1989) paid attention to the interpenetration between organization and strategy; he asserted that Japanese companies focused on the process of implementing rather than developing a strategy. Okumura pointed out the limitation of the analytical approach and emphasized the importance of emergent strategy. In foreign countries, a strategy is set by the top management; however, in Japanese companies, middle managers play an important role in implementing a strategy and creating their strength by utilizing what emerged from the process.

Thus, in the 1980s, major Japanese researchers focused on the internal process of organization to implement a strategy and developed "strategic organization theory" rather than strategic management theory. They maintained that Japanese companies had strategically integrated analysis and process, deduction and induction, and adjustment and creation (Okumura 1989). In the 1990s, the resource-based, core competence, and capability views became popular in foreign countries (Wernerfelt 1984; Itami 1987; Barney 1990; Prahalad and Hamel 1990); then, such research was reimported from abroad. This research chiefly emphasized the importance of the internal process of creating competitive advantages.

In the 1990s, Sakakibara (1992) proposed the idea of domains, which explains the logic of Japanese companies' diversification on the basis of the technological and operational abilities accumulated in their internal process. Nonaka and Takeuchi (1995) claimed that the strength of Japanese companies lay in the utilization of the organizational knowledge that they had accumulated; they proposed the SECI model for creating, sharing, and using such organizational knowledge. Nonaka (1988) was regarded as a pioneer in proposing the concept of knowledge management and argued that the decision-making process in Japanese companies is not a top-down but a middle-up-down process. Middle managers communicate well with staff on the operational level, accumulate on-site knowledge, and transmit it to the top management; the top management then makes a strategic decision on the basis of the middle managers' suggestions; finally, the strategy is announced by the top management. Hence, Nonaka insisted that middle managers played a crucial role in implementing a strategy by using what emerges from the internal process and that the strength of Japanese companies depends on the creativity of their middle managers. Thus, in the 1990s, the basic idea of the resource-based, core competence, and capability views was incorporated into strategic management theory in Japan.

Moreover, Fujimoto (1997, 2003) examined the strength of Japanese style of production system; the strength of the Japanese automobile industry had attracted attention abroad. This research also focused on the emergent process of implementing a strategy. However, in response to the admired operational improvement of Japanese companies, Porter (1996) criticized it, stating that it contributes to increasing organizational performance but that it is not a strategy at all. Porter asserted that a strategy involves the creation of competitive advantages in the market and then the production of a value chain to make use of such competitive advantages.

Thus, the strength of Japanese companies has been praised in foreign countries since the 1980s, and research to clarify this strength became popular in the 1990s. However, since Japanese economies suffered from the burst of the bubble economy for more than two decades, some researchers criticized that strategy in Japanese companies for not having worked sufficiently for a long time. For example, Mishina (2004) highlighted the dysfunction of the strategy in Japanese companies and identified its cause as the management practice that focused on developing division managers, not top managers, who are fully familiar with strategy making to cope with the change in the external environment.

Moreover, major Japanese researchers paid more attention to strengthening companies' internal process rather than handling the external environment; therefore, strategic management theory on the basis of economics was relatively underestimated in Japan. To overcome such an imbalance, research trends emphasized the importance of the external environment. For example, Asaba (1995) and Shintaku and Asaba (2001) discussed corporate strategy from the viewpoint of competition and cooperation using game theory; they also engaged in empirical studies on de facto standard strategy (Shintaku et al. 2000). In addition, as pointed out in Sect. 6.3, Numagami (2009) tried to develop strategic management theory by adding one more dimension of time development, interaction, and dynamics to the traditional two dimensions of planning and process and internal and external factors. Numagami (2009) proposed the possibility of developing strategic management theory on the basis of game theory. Thus, some Japanese researchers returned to the dominant research trends grounded in economics.

6.8 Discussion and Conclusion

We would like to summarize the implications of this chapter and then propose our conclusions. We present the following implications on the basis of the literature review on review articles and major research books and the historical analysis of strategy consulting firms. On the one hand, the Japanese academic community faithfully introduced and accepted strategic management theory from abroad in the 1960s and 1970s. On the other hand, the Japanese business community accepted the theory of strategy planning; it formed a management practice whereby the department of strategy planning undertakes medium-range strategy planning.

However, in the 1980s, Japanese researchers engaged in empirical studies on the diversification strategy of Japanese companies and systematic comparative studies on Japanese and American companies; these two research projects represented a turning point in the development of an original Japanese strategic management theory. Major Japanese researchers certainly played an important role in pioneering the resource-based view; they focused mainly on the process of implementing rather than developing a strategy.

In the 1990s, the resource-based view also flourished in foreign countries and was reimported to Japan; these research trends became more intensified. However, following the burst of the bubble economy, the Japanese economy suffered for more than two decades; then, Japanese companies lost their competitive advantages because they did not properly adjust to the changes produced by globalization and information technology. Therefore, the Japanese academic community started to reconsider why Japanese companies did not perform their strategic function well; they then returned to the mainstream of strategic management theory on the basis of economics.

The data analysis of journal and conference papers on strategic management and the comparative analysis of standard textbooks support such implications both quantitatively and qualitatively. In the 1970s, Japanese scholars introduced the concept of strategy and considered it to be deeply related to top-management decision making. In the 1980s, Japanese researchers explored the strength of Japanese companies and emphasized the importance of organization. In the 1990s, the theory of competitive strategy was widely accepted, while ways to reconstruct the competitive advantage of Japanese companies were intensively discussed. In the 2000s, strategic management theory was diversified in Japan to cope with the dynamic changes in the external environment. On the other hand, the comparative analysis of standard textbooks clarified that Japanese textbooks in the 1980s regarded competitive advantages as being strongly linked with the fit between organization and strategy and that Japanese textbooks in the 2000s and later considered competitive advantages mainly in combination with organization and resources.

Overall, we can conclude that the Japanese academic and business communities positively accepted and developed strategic management theory in the 1960s and 1970s. However, in the 1980s and 1990s, major Japanese researchers transformed strategic management theory into strategic organization theory, which focuses on the process of implementing a strategy. The Japanese academic community insisted on the originality of strategic organization theory; however, as a result, it underestimated the importance of paying attention to coping with the changes in the external environment. In addition, most Japanese companies have regarded strategy making as making medium-range planning; they have stuck to their bottom-up or middle-up-down approach to management practice so that they have not been able to adopt the top-down approach to adjust swiftly to a turbulent business environment. Japanese companies have suffered from the lack of strategy making and the malfunctioning of their traditional strategy planning.

Acknowledgments We conducted preliminary research on major Japanese universities' introduction of a strategic management course. We sincerely appreciate our colleagues' contributions to this research. The research was started in February 2020; however, it had to be suspended because of the COVID-19 pandemic. Moreover, in accordance with Yoshiyuki Takeuchi's suggestions, we realized that the delay in introducing a strategic management course was mainly caused by the regulation of the Ministry of Education, Culture, Sports, Science, and Technology. Therefore, we decided to cancel this research. We collected data from 15 universities; two universities set up the course in the 1980s, while six introduced it in the 1990s and seven more followed in the 2000s.

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Chapter 7
The Development of Human Resource Management Theory in Japan

Yoshiko Niwamoto and Norio Kambayashi

Abstract In this chapter, we clarified how the concept and practice of Human Resource Management has been accepted in Japan and how HRM in Japanese companies differs from that in the USA. A careful review of the literature in Japanese academic circles since the 1980s reveals that the term "HRM" was introduced in Japanese academic circles in the early 1980s, the same time that HRM became a mainstream paradigm in the United States. However, for a while there was little research on HRM and the number of papers on HRM was stagnant, but it was found that the number of papers based on the HRM paradigm increased rapidly from the late 1990s. We also found that many of these papers focused on the strategic aspects of HRM or dealt with issues of the HRM paradigm. In the business world, especially since the 2000s, management strategies have been developed that take into account the linkage between the strategies of the HRM paradigm and business performance. However, the term HRM is not used explicitly in daily life, and it is evident that unique HRM practices are being developed based on the Japanese social and organizational context, incorporating HRM findings into practice.

Keywords Human Resource Management (HRM) · Personnel Management (PM) · Japanese style management · Strategy · Contexts · Market principles

7.1 Introduction

This chapter aims to examine the process of accepting and developing how human resource management (HRM) theory has been accepted and developed by both Japanese academic and business community.

First of all, we would like to provide some background information about HRM theory. HRM theory has been basically produced in the United States in the 1960s; it has taken over personnel management (PM) theory and became widely popular as a

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new dominant paradigm in the 1980s. In contrast, PM theory has been traditionally considered to be a research field to deal with human resource and labor issues in Japanese academic community. For example, a major academy on HRM theory is Nihon Romu Gakkai (Japan Society of Personnel and Labor Management); the name has been remained the same since its establishment in 1970.[1] However, Japanese academic community has also become increasingly interested in HRM theory and practice since the late 1990s.

On the other hand, personnel management has been still commonly used in Japanese business community when they refer to management of employees while the term HRM is rarely used. From the 1950s to the 1970s, mid-size and large Japanese companies have gradually established their management practice to employ and develop their employees in house as a resource in house rather than treated them as a product; such companies provided long-term employment, that is, so-called lifetime employment. This fact suggests that the idea of human resource management had been already introduced in most Japanese companies before HRM theory emphasized the concept of human resource.

However, as Japanese companies started to lose their competitive advantages because of long and intermittent recessions since the burst of bubble economy and being exposed to severe global competitions, Japanese business community has paid more attention to relationship between strategy, performance, and HRM measures as well as relationship between work and compensation. As a result, Japanese business community has not used the term HRM to cope with their economic change; however, they are obliged to incorporate the idea of HRM into management practice.

Consequently, it is possible to say that the idea of HRM theory has been introduced and accepted in Japan unintentionally under economic pressure; therefore, this chapter proposes the following two hypotheses how HRM theory has been accepted and developed in Japan: first, Japanese academic community has gradually accepted HRM theory as a theoretical paradigm for management of employees and developed their own HRM theory on the basis of the HRM paradigm introduced from the United States; second, Japanese business community has established their own management practice; however, their management practice is obliged to transform in accordance with the idea of HRM theory to deal with economic change and pressure.

Thus, this chapter examines these two hypotheses and clarifies how Japanese academic and business community have accepted and developed HRM theory.

[1] This society was established in 1970 to study labor problems from different approaches. The first annual meeting was held at Rikkyo University in 1971; the annual meeting has been held once a year since then. The society is considered to be a leading HRM academy in Japan because the number of members is large, it has a longer history than other societies, and it has large accumulation of research. Currently, the society calls itself "Japan Society of Human Resource Management (JSHRM)" in English; therefore, its Japanese and English name are quite unmatched.

7.2 Research Method and Design

This section describes research methods and design for examining our hypotheses how HRM theory has been accepted and developed in Japan.

Reviewing academic literature in Sect. 7.3, we first clarify the theoretical and practical background of HRM theory in the United States. This literature review was carried out based on articles and academic books dealing with PM theory or HRM theory as a premise for examining our hypotheses.

Second, we examine the trends in Japanese academic papers dealing with HRM or based on the HRM paradigm through quantitative analysis in Sect. 7.4. Subsequently, in reference to some characteristics of the HRM paradigm clarified in literature review, such as human resource perception, emphasis on education and training, the idea of HRM as a complementary system, and the linkage between strategy and/or performance and HRM, we also qualitatively analyzed those papers.

In terms of quantitative analysis, we first examined the 5-year trend in papers whose titles contained "Human Resource Management" or "HRM" or "Human Resource Management (in *kata-kana*)" in CiNii database (https://ci.nii.ac.jp/), a database provided by the National Institute of Informatics. Specifically, out of all publications in CiNii, we defined academic papers as those published in academic journals, university bulletins, and those collected in the institutional repositories of universities, laboratories, and academic institutions. The articles published in medical journals, business magazines, and information magazines were excluded from the count.

Additionally, in reference to the aim of quantitatively reviewing the degree of academic interest in HRM, book reviews were included in the count. Furthermore, serialized papers were individually counted and the cases in which the search term was not included in the paper title but appeared in the title of the special issue were also counted. On the other hand, with reference to HRM, considering that most titles of Japanese research articles already include "human resource management," and that HRM is used as an English translation for the terms "personnel management" and "personnel and labor management," only papers in which the term "HRM" indicated a meaning equivalent to "human resource management" were counted, and those in which the term "HRM" is included only in the English translation of titles were excluded.

We also refer to the data mining conducted by Enatsu et al. (2021) to reinforce the quantitative analysis of the HRM acceptance process in the Japanese academic. Enatsu et al. (2021) conducted a review of reports published by the JSHRM (1971–2019), and the association's journals (1997–2019) to rank frequently used terms in the titles and reference materials. The development of research regarding personnel and labor management and trends over the past 50 years were examined. Thus, we believe that their work, despite not providing direct evidence of how HRM has been accepted in Japanese academic, has useful implications for investigating the issues of this chapter.

Third, we move on to an analysis of the acceptance process of HRM perspective in the business world. In the business community in Japan, the term "HRM" has been used rarely. In our survey research (Kambayashi and Hirano 2019), we have pointed out that the traditional employment management practices of Japanese companies, especially in the 1980s, are undergoing transformation today. Therefore, we discuss this chapter's hypothesis that practitioners have partially exploited the insights obtained from the academic literature on HRM.

Thus, in Sect. 7.4, we combine quantitative analysis of trends of interest in HRM in business publications with an analysis of our empirical research so far. Specifically, in CiNii database, we examine the 5-year trends in business magazines with titles containing either "strategic employment management" or "employment management strategy" as references to the strategic aspects of HRM.

Additionally, the authors have had an opportunity to engage in empirical research on Japanese style management and HRM in Japanese companies in 2017 (Kambayashi and Hirano 2019). It can be considered to support evidence for our understanding, interpretation, and conclusion regarding the current state of Japanese style HRM practices. From the viewpoint of clarifying the current location of HRM in Japanese companies and answering our second hypothesis, we quote Kambayashi and Hirano (2019), which contains this survey analysis.

7.3 Literature Review on HRM Theory

In this section, we review literature on HRM theory to examine when HRM theory has been produced and developed in the United States, to clarify how HRM theory is different from traditional personnel and labor management theory, and to confirm what relationship HRM theory and practice have been linked with each other.

HRM theory is mainly related to the totality of management rules and activities for managing employees, increasing work efficiency, and achieving organizational objectives in response to the changing business environment (Bratton and Gold 2017). Like other research areas of business administration, regarding HRM, academic and theoretical literature has not developed independently. Rather, the "HRM theory" includes both a theoretical framework and solutions to practical problems that have been formulated by scholars. Therefore, this section considers the practical background of HRM as an integral part of the development of HRM theory.

With the dawn of the modern era, labor management has developed theories and practices regarding the process of labor utilization that changes based on the interaction of workers, trade unions, managers, and other environmental factors. After the introduction of scientific management (Taylor 1911), the standardization of work and the separation of planning and working functions led to the simplification of labor and the substitution of labor. Although an "employee representative system" was established as a communication structure for labor and management within the company, the conflict between labor unions and employers intensified.

However, in the 1920s, labor-management cooperation based on industrial democracy was developed. On the surface, the management refrained from an oppressive attitude toward the labor union, and promoted paternalistic management such as employee holding systems, pension systems, and the introduction of employee representativeness (Okubayashi 1973).

Until the 1960s, when the HRM paradigm emerged, as the so-called PM paradigm, efforts were made to motivate workers to work, and there was a strong antithesis discussion on scientific management. Since the legal approval of the labor union in 1935, each company has been forced to improve the management of labor relations between the worker group and the management, in addition to labor force management. In addition, from around 1940, various human labor management practices that incorporated the results of human relations theory were introduced, and employee management, such as satisfaction from work and teamwork, was developed in the personnel management process (Kida and Okada 1994).

7.3.1 The Emergence of HRM

The term HRM began to be used in personnel management theory in the United States in the 1960s. The theoretical basis can be found in two theoretical genealogies: the theory of human resources in behavioral science developed from the theory of human relations and the theory of human capital in the field of economics (Iwade 1989, 2002).

Since the 1950s, the labor force composition has changed drastically along with the industrial structure against the background of the complexity of organizations due to the enormous growth of companies, the development of management information systems (MIS), and various technological innovations. Furthermore, the 1960s brought a growing interest in equal and equitable treatment in American society, including the civil rights movement and the enactment of the Equal Employment Opportunity Act. In addition, in American society in the 1960s, there was a growing interest in the social value of individual well-being and welfare, coupled with the rise in educational level.

As the number of white-collar workers, especially professional engineers and clerical workers, increased and a new labor order was formed, labor force management changed drastically. Personnel management theory incorporates knowledge of the theory of human resources in behavioral science.

Behavioral science, which has emerged since the 1950s, attempts to elucidate human behavior using scientific experiments and observation methods. The faction emphasizes that participatory organizations are the best way to integrate humans with their personal and organizational goals because of the desire for self-actualization in their work.

Specifically, the foundation of personnel management was the achievement of motivation and leadership research that emphasized self-actualization in the job (McGregor 1960; Herzberg 1966). Based on this, employee desire and job satisfaction analyses were performed as labor management, and techniques such as job enrichment were introduced to labor force management. Furthermore, the work organization will be reorganized for both individual job design and a group of interrelated jobs as a whole (Likert 1961, 1967).

In addition, human capital theory is a theory that defines the knowledge and skills accumulated inside human beings as human capital and aims to increase human capital by investing in education and training. According to this, humans should not be seen as variable costs, but as assets to be invested in for the future. A representative study by Becker (1964) found that investment in education affects both future monetary and mental income.

Thus, since the 1950s, there have been phenomena that reveal the limits of the PM paradigm, especially PM's view of human beings. In PM, workers are an alternative labor force, and the central theme is labor force management, which is how to use the existing capabilities of workers while controlling costs such as labor costs. However, the way of thinking of humans in behavioral science and human capital theory leads to the human view that employees are valuable assets for companies and labor capacity is also an asset to be developed for individuals. It became the basis of the view of human resources in the HRM paradigm that emerged in the 1960s.

7.3.2 The Development of HRM

Since the 1970s, against the background of the decline in the international competitiveness of American industry, the improvement of labor productivity has been emphasized in both the labor force and employee management. Regarding labor-management relations, the importance of recognizing the competitive situation of companies and breaking away from the old-fashioned confrontational position has been emphasized. In the United States, national efforts have been made to analyze the factors behind the significant decline in economic activity and take countermeasures.

According to Iwade (1989, 1992), the low labor productivity due to diminished labor motivation of workers and hostile labor relations was already analyzed in *Work in America* (O'Toole 1972). In addition, since the late 1970s, American companies have been forced to adapt to increasingly complex markets and accelerating environmental changes. Particularly, human resource management innovations to promote employee autonomy and improve labor productivity were considered necessary to improve the competitiveness of American companies, and a new paradigm that could replace the PM paradigm was also desired in practice.

The demand for innovation in human resource management has increased in the context of environmental changes and strategies, and the characteristics of strategicity have been added to the HRM paradigm (Guest 1987). The institutional design principle or pattern of HRM is called the HRM model, in which we list two studies that were born in the early 1980s and are extremely characteristic in relation to human resource views, a consistent institutional system, and strategy.

The first is the study of Beer et al. (1984). HRM courses were established as compulsory courses at the Harvard Business School in 1981, and Beer et al. (1984) were used as HRM-specific textbooks. Beer et al. (1984) pointed out the compensation system, human resource flow, job system, and employee impact as the four institutional areas that make up HRM. Specifically, a commitment model is being developed as a design principle in job systems, instead of the control model used in conventional PM. To achieve this, the innovation of the job system is promoted by the human resource flow system and a compensation system that ensures employment security. In this way, it is said that system consistency is required between each institutional area in HRM.

The second research group, including Fombrun et al. (1984), was centered on the University of Michigan. This model emphasizes the fit between strategy and HRM, which allows for a flexible response to changes in the business environment. They advocated the concept of Strategic Human Resource Management (SHRM) and analyzed in detail the HRM system, which consists of four subsystems: advance, evaluation, reward, and development, from three levels: strategy, management, and operations. Their HRM model, which prompted HRM to integrate into strategy, highlighted aspects of HRM as a tool for strategy execution.

From the above reviews, we summarize the differences between the PM and HRM paradigms. According to the PM, the personnel profession of the company was recruitment, placement, education and training, compensation, and employment management until retirement, which the personnel department is in charge of. However, in the PM paradigm, it was not fully considered "how the measures of each theory such as personnel management, personnel transfer management, education and training/skill development management, work motivation management, labor-management relations management, and employee satisfaction management are effectively linked to productivity."

However, HRM came to concretely grasp the chain of purpose and labor measures in relation to management strategy, management plan, and departmental performance management, and consciously make full use of it. HRM emphasizes that the personnel department, management, and line managers cooperate organically to properly match these conventional labor force management with the design and operation of the management system of "work performance."

7.3.3 *Impact of Japanese Style Management on HRM*

Here, we review the impact of Japanese style management on the development of the HRM paradigm in the 1980s. It has often been pointed out that Japanese style management in the late 1970s and the1980s, coupled with the high productivity of Japanese companies at that time, became a kind of boom, which was one of the guidelines for transforming human resource management in the United States in the 1980s (Kambayashi 2011).

Japanese style management refers to the management system of Japanese companies from the latter half of the 1970s to the 1980s and the practices based on it. An analysis focusing on the organizational and human aspects of Japanese companies has been conducted to support the international competitiveness and product quality of Japanese companies, and Japanese companies' personnel management institutional characteristics have been considered. It has the following characteristics based on the high degree of internalization of the corporate labor market: Japanese companies have mainly hired only new graduates, and once they are hired, they will receive continuous OJT and improve their ability to perform their duties on the premise of long-term employment relationships. Their promotion and salary increase are based on their abilities.

Given the high productivity of Japanese companies at that time and the stagnation of technological innovation in US industry, how did US companies and American academic in the field of personnel management adopt the idea of Japanese companies' personnel management? Beer et al. (1984) point out that when US companies' executives observed Japanese companies, they found a very successful management model in Japanese companies that differed from US management model. HRM approaches they focused on were slow promotions, frequent transfers, well-funded education and training, support and promotion of coordination at all levels, and lifetime employment.

HRM, which Beer et al. (1984) emphasized as a new paradigm, is specifically emphasized as a high-commitment model, in which the approach of institutional domain integration is selected according to the environment and strategy. However, the clan approach, rather than the bureaucratic approach or the market-based approach, is highly evaluated and it clearly has an institutional design principle with a strong awareness of Japanese companies' employment management.

In this way, Japanese style management had a great influence on the theoretical development of HRM. However, HRM was not just a complete imitation of Japanese style management, nor was it merely an abstraction of the personnel system of Japanese companies. Regarding this point, Kambayashi (2011) presented a hypothesis that HRM theory extracted the essence of Japanese companies' management practices in the 1980s, especially the mechanism of human resource management, and incorporated it into the HRM paradigm.

From the perspective of Japanese style management or the universality and peculiarity of the organization and personnel management of Japanese companies, as Niwamoto (2012) clearly points out, the Japanese style management phenomena are regarded as the universal factors of management for building a competitive advantage, especially in Japan, according to the context of each Japanese company. In other words, it can be said that Japanese style management was the one that demonstrated HRM and verified the validity of the HRM paradigm.

Based on the literature reviews and discussions so far, the features of the HRM paradigm are briefly summarized, focusing on the differences from conventional PM. First, HRM regards employees as valuable human resources and positions them as the greatest management resource to ensure a sustainable competitive advantage. Human resources had a new view of human beings, which was different from PM, that they had learning ability and creative ability and could be developed through education and training. Based on this view of humanity, we will design areas such as recruitment, training, and placement that were individually managed in PM from an integrated perspective.

Second, the fit of the strategy and HRM is emphasized. The theories of strategy, in particular, the knowledge of Resource Based View (RBV) (e.g., Wernerfelt 1984; Barney 1991), is used to design an HRM system that is compatible with the business strategy, and the appropriate allocation of human resources is determined. HRM is a system or process for the integrated and strategic management of all personnel areas, from employment to working conditions, as a coherent system for the purpose of long-term return outcomes that will be obtained from human resources.

Third, as a normative aspect of HRM, a high-commitment model was proposed as an alternative to the conventional control model against the background of a strong sense of crisis about the rapid progress of Japanese companies and the decline of American companies' international competitiveness.

7.4 The Process of Accepting and Developing HRM Theory by Japanese Academic Community

Based on the characteristics of the HRM paradigm identified in the previous section, we clarify how Japanese academic has accepted and developed HRM theory, which is related to one of our hypotheses presented in the introduction.

In HRM research in the late 1970s in Japan, the advanced and universal nature of the Japanese style management became a topic of discussion (Koike 1981, 1994, etc.). Behind this trend, Japanese companies maintained a high level of productivity even when the nation's rapid economic growth had come to a halt and when they were threatened by crises such as the oil crisis during past economic crises.

Together with the accumulation of results of surveys and relevant research, Japanese academic was mainly interested in clarifying the organizational and personnel aspects of Japanese companies as compared to that of international companies. A series of studies revealed that employment security, wages, and promotions based on the length of service, and hierarchical egalitarianism were distinctive components of the personnel management of Japanese companies. We analyze how HRM, introduced in Japan in the 1980s, was accepted under these circumstances.

7.4.1 Trends in the Papers and Articles with Titles Including "Human Resource Management" and Other Relevant Terms

In the CiNii database, the first paper that included the term "human resource management" in its title was Ishida (1981). It was published in the Monthly Journal of the Japan Institute of Labor. The paper discussed the components of personnel management of Japanese companies operating overseas through interviews with Japanese managers working on the frontline of cross-cultural management in Southeast Asia and the USA. This paper cited various factors of HRM that can be transferred overseas, such as employment security, focus on people, hierarchical egalitarianism, and participation in management participation of employees in management.

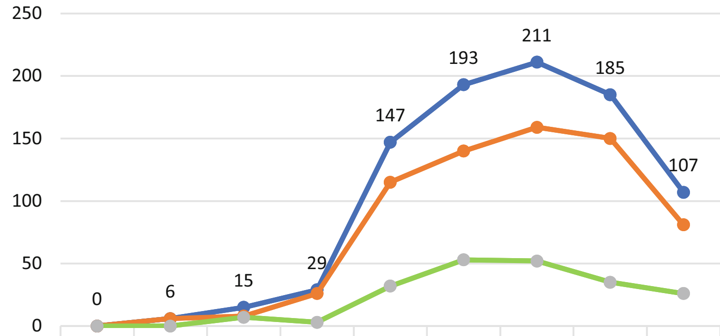
Five of the six papers regarding HRM in academic journals from 1981 to 1985 were published by Hideo Ishida. This indicates that his work played a major role when HRM was first introduced in Japan. These early studies were concerned with the international adaptability of the HRM of Japanese companies; without much examination of HRM's perceptions and strategic aspects, "Japanese style human resource management" is used almost synonymously with the employment management of Japanese companies. Consequently, this suggests that HRM was perceived to be similar to not perceived to be a paradigm with different content from conventional personnel and labor management in the early 1980s in Japan.

The number of papers regarding HRM was sluggish for a while, with 15 papers in the latter half of the 1980s and 29 papers in the first half of the 1990s, the number of papers regarding HRM published in the late 1980s was 15; twenty-nine papers were published in the early 1990s. Although the number of papers including HRM in their titles showed a decrease for a while, the number of relevant papers increased sharply in the late 1990s. This upward trend continued in the 2000s, with the peak in the number of papers occurring in the latter half of the 2000s.

Additionally, in the 1990s, the papers using the term "Strategic HRM" began to be published, and in the late 1990s, there was a sharp rise in research that viewed HRM as an integrated system of human resources and research that considered the relevance of strategy to HRM. Moreover, personnel management issues were often discussed in the context of clarifying work and compensation, rather than as a topic of conventional labor management issues such as improving worker-management and labor-management relations. In the late 1990s, HRM finally attracted attention as a concept with a strategic orientation rather than as a replacement label for the content studied in traditional personnel management theory. Contemporaneously, the concept of HRM permeated the academic community, and various studies based on the HRM paradigm reached maturity.

On the other hand, some researchers from other fields highlighted the paradox of the view of human in the HRM perspective, as seen in Mito (2004). However, it is observed that many researchers in the field of HRM did not question the legitimacy of HRM, and accepted the paradigm "obediently," proceeding to analyze the HRM phenomena of Japanese companies based on the HRM paradigm.

Figure 7.1 shows the trends in the numbers of papers and articles in CiNii.



	1975～1980	1981～1985	1986～1990	1991～1995	1996～2000	2001～2005	2006～2010	2011～2015	2016～2020
all publications	0	6	15	29	147	193	211	185	107
academic papers	0	6	8	26	115	140	159	150	81
business magazines	0	0	7	3	32	53	52	35	26

all publications academic papers business magazines

Fig. 7.1 Trends in the number of papers and articles with titles including "Human Resource Management" (Source: Created by the authors)

7.4.2 Trends in HRM Research in the Journal of JSHRM

In Enatsu et al. (2021), constructing a database of 1694 papers in the journal of JSHRM, the discussion trends of Japanese personnel management research over the past 50 years in units of 15 to 20 years are described and clarified by quantitative text analysis.[2] The analysis is divided into three categories: "early period (1971 to 1987)," "middle period (1988 to 2003)," and "late period (2004 to 2019)." We confirm the frequency of appearance and co-occurrence relationships of words and phrases related to "human resource management" in light of the issues of this study.

The first is the frequency of the appearance of words and phrases. In the analysis, the phrases "Labor" and "labor management" that were frequently used in the previous period have disappeared since the middle period, and instead the phrases "Human Resources," "Human," and "Resource" are appearing frequently after the middle term (Table 7.1). Thus, it is pointed out that in the 1990s, words related to HRM became popular, and research on the premise of the HRM paradigm began to

[2] In Enatsu et al. (2021), the database has been composed of "texts" such as "Title name, Cited Reference Title (1) Cited Reference Title (2) . . . Cited Reference Title (n)" for each paper, and puts them in each volume of "Ronshu" or in "Institutional Journal". A "paragraph" is created that connects each issue. In addition to the frequency of appearance of various words in sentences and paragraphs, the strength of co-occurrence between words is measured. The strength of co-occurrence was visualized by the Jaccard index as "the value obtained by dividing the frequency with which both one word and another word appear by the frequency with which one appears." For the analysis, they used a text analysis software called "KH Coder."

Table 7.1 The frequency of the appearance of words and phrases

Early period: 1971-1987		Middle period: 1988-2003		Late period: 2004-2019	
Words and phrases	frequencies	Words and phrases	frequencies	Words and phrases	frequencies
Labor(*Roudou*) *	278	Labor(*Roudou*) *	638	Firm(*Kigyou*) *	1337
Japan(*Nippon*) *	164	Firm(*Kigyou*) *	573	Labor(*Roudou*) *	1189
Management(*Kanri*) *	151	Japan(*Nippon*) *	543	Management(*Kanri*) *	929
Business administration(*Keiei*) *	145	Management(*Kanri*) *	493	Japan(*Nippon*) *	849
Wage(*Chingin*) *	99	Employment(*Koyou*) *	385	Employment(*Koyou*) *	722
Labor(*Roumu*)	98	Business administration(*Keiei*) *	336	Career(*Kyaria*)	643
Firm(*Kigyou*) *	89	Human(*Human*)	289	Organization(*Soshiki*) *	621
Labor and management(*Roushi*)	73	Management(*Management*) *	276	Human resource-(*Jinji*)	552
Employment(*Koyou*) *	72	Institution(*Seido*) *	253	Institution(*Seido*) *	514
Relationship(*Kankei*)	67	Human resource-(*Jinji*)	233	Human resources(*Jinzai*)	500
Management(*Management*) *	65	Organization(*Soshiki*) *	229	Human(*Human*)	494
Social(*Shakai*)	57	Organizational(*Organizational*)	229	Work(*Work*)	441
Industrial(*Industrial*)	55	Resource(*Resource*)	219	Management(*Management*) *	439
Institution(*Seido*) *	54	Work(*Work*)	205	Wage(*Chingin*) *	435
Consciousness(*Ishiki*)	45	Female(*Jyosei*)	202	Resource(*Resource*)	435
Organization(*Soshiki*) *	45	Wage(*Chingin*) *	200	Business administration(*Keiei*) *	433
Labor(*Labor*)	43	Human resourcs(*Jinzai*)	192	Job(*Shigoto*)	370
Economy(*Keizai*)	42	Technology(*Gijyutsu*)	183	Social(*Syakai*)	365
Organization(*Organization*)	38	System(*Shisutemu*)	175	Job(*Job*)	345
Relation(*Relation*)	38	Career(*Kyaria*)	172	Influende(*Eikyo*)	344

(Source: quoting from Enatsu et al. (2021), we translated the Japanese notation into English and added the Japanese notation in italics in Roman letters in parentheses.)

develop. Moreover, it is speculated that the paradigm in the field of employment management theory in Japan has shifted from PM to HRM, about 15 years after being behind Western academic.

Next is the co-occurrence relationship of the words. In the analysis, the analysis target was narrowed down to words that accounted for 0.15% or more of the total number of words appearing in each of the early, middle, and last periods, and changes in the tone of employment management research were confirmed from the co-occurrence network of word sections.

In the early period, terms related to the definition of HRM research domains, such as "Labor," "Japan," and "Management," co-occur with "Labor-management relations," and "Wage system." From this, it is confirmed that the core topics of employment management research are labor relations and the wage system.

In the middle period, the phrase "Human Resource Management" will be newly introduced, and the change in usage from "Personnel Management" or "Labor Management" to "Human Resource Management" can be seen. "Human Resource Management" has a strong co-occurrent relationship with "Strategy," not just as a relabeling of personnel and labor management, but an implication for "achieving strategic management goals." It is speculated that "contribution to business performance" has begun to be recognized as a new role in employment management. In addition, it was pointed out that the topics of employment management research are diversifying with the emergence of research groups related to HRM, performance-based system, women's employment, and employees' expatriates from an international perspective.

In the late period, words such as human resources, career, and strategy co-occur with the research domain of HRM, and there is a growing tendency toward strategic human resource formation in employment management research, and employment management shifts from group management to individual management of employees. It has been pointed out that there is a marked tendency to reconsider employment management methods. In addition, the emergence of new topics such as work-life balance, various regular employees, job hunting, and recruitment activities including roles of educational institutions in them in HRM research has been confirmed in addition to the middle period.

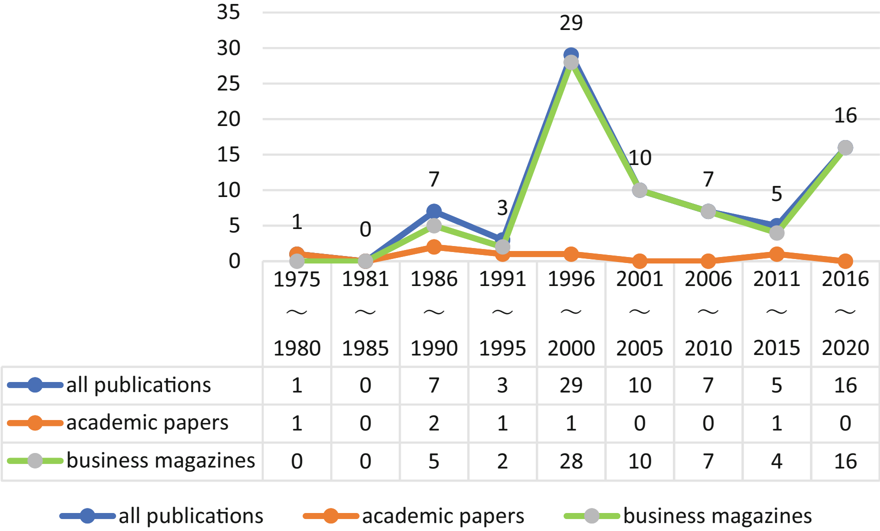
7.5 Transformation of HRM Practice in the Business Sector

As confirmed in Fig. 7.1, the term "HRM" is rarely used in business magazines collected in CiNii. Nevertheless, as Japanese companies started to lose their competitive advantages because of long and intermittent recessions since the burst of bubble economy and being exposed to severe global competitions, Japanese companies are obliged to incorporate the idea of HRM into the conventional Japanese style management. Japanese business community has paid more attention to relationship between strategy and performance, specifically since the 2000s. Strategies for linking the training and development of human resources have been deployed in practice to achieve organizational goals; the reconfiguration of personnel measures to determine the value of human resources according to their contribution accelerated in the 2000s.

The HRM paradigm's ideas, such as consistency between strategy and HR systems, and linkage between performance and HRM seem to have a considerable impact on this process of change in HRM of Japanese companies. In this section, we examine these points based on the trends in business publications collected in CiNii and confirm on the transformation process of Japanese employment system, referring to the research we have conducted so far (Kambayashi and Hirano 2019).

7.5.1 Trends in Business Publications in CiNii

For practitioners in Japan, the terms "strategic employment management" or "employment management strategy" are often used as compared to that of "strategic human resource management" when emphasizing the strategic aspects of HRM.



	1975～1980	1981～1985	1986～1990	1991～1995	1996～2000	2001～2005	2006～2010	2011～2015	2016～2020
all publications	1	0	7	3	29	10	7	5	16
academic papers	1	0	2	1	1	0	0	1	0
business magazines	0	0	5	2	28	10	7	4	16

Fig. 7.2 Trends in the number of articles with titles including "strategic employment management" (Source: Created by the authors)

Therefore, in the articles in the CiNii database, we examine the shift in the numbers of articles with titles including the terms "strategic employment management" by the 5-year period.

As shown in Fig. 7.2 the number of articles with titles containing "strategic employment management" sharply increased in the latter half of the 1990s. This is similar to the trend in the number of papers with titles containing terms such as "human resource management" published in academic journals in the same period published in academic journals. However, in the 2000s, the number of articles of such kind declined, and it cannot be said that terms such as "strategic employment management" became popular among practitioners.

7.5.2 *Process for Transforming Employment Management Practice in Japanese Companies as Seen in Japan's Human Resource System*

The authors have conducted a survey of the types of changes that can be seen in the aspects of organizational and employment management in Japanese companies (Kambayashi and Hirano 2019).[3] To determine the status quo of human resource

[3] The survey period was May to August 2017. The survey form was mailed to 3000 listed companies with more than 100 employees and addressed to the human resources director in each case (500 companies have foreign affiliations). Data were collected by means of a response form on the JMA website. There were 134 companies with valid responses (collection rate: 4.5%). In each of the following chapters, the analyses are based on the data obtained in this survey.

systems in Japanese companies, they analyzed the role of the human resource department and its basic policy (human resource policy), and the organizational culture that supports the department. The following summarizes the current state of the personnel system of Japanese companies, which is summarized in this book, to the extent in line with the purpose of our study.

First, the “role rating system,” which is intended to merge the traditional organization-oriented and new market-oriented systems, affected by global market principles, has become mainstream in Japanese companies. In addition, when shifting the employee rating system from a job function to a role class, the HR department collects employee information as before. It then develops measures to support line management positions to ensure suitable career development and cultivate employees’ career awareness through consultations, and so on.

Second, based on the data, three basic human resource policies were identified: (1) an emphasis on employability, which focuses on cultivating general skills applicable to all companies; (2) the strategic procurement of skills, which focuses on supporting the growth of employees to conform to the company strategy; and (3) contribution-centric treatment, which focuses on evaluation and remuneration based on skills and achievements, irrespective of personal attributes. The results show that employee motivation tends to be higher in companies that pursue “contribution-centric treatment.”

Third, the organizational culture of Japanese companies is changing to a mixed form. This includes elements such as being market-oriented and control-oriented, while retaining its family-oriented clan type organizational culture. Furthermore, in terms of the relationship between human resource policy and organizational culture, Japanese companies that have an organizational culture that is “balance-oriented” are more aware of an “emphasis on employability,” “contribution-centric treatment,” and the “strategic procurement of skills.” In particular, compared with bureaucracy-oriented companies, balance-oriented companies are shown to have a tendency toward “contribution-centric treatment.”

From these analyzes, we found that the Japanese approach to HRM is being forced to change from that of the 1980s, when Japan was prosperous and so-called “Japanese management” was gaining attention outside the country. Since the 1990s, Japanese style HRM has undergone a major transformation to having a structure that enables further market response due to globalization based on market principles.[4]

However, the aspects of marketing principles in Japanese companies differ from those of US companies. Japanese companies are consciously attempting to retain the country’s traditional employment system, namely, long-term accumulation and procurement of individual employee information by the human resource department, consistent needs of employees and management, family-oriented organizational

[4] This term refers to the neoliberal economic policies of the United Kingdom and the United States. Together with technological advancements and development of globalization since the 1990s, this principle focuses on being able to freely adjust through the market. In aspects of HR systems, employment, training, and evaluation are changing to incorporate market-oriented elements.

culture, participation of low-ranking employees in decision-making (limited to drafting), and internal training of global leaders.

While aspects of employment systems such as employment, training, evaluation, remuneration, and so on are changing to incorporate market-oriented elements, the present psychological and behavioral aspects of employees are not adequately handled by the system. Although the number of employees loyal to their organization has declined, this has not negated Japanese companies' intention to perform long-term human resource training. They are also developing a system with high transparency/satisfaction that administers performance-oriented evaluation and remuneration. In particular, a feature of the employment systems in Japanese companies is the tendency to combine "human resource development" and being "performance-oriented," which are often viewed as opposing concepts.

7.6 Discussion

From the analysis so far, we have the following question: Why did HRM fail to attract the attention of the Japanese academic community in the 10–15 years that followed the introduction of HRM theory in the USA in the early 1980s and the emergence of papers using the term HRM? This section examines the reason behind this lack of interest in HRM in the 1980s in Japan, the background and reason for the rapid acceptance of the HRM paradigm from the latter half of the 1990s, and the development of various studies on personnel management based on this paradigm.

First, this issue is examined in reference to the institutional characteristics of personnel management in Japanese companies. In Japan, in the 1980s, there was a high degree of internalization in the labor market, and long-term employment was a norm in which employees who were newly recruited en masse after graduation were employed in the same company until they retired at a certain age, either 55 or 60 years of age. Based on this system, employees were rated by their ability to perform their duties under a functional qualification system. Within these mutually complementary personnel systems, employees would undergo education and training within the company and would develop their skills and management abilities while experiencing multiple roles due to repeated transfers.

Meritocracy was also reflected in the promotion system; there was no difference in promotion among the same cohort, for a while, after joining the company, and competition for promotion began at a later stage as compared to other countries. The competition for promotion also had the advantage of maintaining motivation among employees for enhancing their capabilities over the long term. Based on this personnel management system, proposals and improvements were pursued on the ground by employees themselves to improve quality control and productivity, as can be seen in the Quality Control (QC) circle and small group activities. Thus, when the idea of HRM was introduced in Japan, it can be said that there was very little room in Japanese companies for a viewpoint that included treating workers as mere cost or commodities to be traded in the market.

The view of human resources in HRM that employees are valuable resources and should be nurtured internally through education and training was originally formulated based on a significant influence from Japanese style management. However, HRM's new ideas and view of human resources that management and employees share values and collaborate as an organization are expressed as a specific personnel system related to human resource development and employment security.

When considering the background of the personnel system of Japanese companies at the time when the HRM paradigm was introduced to Japan, we can imagine that it may not have seemed a particularly novel idea in light of the characteristic of the personnel system of Japanese companies. This was because in the personnel management theory developed in Japan, the importance of promoting voluntary activities, such as human resource development, improvement of motivation, and proposals for improvement, was already emphasized.

Second, HRM incorporates the concept of human resource orientation in behavioral science, the concept of educational investment in human capital theory, and the idea of the value of management resources in management strategy theory, particularly in RBV, into a complex theoretical series. Despite the existence of such complex theoretical pillars to support HRM, for about 15 years since the 1980s when HRM was introduced to the Japanese academic community, it seems that little attention was paid to the investment effects and strategic aspects of HRM.

One possible reason for this is, empirical research on management strategies considering Japanese companies in the 1980s emphasized management resources, especially human resources and the learning process of groups, such as overextension strategy research focusing on human learning abilities (Itami 1984) and research on the knowledge creation process through group dynamics (Nonaka 1988; Nonaka and Takeuchi 1995). These studies have also demonstrated Japanese companies' high achievement through management, emphasizing management resources, especially human resources. In reality, Japanese companies enhanced their management capabilities through their production capabilities at manufacturing sites. However, through a series of empirical studies together with the results of a series of empirical studies, it may have been possible that Japanese academics enhanced their awareness that the overall management strategy of Japanese companies, that emphasizes human resources, is superior to that of the Western companies.

In this context, it seems that there was a growing awareness that personnel management of Japanese companies constituted the core of HRM with the compatibility between HRM's perspectives on human resources and its emphasis on education and learning with Japanese companies' personnel management. Taking these academic conditions into account comprehensively, the delay of HRM acceptance of 10–15 years in Japan can be interpreted as a period of delay in the formation of problem awareness, such as the focus on HRM's strategy and the conditions under which human resources and management lead to results, because the pursuit of strategic issues in Japanese companies had become weaker, along with increasing challenges in the management during this period.

Third, the rapid acceptance of the HRM paradigm in Japanese academic circles in the late 1990s can be attributed to the intensification of global competition and the rapid development of Information Technology (IT) that created the need for diverse human resource groups and their management. Jacoby (2005) considered these changes in terms of market orientation of employment practices.

Additionally, Nakamura and Ishida (2005) pointed out that the linkage between personnel management systems, strategy, and performance of Japanese companies was strongly questioned due to problems such as low productivity and high cost of white-collar workers, the performance measurement of knowledge workers, and the rigidity of long-term employment and en masse recruitment. In line with these developments, the HRM paradigm was actively accepted in the academic community since the late 1990s in Japan, and a theory with a strong awareness of the strategic aspects of HRM was developed.

7.7 Conclusion

This chapter sheds light on how the HRM paradigm has been accepted and developed in Japanese academic and business community.

In Sect. 7.3, the theoretical and practical background of HRM was examined by means of a literature review. In PM, in addition to efficient labor force management and labor-management relations management, various human-related labor management measures were introduced from approximately 1940 by incorporating the results of human relations theory. In the labor process, worker management such as individual abilities, work satisfaction, and the formation of teamwork was deployed.

On the other hand, HRM reconfigured employment management deployed in PM based on the relationship with the resource-based value and the autonomy of employees. HRM's theoretical foundation, based on behavioral science and the human capital theory, enabled such reconfiguration of the existing knowledge.

Additionally, since the 1980s, HRM's development as a new paradigm in this field of research has been largely based on the theoretical underpinnings of competitive strategy theory, especially RBV. In other words, it was HRM that concretely grasped the chain between the organizational purpose and each labor policy in relation to management strategy, management plan, and department performance management, and made conscious use of this relationship.

Moreover, as a normative aspect of HRM, it was clarified from the literature review that the HRM model was constructed with a strong awareness of Japanese management phenomena against the backdrop of a decline in the international competitiveness of the USA and advancement of Japanese enterprises since the 1970s. Thus, the formation of HRM theory in the USA itself was influenced by the management of Japanese companies, and the development of HRM theory by extracting the essence of Japanese management can be said to have resulted in the uniqueness of the theory as compared to that of other research areas.

The process of developing and permeating HRM cannot be universal, and the theory will be reconstructed along the historical, social, and organizational contexts.

Currently, researchers and practitioners are trying to “reimport” the HRM theory in Japan with the roots described above.

Regarding the issues of this paper, this chapter analyzed the increasing number of papers dealing with HRM by age and content of these papers. It was found that the Japanese academic community introduced the term “HRM” in the first half of the 1980s, the same period when HRM became the mainstream paradigm in the USA. However, while little research was conducted on HRM for a while the number of papers was sluggish for a while, it was found that since the late 1990s, the number of papers based on the HRM paradigm sharply increased. It was also found that many of these papers focused on the strategic aspects of HRM or dealt with issues from the HRM paradigm.

In the business sector in Japan, especially from the 2000s, the management strategy considering the linkage between strategy and business performance of the HRM paradigm has been developed. However, the term “HRM” is not used routinely, and it can be said that a unique HRM practice is being developed based on the social and organizational context of Japan while incorporating HRM’s knowledge in practice.

For the past 20 years, the employment system of Japanese companies has been transforming into a system that can further respond to the market; however, even at present, the specific form of market-based HRM in Japanese companies still distinguishes it from that in the USA. Rather, a personnel system is being developed in which the evaluation and remuneration of employees are based on a highly transparent and convincing merit-based system, while keeping in mind to a certain extent the continuity with the conventional Japanese personnel system (long-term accumulation and operation of personnel information by the HR department, orientation toward matching the needs of both labor and management, a family-oriented organizational culture, limited participation in the drafting stage in the decision-making of low-ranking employees, and the tendency to develop global leaders internally).

Finally, we discuss future research agenda based on the issues discussed in this chapter. In this chapter, while we have considered the acceptance process of HRM by the academic and business community, the interaction between the academic and the business community regarding HRM has not been explored. Specifically, whether HRM practices in Japan are being transformed by the direct impact of HRM practice of US companies, or whether they are being implemented while interpreting the knowledge gained from HRM theory permeated from the academic community to match the context of each organization, remains unexplored.

At this time, however, no interaction or involvement between academic and the business community in the HRM acceptance process has been considered. In this regard, in the case of Japan, the academic community tends to follow the business community in attempting to theorize HRM; therefore, the field of HRM theory is still not well-developed in Japan. On the other hand, in the USA, practitioners tend to practice theories proposed by researchers. However, as these are assumptions, further verification is required.

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Chapter 8
The Development of Corporate Culture Studies in Japan: What Did the Corporate Culture Boom of the 1980s Bring About?

Yasuhiro Watanabe

Abstract This chapter aims to clarify how the concept of corporate culture introduced from the United States has been accepted and developed in Japan. First, I use a systematic review to quantitatively identify trends in academic writing on corporate culture in Japan. Next, based on this review, I examine the transition from Japanese management theory to corporate culture studies in the Japanese academic community, which was a popular topic in the 1970s. Regarding the business community, I focus on the concept of *shafū*, which is unique to Japanese society, and discuss its connection with the concept of corporate culture. I also refer to case studies of Japanese companies' overseas expansion in the 1970s to examine the cultural challenges faced by Japanese companies at that time. As a result, the chapter concludes that both the academic and business communities in Japan developed the idea of managing corporate culture strategically after accepting the concept of corporate culture. Therefore, the corporate culture boom provided an opportunity for Japanese and American companies to learn from each other's management styles.

Keywords Corporate culture · Organizational culture · Japanese style of management · *Shafū*

8.1 Introduction

This chapter aims to clarify the process of how the concepts of corporate culture and organizational culture have been accepted in the social context and incorporated in various research fields in Japan.

In the 1980s, corporate culture became a buzzword in both the business and academic communities. By way of background, the success of Japanese companies attracted the attention of the business community in the 1970s, a period during which the Japanese economy was viewed as an economic miracle, with Japanese

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companies developing new production bases overseas and expanding into new markets. At that time, Japanese companies faced the problem of cultural differences in attempting to transfer the Japanese style of management into these new markets. In the academic community, the theory underlying the Japanese style of management was a hot topic in the 1970s. Both domestic and foreign scholars conducted research on the Japanese style of management because of Japanese companies' success in international markets, attempting to analyze the successful management methods used by Japanese companies. In this context, the relationship between corporate culture and national culture was one of the main issues, and the success of the Japanese style of management was considered to be closely related to Japanese corporate culture. Thus, researchers paid particular attention to the cultural environment within companies, including comparative studies of corporate behavior in Japan and the United States.

Hofstede (1980), who studied the relationship between management culture and national culture, explained why cultural issues were attracting attention in relation to management, pointing out that Americans and Europeans had only begun to consider the importance of culture after realizing that Japan and other East Asian countries had surpassed them in many areas. He also pointed out that culture was playing a new role in relation to cooperation and competition, as the world had now become a single market.[1] In other words, the multinational corporations that emerged in the 1960s introduced the issue of culture to the business world. In particular, the management methods and culture of Japanese companies, which had a significant presence in the global market in the 1970s, attracted a great deal of attention. Therefore, this chapter first describes Japanese management methods.

There was a boom in research on corporate culture in the 1980s exemplified by the best-selling book *In Search of Excellence* (Peters and Waterman 1982). As a result, the concept of corporate culture became widely known among the business communities in both Japan and the United States. Corporate culture was regarded as a means of controlling the corporation's internal environment and improving its performance. Since then, the importance of managing the corporate culture has continued to increase because most companies have become more culturally diverse.

In this chapter, I thus attempt to answer two questions. First, how are Japanese management studies from the 1970s and corporate culture studies connected? Second, how have the results of research on the corporate culture boom in the early 1980s been perceived by the business and academic communities? Thus, this chapter explores how the concept of corporate culture, which focuses on the cultural aspects of business, has been accepted and developed by the business and academic communities in Japan.

[1] "Preface to the Japanese edition" in Hofstede (1995, p.v).

8.2 Research Method and Design

To answer the above-mentioned questions, I use the following methods.

First, I review the definitions of various terms to clarify how the concept of corporate culture in Japan is understood. As an example, I illustrate the concept of *shafū*, which is similar to the concept of corporate culture in Japan.

Second, I conduct a systematic review of research related to corporate culture from the 1970s to the 2010s in an attempt to identify theoretical transitions.

Third, I review some of the major studies on Japanese management theory in the 1970s. In addition, to enable an understanding of the business environment in the 1970s, I refer to macroeconomic data and articles in economics journals, and examine the case of Matsushita Electric as an example of overseas expansion by Japanese corporations.

Fourth, I review some major studies on corporate culture in the 1980s in an attempt to clarify the connection between Japanese management theory and corporate culture.

Finally, I consider the implications of my findings and present some conclusions.

8.3 Definitions

8.3.1 Corporate Culture and Organizational Culture

First, it is necessary to examine the definitions of corporate culture and organizational culture, which are the basic concepts underlying this chapter. Rather than examining the various definitions that have been put forward, I use the Japanese academic community's general understanding of the concepts of corporate culture and organizational culture. The *Management Theory Dictionary 2nd edition*, edited by the Kobe University Graduate School of Business Administration Laboratory, which is a well-established dictionary of management theory in Japan, defines the concept of corporate culture as follows:

> It refers to a set of values, beliefs, and norms shared by members of a company. It is similar to organizational culture, but the term is used when discussing a company's entire culture or in a more strategic and functionalist context. Corporate culture influences the daily thoughts, feelings, and behaviors of its members. Managers must ensure that the corporate culture is consistent with the company's strategy, core philosophy, and management system.[2]

Corporate culture is thus defined as "a set of values, beliefs, and norms shared by the members of a company." Meanwhile, organizational culture is defined as "a set of values, norms, and beliefs shared by members of the organization."[3]

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[2] Kobe University Graduate School of Business Administration Laboratory (1999, p. 162).

[3] Kobe University Graduate School of Business Administration Laboratory (1999, p. 601).

These two definitions are almost synonymous, but the difference is that the concept of corporate culture refers to the culture of an individual company, and has a functional, strategic meaning, whereas the concept of organizational culture is generally recognized as being more comprehensive in its scope.

In this chapter, I therefore focus on the concept of corporate culture based on the above definitions.

8.3.2 *Shafū*

Next, I examine the concept of corporate culture in an attempt to understand how it has been viewed in the Japanese cultural context. The term "*shafū*" is a concept unique to Japan that is similar to the definition of corporate culture. *Shafū* is not an academic term but is generally understood to represent a kind of ethos peculiar to each company. *Shafū* refers to the organizational characteristics perceived by an individual, as expressed in statements such as "This company's *shafū* has a nice atmosphere," "Our company is different from other companies in terms of *shafū*," and "I felt that the company's *shafū* did not suit me."

An essay titled "Shaze to shafū (Company motto and corporate culture)" published by sociologist Takezawa in 1963 clarifies the concept of *shafū*. In his essay, Takezawa described *shafū* as a social norm, a form of thought and action that was rarely verbalized. He explained that although a company's motto can be created in one day, *shafū* is not easy to create:

> If the company motto is a course for the future, *shafū* is a way from the past to the present. That way may have been consciously chosen or unknowingly followed. The feature captured from experience is called *shafū*.
>
> *Shafū* not only represents the way from the past to the present. You fit into *shafū* and will eventually form and maintain that *shafū*. In that sense, *shafū* works for the future.
>
> However, where the company motto is institutional, *shafū* is more social. If the company motto is the constitution, *shafū* is the national spirit. The constitution is born without tradition, but the national spirit has tradition and history.[4]

In a commentary on Takezawa's essay, Suzuki (1963) describes *shafū* as follows:

> *Shafū* is the characteristic way, the way of existence, and the tendency of a company as a whole. It is the tradition and customs of the company, the management policy, employee awareness and behavior, and the way of corporate activities. It is something that can be grasped when observing things together. *Shafū* is shaped by various factors such as the founder's philosophy, history, business content, and management policy.
>
> It is an undeniable fact that a growing company has a good *shafū* and a collapsing company has a bad *shafū*.[5]

[4] Takezawa (1963, p. 54).

[5] Suzuki (1963, p. 345).

It is thus clear that from the early 1960s, the Japanese business community was interested in the social and cultural aspects of the company as represented by *shafū*. *Shafū* is difficult to define but is generally regarded as the "social norm" within the company that has been cultivated over a long period of time. Thus, the concept of *shafū* is considered to have the same elements as the concepts of corporate culture and organizational culture. As will be discussed later in this chapter, the concept of corporate culture was understood by the Japanese business community as being synonymous with this type of corporate culture.

8.4 Systematic Review

A systematic review of Japanese journal articles revealed how corporate culture studies have changed over time. I used the Japanese search engine CiNii to identify journal articles published between 1966 and 2020 with the terms "corporate culture" or "organizational culture" in the title or subtitle. I also identified articles with the related terms "corporate climate," "organizational climate," "management culture," "management climate," or "Japanese management" in the title or subtitle. Table 8.1 shows the results.

As can be seen from Table 8.1, few articles were published on corporate culture or organizational culture prior to the 1970s. Sato (1969) examined the organization as a sociocultural system in the field of comparative sociology. The first academic paper on corporate culture was published by Nonaka (1983). Table 8.1 shows that the number of academic papers on the theme of corporate culture started to increase in the late 1980s and continued to increase until the early 2000s. The reason is that since the latter half of the 1990s, articles on corporate culture have increasingly been published in economics magazines in addition to academic journals. The first academic paper on organizational culture was published by Kagono (1982) but, even today, few articles on organizational culture are published in economics magazines. Until the 1980s, the concept of organizational culture was seen as being interchangeable with that of corporate culture, but ongoing theoretical refinement throughout the 1990s resulted in organizational theory becoming one of the main themes of organizational culture studies. In recent years, numerous studies related to workplace mental health and the workplace environment have emerged in the field of nursing practice. The trends in the related field of corporate culture are summarized as follows.

First, academic papers and economics magazine articles on the corporate environment and the organizational environment emerged in the early 1970s. Studies on the corporate environment were mainly undertaken in fields related to economics concerning the cultural characteristics of Japanese society. Studies on the organizational environment commenced with studies on group dynamics and were mainly undertaken in the field of psychology concerning the psychological characteristics of individuals.

Table 8.1 Numbers of journal articles published on corporate culture or organizational culture (1966–2020)

	1966~1970	1971~1975	1976~1980	1981~1985	1986~1990	1991~1995	1996~2000	2001~2005	2006~2010	2011~2015	2016~2020
Corporate culture	0	0	0	10	31	62	130	191	180	160	106
Organizational culture	1	0	0	17	19	42	75	111	152	178	156
Corporate climate	0	2	5	2	3	8	58	91	129	61	49
Organizational climate	0	7	12	21	14	19	63	108	153	164	165
Management culture	0	0	4	16	6	11	13	20	13	8	5
Management climate	4	2	6	5	9	3	8	9	5	2	0
Japanese management	26	21	216	213	163	267	378	221	216	126	122

Second, studies on management culture, the management environment, and Japanese management have mainly been published in the fields of international management, economics, and anthropology. Since the 1980s, studies on multinational corporate theory have been published in the field of economics, and since the 1990s studies on global corporate theory have emerged.

Third, Japanese management theory revolved around labor–management conflict during the 1960s, and thus various studies were conducted on this topic in the 1970s and the 1980s. Numerous articles were published in economics journals up until the 2010s.

This review can be summarized by three points. First, corporate and organizational culture studies in Japan have increased since the 1980s. Second, studies on the link between management and culture have been published in the fields of economics, psychology, sociology, and anthropology since the early 1970s. Third, cultural issues in relation to management have been widely discussed regarding the Japanese style of management and, since the late 1970s, this has become a major theme among the Japanese academic and business communities.

Based on the above review it is clear that the phenomenon of corporate culture in relation to management continued to evolve, with the point of view changing over time. In Japan, it developed in the field of Japanese management theory under the influence of Japanese-style management practices. In addition, there were few academic papers on corporate and organizational culture in the 1970s, with studies in this field only emerging in the 1980s.

8.5 Studies on the Japanese Style of Management in the 1970s

8.5.1 Overseas Expansion of Japanese Companies in the 1970s

This section refers to a report on foreign direct investment by Japanese companies in the 1970s because I consider that the problems of Japanese management culture are closely related to the overseas transfer of the Japanese style of management, that is, the overseas expansion of Japanese companies. The report is summarized below.[6]

The overseas expansion of Japanese companies began in earnest in the latter half of the 1960s. Until 1969, domestic companies had been required to obtain permission for foreign direct investment but, from 1969 to 1972, several liberalization measures were implemented. In addition, in 1972, numerous measures were introduced in an effort to increase foreign direct investment by Japanese companies.

In the 1970s, rising wage costs in Japan saw companies in labor-intensive industries, such as textiles, miscellaneous goods, and electronics, move their

[6] Nikkei Research (2005, pp. 5–6).

production bases to developing countries in the Asian region. Following the oil crisis in 1973, industries such as the petrochemical and aluminum industries were also relocated to developing countries to reduce the cost of transporting resources. In addition, in an effort to develop local sales networks, an increasing number of companies in industries such as automobiles and electrical appliances developed overseas sales bases.

Japanese companies have thus been actively engaged in foreign direct investment in the United States since the latter half of the 1970s. Previously, there had been significant trade-related friction between Japan and the United States, particularly in the electronics, transport, and aircraft industries, until it became unprofitable for Japanese companies to produce goods domestically for export, and thus factories were set up in the United States.

The report confirmed that Japanese companies expanded overseas with the support of the government in the 1970s, the trend being to move production bases to the Asian region and sales bases to the United States and Europe. As a result of this overseas expansion, Japanese companies faced cultural issues in foreign business environments. This also applied to companies from the USA, Europe, and other Asian countries. In the next section, I discuss the studies that led to Japanese management practices receiving global attention in this economic environment.

8.5.2 A Cultural Evangelist

One person who played an important role in alerting the rest of the world to Japanese-style management was Abegglen (1958), who acted as a bridge between the business and academic communities in Japan and the United States. Abegglen obtained his PhD in industrial sociology from the University of Chicago, and his first research theme was a comparative study of labor relations between Japan and the West. He traveled to Japan in 1955, conducted a survey of several Japanese companies, and reported on the characteristics of Japanese-style management, attributing two employment-related systems that were prevalent in Japan, the seniority system and the lifetime employment system, to Japan's unique cultural and social characteristics. Abegglen's first book was translated into Japanese in 1958, whereupon the concepts of the seniority system and lifetime employment were popularized in Japan. Abegglen also used his cultural anthropological fieldwork to disseminate his findings among the Japanese business community.

Initially, Abegglen was critical of the seniority and lifetime employment systems, believing that they resulted in inefficiency, but the continuous breakthroughs by Japanese companies in the early 1970s led to a positive reevaluation of the Japanese employment system. Another researcher who was highly supportive of the Japanese system was Dore (1973), who pointed out the strength of Japanese paternalism and management familism in a comparative study with the British system. Drucker (1971) praised the Japanese employment system that had led to Japan's rapid economic growth. However, other researchers were critical of Abegglen's findings.

The sociologist Cole (1971) disagreed with the universal and historical nature of Japanese management. Their opposing views evoked considerable interdisciplinary debate not only in the field of management but also in the fields of sociology, economics, and cultural anthropology.

Abegglen founded the Boston Consulting Group's Japanese office and became its first president in 1966. At the time, American consulting firms considered the rapidly growing Japanese economy to be a lucrative new market. Abegglen of Boston Consulting Group and Omae of McKinsey & Company were trying to sell consulting services to Japanese companies that involved the introduction of American-style management. Abegglen provided a prescription for Japanese companies facing the challenge of internationalization based on the cultural characteristics of Japanese companies.

In this way, Abegglen was an evangelist of management culture throughout the 1970s, acting as a bridge between Japan and the United States. As this section shows, Abegglen's theory initially generated a great deal of interest in the academic community, and then spread to the Japanese business community as Japanese companies expanded overseas. In this way, Japanese-style management and Japanese management theory became important topics in the 1970s.

8.5.3 Development of Japanese Management Theory in the 1970s

The interest in Japanese-style management triggered by Abegglen resulted in numerous studies of Japanese management theory in the 1970s. As noted in the review presented earlier, 216 articles on Japanese-style management were published during the five-year period from 1976 to 1980, about 10 times the number published in the early 1970s. This confirms the high level of interest in Japanese-style management. Next, I examine various studies of Japanese management theory.

First, I discuss studies in Japan, where Ono (1960) published the first book on Japanese management theory. In the early days of Japanese management theory, the old-fashioned nature of Japanese-style labor–management relations was regarded as problematic by both researchers and experts in the field of labor–management relations. Meanwhile, many management theorists considered American-style management to be based on universal principles and were interested in learning how to emulate it.

Some researchers tried to explain Japanese-style management from the viewpoints of historical or institutional analysis. For example, Yoshino (1968) and Koike (1977) focused on employment relations in the field of labor–management studies, Hazama (1971) and Iwata (1977) focused on groupism in companies from sociological and cultural perspectives, and Urabe (1977) and Tsuda (1977) adopted a comprehensive approach.

Second, looking at overseas studies, there was a degree of controversy regarding Japanese-style management. The sociologist Cole (1971) was critical of Abegglen's theory, while Dore (1973) examined the Japanese employment system in detail and supported Abegglen's theory. Marsh and Mannari (1976) attempted to provide a more detailed argument supported by empirical evidence. Subsequently, the Japanese management approach gained worldwide familiarity, with words such as company *shaze* (motto), *ringi* (approval), and QC circles becoming well-known. More recently, Haghirian (2016) published a handbook of Japanese-style management.

Opinions among the business community on Japanese-style management were, however, divided. Iwata (1977) pointed out that the turmoil of the oil crisis in 1973 and the subsequent low-growth economy had created two concerns in terms of Japanese-style management. First, organizations bloated by the lifetime employment system had problems with an aging workforce, an increased salary burden, and a shortage of managers. Second, Japanese companies were concerned about how to transfer Japanese-style management abroad in response to the high level of interest internationally. Many Japanese companies successfully addressed these concerns in the late 1970s.

As a result, the public became more inclined to view Japanese-style management positively. Vogel (1979) and Pascale and Athos (1981) published best-selling books in Japan and increased the recognition of Japanese-style management, which had been highly acclaimed overseas. In this way, the business community embraced Japanese-style management.

In summary, opinions on Japanese management theory in the 1970s were mixed. Some researchers were analyzing the impact of cultural phenomena on management, especially the relationship between national culture and management culture, from an institutional perspective. However, studies of Japanese management theory lacked a common framework and required scientific support. Meanwhile, the Japanese business community overcame the recession of the 1970s and reevaluated Japanese-style management, resulting in excessive praise for management familism and normative management. Therefore, Japanese management theory generated robust debate in the 1970s, but the situation was confusing. I believe that Japanese management theory required a common framework to enable the refinement of the theory.

8.5.4 Japanese Management in Practice: The Case of Matsushita Electric

In this section, I examine foreign direct investment by Matsushita Electric as an example of Japanese-style management in the latter half of the 1970s. Matsushita Electric is a leader in the Japanese home appliance industry and was the first Japanese company to achieve multinational status. The company's motto is to grow the company by educating and developing its employees. Therefore, a case study of foreign direct investment by Matsushita Electric provides a good opportunity to examine Japanese-style management.

I refer to a case study by Clark (1980), who had a deep knowledge of Japanese culture. He interviewed Yamashita, the president of Matsushita Electric at the time, and identified the motives, processes, and problems involved in the introduction of Japanese management in conjunction with foreign direct investment.

Clark found that Matsushita Electric's overseas production in 1979 was valued at US$1.053 billion, the highest of any Japanese company, accounting for 20% of Japan's total overseas production. Matsushita Electric's first overseas expansion was in Thailand, which occurred in 1961. By 1980, it had established 39 factories and 31 sales companies in 31 countries around the world, and employed 30,000 people in those countries.

Clark pointed out that foreign direct investment by Japanese companies, including Matsushita Electric, was left to the managers in the host countries, resulting in low investment ratios and a lack of initiative. This was because the decisions made by the Japanese companies depended on whether or not their domestic competitors had expanded overseas, and thus lacked strategic thinking.

Clark also pointed out that once a factory was established in the host country and had reached the production stage, Matsushita Electric voluntarily disclosed their technology to the partner company and make every effort to expand production. They also aimed to improve productivity by using Japanese-style management techniques to rationalize production and promote good labor–management relations. During the interview, Yamashita talked about the introduction of Japanese-style management:

> The most important thing is loyalty to the company. It is important to make employees aware of what the company is thinking. It is also important to exert the power of the group in an atmosphere of participation of all the employees in management.[7]

Clark pointed out that Matsushita Electric's management approach of familism was introduced to the production floor as the basis for creating a high level of loyalty to the company. For example, it was successful in Southeast Asia and Africa because those countries maintained family-oriented relationships that were similar to the Japanese business practice of paternalism. Its management approach was to appeal to the hearts and minds of its workers, and it was able to increase productivity by paying close attention to the welfare of the workers, including their living arrangements. However, in some areas, Japanese-style management was not well-received. For example, in the USA and Europe, the relationship between management and workers is more businesslike, and thus attempts to introduce the Japanese practice of paternalism did not succeed. Clark explained Japanese-style management as follows:

> Japanese management is not just a technique or method. It is deeply linked to the values that originated in Japan's unique social climate. Japanese society emphasizes human

[7] Clark (1980, p. 84).

> relationships. Therefore, Japanese-style management that emphasizes human relationships functions effectively.[8]

Clark clarified one aspect of the situation regarding Japanese-style management in the 1970s by pointing out that Matsushita Electric compensated for their lack of strategy in relation to foreign investment by disclosing their production technologies and promoting Japanese-style management methods. Although applying Japanese management methods locally is not necessarily a requirement for success, it can be seen that a management approach involving familism has strengths in relation to human resources management. Therefore, it was found that Japanese companies, which faced cultural conflicts in the 1970s, used normative management methods to emphasize the social and cultural aspects of management.

8.6 Acceptance of the Corporate Culture Concept

8.6.1 The Arrival of the Corporate Culture Boom and the Reaction of the Business Community

This section aims to clarify how three best-selling business books on corporate culture in the USA and Japan have analyzed the issue of culture in management. These books, which triggered the corporate culture boom, are Ouchi (1981), Peters and Waterman (1982), and Deal and Kennedy (1982). Further, I clarify how the concept of corporate culture was linked to the concept of corporate culture mentioned earlier and how it was accepted by the Japanese business community.

Ouchi (1981) was interested in the Japanese style of management that developed in the 1970s, and by comparing Japanese and American companies, explored the universal principles common to both. He attributed the success of Japanese companies to the high level of commitment of their employees and their unified corporate philosophy. He pointed out that some American companies also exhibited these characteristics, and that the shared philosophy and values of the organization influenced management. Peters and Waterman (1982), in their study of high-performing American companies, found eight elements common to excellent companies. Deal and Kennedy (1982), using numerous anecdotes regarding the best American companies, highlighted the importance of corporate culture from the beginning. They pointed out that corporate culture is a conglomeration of values, myths, heroes, and symbols that have great meaning for the people who work there.

These three works had different starting points and frameworks for analysis. However, there were some similarities.

First, they all described the importance of cultural factors that cannot be captured by a purely economically rational and objective analytical framework. This aspect had not been actively addressed by previous researchers, who had dismissed the

[8] Clark (1980, p. 85).

cultural component of management as a subjective issue that did not fit with economic rationality. Peters and Waterman (1982), for example, understood that factors that could be objectively analyzed could not fully explain a company's superiority, although they were management consultants who emphasized fact-based management decision-making. Therefore, these books became best-sellers in the USA as a result of the growing interest in non-strategic factors.

Second, one of the features of studies of corporate culture is that they highlight the importance of creating a strong culture. In the relationship between an individual and an organization, the individual accepts and believes in the corporate culture. Conversely, the organization controls the behavior of the individual by having its members share the corporate culture. As a result, the desired values permeate the organization, creating a strong corporate culture. Therefore, the three books had a clear intention of illustrating how companies can create and control the corporate culture.

Next, I discuss how the Japanese business community accepted the new concept of corporate culture imported from the United States. In 1983, a feature article on corporate culture by Shiroyama and Matsuura was published in an economics magazine. Matsuura was a researcher of *shafū* and Shiroyama was a writer who had translated Deal and Kennedy (1982).

The article pointed out that as the Japanese economy had entered a period of low growth, employees could no longer take pay rises and promotions for granted. As a result, employees' loyalty to their companies had declined, making it difficult to revitalize the organization and build good relationships. Matsuura stated that concepts such as *shafū* and corporate culture had become focused on solving these problems. Shiroyama pointed out that while the concept of *shafū* emphasized community and harmony, it also involved an element of bondage. He also pointed out that the American concept of corporate culture involved revitalization, freedom, and progress, explaining the necessity for corporate culture as follows:

> The traditional culture of *shafū* reflects the spirit of the founder, and thus I think it provides a 'heritage,' but corporate culture is based on an organization's desired values and ideals. Therefore, the concept of *shafū* is conservative, while that of corporate culture is progressive. From now on, I think the concept should be called 'new *shafū*,' which covers both approaches.[9]

What is emphasized in this dialogue is the importance of a "free and open culture." It is common for both Japanese and American companies to create a vibrant organization by encouraging individuals. Management that emphasizes harmony and community, as in traditional Japanese organizations, makes it easy to obtain the support of employees. However, today, organizations require environmentally focused flexibility and the ability to respond rapidly to changing conditions. Shiroyama believed that it took 30 years to develop *shafū*. However, the importance of *shafū* is emphasized by the fact that it is not only inherited, but must also be constantly renewed.

[9] Shiroyama and Matsuura (1983, p. 31).

Thus, the concept of corporate culture was associated with the concept of *shafū* in the Japanese business community in the early 1980s. It was found that while *shafū* was difficult to change because of institutional inertia, corporate culture was subject to manipulation by management. However, as already mentioned, Japanese-style management had a strong influence on the business community at that time, and thus discussions on the cultural aspects of companies throughout the 1980s were mainly focused on the concept of Japanese-style management.

Therefore, it is clear from the above discussion that the American concept of corporate culture, which arose in response to concerns about non-strategic factors, showed Japanese companies that the culture could be manipulated. The traditional Japanese concept of *shafū* was based on protecting the inherited culture, rather than renewing it. The concept of corporate culture that developed in the USA introduced the possibility of creating and constantly renewing the corporate culture.

8.6.2 Reaction of Japan's Academic Community in the 1980s

This section aims to clarify how the concept of corporate culture was accepted by Japan's academic community. The first book on corporate culture published in Japan was that by Nato (1979), who examined interdisciplinary studies of corporate social responsibility. The first book published on organizational culture was that by Umezawa (1983), who examined management theory in the context of corporate and organizational culture. However, the concept of corporate culture as we know it today was first taken up in earnest by scholars in the fields of organization theory and strategy theory. Therefore, this section reveals how studies of corporate culture emerged in the field of strategy theory.

Kagono et al. (1983) were the first Japanese scholars to apply quantitative analysis to a comparative study of Japanese and American companies. First, they quantitatively surveyed 291 leading Japanese companies and 227 leading American companies. Second, they qualitatively surveyed leading Japanese and US companies such as Hitachi, Matsushita Electric, GE, and IBM in 15 major industries. They noted that although this comparative study of Japanese and American companies had commenced in 1976, an empirical study conducted in 1978 was used to develop an integrated theory of environmental adaptation by Japanese companies. The authors then decided to apply a similar empirical approach to that used in Japan in relation to the American companies. Kagono conducted a questionnaire-based survey of American companies while studying at Harvard Business School in 1981, facilitating a comparative study of Japanese and American companies.

The study of Kagono et al. (1983) was a response to criticism of Japanese management theory that had emerged in the 1970s. They noted that the limitations of Japanese management theory were an emphasis on institutional and cultural studies, a lack of empirical data, and a lack of orientation to general theory. In an effort to overcome these limitations, they aimed to reconstruct Japanese management theory as a general theory based on scientific data within the field of management theory.

On the basis of their qualitative research on Japanese and American companies, they described corporate culture as follows:

> Corporate culture is created from a process that is embodied in the management philosophy, the heroes that embody it, the system that is consistent with the philosophy (organizational structure and management system), the usual behavior of managers, and internal ceremonies. Corporate culture is the values of an organization that give members a common cognitive and behavioral framework, and can be thought of as a knowledge system (paradigm) for justifying the values, norms, and systems of an organization.[10]

They also pointed out that the corporate culture of American companies was more sophisticated than that of Japanese companies because it was more scientific, while that of Japanese companies remained a loose and elusive concept. They noted that Japanese companies that lacked strategic thinking skills were adapting to their environment through workplace flexibility, which was achieved by optimal workplace modeling. They pointed out that a corporate philosophy was important for Japanese companies because organizational flexibility necessitated the sharing of meaning within the organization.

Around the time that their study was published, the books by Ouchi (1981), Peters and Waterman (1982), and Deal and Kennedy (1982) were published and became a hot topic of conversation in Japan. In response, a special issue of *Soshiki kagaku* (*Organizational Science*) focusing on corporate culture was published in 1983. This included studies from the perspectives of organizational behavior theory and industrial sociology, as well as strategic management theory. Therefore, a multifaceted consideration of corporate culture was presented, with all of the papers attempting to present a scientific analysis of the phenomenon of corporate culture.

The concept of organizational culture also attracted the interest of numerous American scholars, and *Administrative Science Quarterly* published a special issue focused on organizational culture in 1983 that included nine interdisciplinary studies that had been selected from among 60 papers submitted. Jelinek et al. (1983) pointed out that organizational analysis was evolving toward more complex, paradoxical, and even contradictory modes of understanding, noting that researchers seemed to be looking for a way to address the interactive, ongoing, re-creative aspects of organizations, rather than just the rational or economic aspects.

Hatch and Cunliffe (2013), who focused on cultural studies within the field of organizational theory, noted that the origins of organizational culture studies in relation to organizational theory could be traced back to the 1950s, but that this was not a major trend. Initially, mainstream organizational theorists were not interested in organizational culture. However, as the popularity of books on corporate culture grew in the early 1980s, numerous scholars developed an interest in organizational culture. Since then, conferences on organizational culture and organizational symbolism have been held in Europe and the United States, and the

[10] Kagono et al. (1983, p. 168).

Academy of Management has frequently hosted sessions on organizational culture. The above-mentioned special issue on corporate culture reflects the high level of interest in the United States at that time. Many organizational culture researchers have used ethnographic methods in an attempt to depict organizational life, resulting in arguments with modernists.

Following the increase in organizational culture studies in the United States, interest in the concept of organizational culture increased in Japan in the latter half of the 1980s, mainly among organizational theory scholars such as Kobayashi (1985) and Iino (1986). Thus, the study of organizational theory began to shift from the concept of corporate culture to the concept of organizational culture as a means of facilitating a more universal discussion. The concept of organizational culture was thus developed in connection with organizational behavior theory and organizational development. As revealed by the review presented earlier, organizational culture was established as a research area in relation to the theory of organizational management in the 1990s, with Schein's (1985) study providing the impetus.

Schein (1985) devised a conceptual framework of organizational culture that included three dimensions, namely basic premises, values, and artifacts, prompting discussions in the field of organizational theory regarding leadership and motivation. The publication of the Japanese edition of *Organizational Culture and Leadership* in 1989 helped to popularize the concept of organizational culture in both the academic and business communities. Kanai (1990), a leading Japanese careers researcher, was supervised by Schein during his PhD at MIT, and following his return to Japan, contributed to the dissemination of qualitative research on organizational culture.

Since the late 1990s, the study of organizational culture has therefore mainly been pursued within the field of organizational theory. For example, Takahashi (1998) and Sakashita (2002) studied organizational symbolism, Ando (2001) studied organizational learning, Deguchi (2004) analyzed organizational culture using qualitative methods, Sato and Yamada (2004) studied the concept of organizational identity, Majima (2007) approached organizational culture in terms of organizational scandals, and Kitai (2014) clarified the state of organizational culture through a quantitative survey.

It can be seen that within Japan's academic community, the concept of corporate culture mainly developed within the field of strategic management theory. The first corporate culture studies were published in 1983, after which interdisciplinary research developed in both Japan and the United States. Influenced by studies in the field of organizational theory in the United States, Japanese scholars developed theoretical refinements of the concept. This enabled the introduction of scientific strategic thinking to Japanese management theory, which continued to be discussed during the 1980s.[11] During the 1990s, Schein's work shifted the focus from the concept of corporate culture to the concept of organizational culture. Therefore, the

[11] In 1989 Soshiki kagaku featured "Kaigai ni okeru nihonteki keiei (Japanese management overseas)," Soshiki kagaku (Organizational Science), 23 (2):2–70 (in Japanese).

current field of corporate culture was established as an interdisciplinary field aimed at exploring the cultural aspects of management.

8.7 The Result of the Corporate Culture Boom

This section summarizes the discussion presented in this chapter and considers the chapter's research questions.

The Japanese-style management approach that attracted attention both in Japan and overseas in the 1970s led to the development of Japanese management theory in Japan. Japanese management theory spawned a diverse range of studies but lacked a common analytical framework. The focus was on studies of Japanese culture and management style, with an emphasis on institutional perspectives. Therefore, Japanese business administration strategists tried to analyze the phenomenon of management culture in terms of strategic thinking and quantitative analysis. Around that time, books on the theme of corporate culture became best-sellers in the USA, and thus the concept of corporate culture was introduced to Japan. In addition, cultural studies in the field of organizational theory, which is the opposite of strategic analysis, were imported into Japan in relation to the concept of organizational culture. In the latter half of the 1980s, the concept of organizational culture promoted theoretical refinement, and organizational culture studies developed as an interdisciplinary field.

Meanwhile, during the latter half of the 1970s, the Japanese business community began to understand the limitations of Japanese-style management. However, the reevaluation of Japanese-style management by the above-mentioned best-selling books on corporate culture created a boom in corporate culture research and practices. This boom had two implications for cultural management. One involved normative management through corporate culture, while the other involved the strategic management of corporate culture. Japanese companies excelled in normative management through corporate culture because this was based on Japanese-style management. However, although Japanese companies recognized the importance of strategic thinking, they found it difficult to make the shift to strategic management of their corporate culture. The first reason was that Japanese companies believed that corporate culture, that is, *shafū*, was created over many years, and could not easily be changed. Second, the use of familism in the 1970s had been highly successful, and thus Japanese companies had their insistence on Japanese-style management. This trend continued until the mid-1990s when Japan's economic bubble burst, resulting in a review of management practices.

On the basis of this summary, I attempt to answer the research questions of this chapter.

First, Japanese management theory in the 1970s and corporate culture studies in the 1980s were both interested in the cultural factors related to organizational management. In particular, various studies on Japanese-style management in the 1970s laid the foundation for the corporate culture boom in the 1980s. However, Japanese management theory was based on an institutional perspective, whereas corporate culture studies were based on a strategic perspective. Therefore, there was a significant difference between the two areas in terms of providing a framework for the analysis of management culture.

Second, the corporate culture boom created an interdisciplinary field facilitating discussion in the academic community on the cultural aspects of management. This facilitated dialogue between researchers focused on strategy and those focused on culture. Meanwhile, the corporate culture boom provided the business community with new ideas in relation to managing corporate culture. Thus, the Japanese business community, which had traditionally emphasized normative management methods, discovered the strategic management methods that were widespread in the United States, embracing them as a means of managing corporate culture.

8.8 Conclusion

This chapter examined how the concept of corporate culture was imported to Japan from the United States and accepted by both the academic community and the business community. The corporate culture boom in the early 1980s brought the idea of strategic management of culture to Japanese companies, even though the view that a company had its own culture that had been developed over time had long been prevalent in the Japanese business community. A review of the literature on the concept of corporate culture and related terms showed how the cultural elements of management have been discussed in various eras.

This chapter also analyzed the transition in approach by considering some influential studies on Japanese management theory in the 1970s and corporate culture in the 1980s. It was found that studies on the role of culture in management have continued, despite changes in theories and key issues over time. The corporate culture boom in the early 1980s can be summarized as follows. First, the business community provided a point of contact that enabled Japanese and American companies to learn new management methods from each other. Second, in the academic community, there was a confluence between cultural studies and strategic studies in relation to management theory.

Currently, organizational culture studies, which have emerged as an interdisciplinary field, reflect the phenomenon of management, which cannot be understood merely through the lens of economic rationality but must also be considered through the lens of culture. In the present age of cultural diversity, the type of corporate culture that should be created, inherited, and transmitted is an important management issue. Thus, both corporate culture studies and organizational culture studies play a major role in providing a conceptual framework for observing the cultural phenomena related to management.

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Chapter 9
Conclusion

Izumi Mitsui, Kazuhito Isomura, and Yoshiyuki Takeuchi

Abstract This book clarifies how Japanese academic and business communities have accepted, developed, or rejected management theory and practice from abroad. Japan has traditionally developed its own style of management based on its culture. However, this book argues that the so-called Japanese style of management (JSM) has been influenced by management theories and ideas of other countries. JSM is a hybrid set of management theories and techniques greatly influenced by management concepts from abroad. We employ the concept of cultural translation as an analytical framework and examin the translational processes of each theory and practice. In this section, we briefly summarize the main results of each chapter and present our conclusions. Overall, as the theory of cultural translation suggests, the translation process follows three steps: introduction, installation, and dissemination. We conclude that most theories and practices from abroad have been more or less accepted and incorporated into Japanese academic and business communities; however, each theory and practice has been required to adjust to its business context. Therefore, theories and practices inevitably undergo transformation because of the Japanese business situation. Thus, we must carefully examine the extent to which such theories and practices have been transformed in the translation process.

Keywords Management theory and practice · Translation · Context · Acceptance · Development · Transformation · Rejection

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We aim to clarify how Japanese academic and business communities have accepted, developed, or rejected management theories and practices from abroad. Japan has traditionally developed its own style of management based on its culture. However, this book proposes a working hypothesis that the so-called Japanese style of management (JSM) has been shaped by the influence of management theories and ideas of other countries. In other words, JSM is a hybrid set of management theories and techniques that is greatly influenced by management concepts from abroad. As discussed in Chap. 1, we employ the theory of cultural translation as a theoretical framework to examine the translation process. We note that the process includes three steps: introduction, installation, and dissemination.

In this chapter, we present the main results by briefly summarizing each chapter, and set forth our conclusions.

9.1 Brief Summary

Since the Meiji Restoration, the Japanese government has invited foreign engineers and scholars to modernize light industries, such as the silk and spinning industry, and install modern production machinery with its established management system. Therefore, the Japanese business community was ready to positively accept scientific management when the idea was first introduced.

Most companies have faithfully accepted the basic idea of scientific management. They attempted to adjust it to their business context by customizing it. As shown in the case of Kanebo in Sect. 2.3, the introduction of scientific management led to the creation of a Japanese style of management. Thus, it can be said that the scientific management method was customized and transformed to fit the Japanese business context by disseminating, educating, and training by promotion organizations and higher educational institutions.

The Human Relations School has published research results since the 1930s. However, the concept of the school was introduced in Japan in the 1940s, after World War II. The publications of E. Mayo and F. Roethlisberger, representative scholars of the Human Relations School, were translated and introduced in the Japanese academic community in the 1950s.

Traditionally, the Japanese business community has pursued a good relationship between management and labor under traditional family and patriarchal management styles. Therefore, the idea of the Human Relations School did not appear novel, hence it did not receive any particular attention. However, after WWII, under the leadership of the General Headquarters (GHQ), zaibatsu (Japanese conglomerates), representing the patriarchal system, were dismantled by the Japanese government. Industrial democratization was also promoted under a new scheme of equal labor and capital relations, for which human relations theory was introduced as a basic theory.

In contrast to the business community, Japanese academic community viewed the idea of Human Relations School as a major research trend during the 1950s. The focus on human relations theory did not last long, as new management theories and methods were introduced one after another in the United States. However, the influence of the School of Human Relations still continues to this day in business education.

Barnard's theory was introduced in Japan in the 1950s, and it has influenced the Japanese academic community since then, which has accepted the theory as the base of management theory, and some researchers have played an important role in building a systematic management theory on its basis. Thus, this theory produced major research trends on organization theory in the 1970s and 1980s.

Compared to other countries, Japan has accumulated a large number of studies on Barnard's theory. However, academic exchanges between Japan and other countries have been so limited that Barnard studies in Japan have developed quite differently from those in other countries. This phenomenon is termed "Galapagosization."

Barnard's theory is abstract, logical, and systematic; therefore, it is not easy to apply to management practice. However, practitioners highly value Barnard's contributions as a means to bridge theory and practice. Barnard regarded formal organization as an organic system rather than a mechanistic structure. This concept was familiar to the Japanese, so the business and academic communities adopted his concept of formal organization.

Similar to Barnard's theory, Drucker's management thought has been broadly accepted by the business and academic communities in Japan. When Drucker's books were published, most were translated and published in Japanese within a short period of time, or simultaneously, and brought a management boom in Japan. Publishers and management associations invited Drucker to Japan and held lectures for executives and managers almost every year. For example, management by objective (MBO) is one of the most famous ideas introduced and developed by many Japanese companies. Drucker strongly influenced the wide use of MBO in Japanese companies.

Notably, Drucker's management thought has been broadly accepted by both academic and business communities. His books are regarded as management thought or philosophy rather than just academic theory. Therefore, the business community has established an academy to intensively study Drucker's management thought, which has played a major role in disseminating his thought and philosophy. Drucker is regarded as a symbolic figure, like a management guru, in Japan.

Strategic management theory and practice were introduced and accepted in the 1960s and the 1970s by academic and business communities in Japan. The academic community continued to introduce strategic management theory from abroad in the 1980s. However, as Japanese companies became more successful in their businesses, research trends in pursuing new theories emerged. Major Japanese researchers have emphasized the strength of the internal organizational process, built their own strategic organization theory, and pioneered the resource-based view. This research was introduced and accepted by the academic community in the United States and has created major research trends. Subsequently, these trends were reimported and intensified in Japan in the 1990s. Strategic consulting firms have played a role in importing and exporting these methods.

However, as progress in information technology and globalization has caused severe competition in business since the 1990s, Japanese companies have gradually lost their strategic advantage. Additionally, the Japanese economy has suffered from a long intermittent recession since the burst of the economic bubble. As a result, the Japanese academic community needs to review its research trends and adopt dominant strategic management theories from abroad.

In the research field of personnel and labor management, there is traditionally a large gap between theory and practice in Japan. Therefore, the processes of introduction and acceptance are different in theory and practice. On the one hand, the idea of "human resource management" has been adopted in the academic community without hesitation. Major foreign textbooks have been translated and human resource management has been taught as a major subject in universities and colleges. On the other hand, various practical methods based on human resource management have been introduced from abroad through consulting firms. However, most were rejected because they did not fit the Japanese business style and provided no positive results. Therefore, the Japanese business community has created its own methods for personnel and labor management, some of which were exported when the Japanese style of management was emulated.

The theory of organizational culture was imported from the United States in the 1980s. This caused a significant boom in the Japanese academic community. This boom was prepared for by pursuing the originality of JSM in the 1970s. Previous studies have attempted to examine this from a cultural perspective.

Generally, traditional Western management theories are used to clarify the strength of an organization by focusing on its hard aspects, like structure and technology. However, the theory of organizational culture as an antithesis pays more attention to soft aspects, such as culture, people, and vision. Therefore, both academic and business communities in the United States have tried to measure and use organizational culture for change management and increasing financial performance.

However, in Japan, the importance of organizational culture has already been recognized as producing an organization's strength. Therefore, the theory of organizational culture has been readily accepted by academic and business communities. In the academic community, this theory has led to the development of the theories of change management, strategic organization theory, knowledge management, organizational learning, and so on. Thus, this theory has deeply penetrated into management theory in Japan.

9.2 Conclusions

The concept of cultural translation suggests that a theory is introduced, adapted, and customized to its context in the process of acceptance. Each chapter of this book examines these processes differently. We show some evidence that the theory does not maintain its original state but is transformed. One theory is partly changed;

another is combined with a different theory; yet another is completely transformed as if it is a new theory compared to the original.

The Kanebo's case in Sect. 2.3 shows that some scholars thought that there was nothing completely new in the scientific management method. Scientific management in Japan was created by combining what had already existed in Japan with what had been imported from abroad. What already existed in Japan has been transformed by incorporating the idea of scientific management into operations; at the same time, the idea of scientific management itself has been adjusted to the Japanese style of operation. As a result, the process surprisingly produced a prototype of the Japanese style of management.

In cases where ideas imported from abroad fit the Japanese context, they were adopted and even flourished more than in the United States. Barnard and Drucker's theories have been more widely accepted in Japan than in the United States. It is possible to say that Barnard's and Drucker's theories have evolved quite differently in Japan than in other countries. Similarly, the theory of organizational culture has been readily accepted in Japan and is used as the basis for developing different organizational and management theories, such as knowledge management, organizational learning, and strategic organizational theory.

However, as shown in the case of the Human Relation School and Human Resource Management, when ideas imported from abroad did not fit the Japanese context or were already dominant in the Japanese context, the new theory and practice were rejected and disappeared. As a result, the idea of the Human Relation School was used as a tool to promote industrial democracy, but it was not fully accepted and thus disappeared. In case of strategic management theory and human resource management, the basic idea was partly accepted; however, both academic and business communities must adhere to what has already been settled. Thus, they tried to develop their own theories and practices. What was produced was exported to other countries when the Japanese economy was successful.

Overall, we conclude that most theories and practices have been more or less accepted and incorporated into Japanese academic and business communities and that JSM is a hybrid set of management theories and techniques that are greatly influenced by American management concepts. It should also be noted that different organizations, such as promotional organizations, the government, consulting firms, academies, and educational institutions contributed to disseminating theories and practices from abroad. However, theory and practice must adjust to the business context so that they are inevitably allowed to transform. Therefore, it is important to examine the extent to which each theory or practice has been accepted and developed. More precisely, it is necessary to identify what part has been accepted, and carefully examine how the original theory and practice changed by comparing the differences between the original and transformed theories and practices. It is difficult to determine what is novel in each theory and practice after undergoing such a transformation.

Finally, we present some limitations and directions for future research. It should be noted that the claim that JSM is a hybrid is based on the implicit assumption that Japan has its own traditional management style. In this case, the traditional Japanese management style is defined as the management style that merchant families from the Edo period followed. Today's JSM can be positioned as a result of the transformation of the traditional Japanese management style, as a result of the installation of foreign production technologies and business management ideas and techniques in conjunction with Japan's modernization.

However, a different view suggests that functional, rational, and modern management styles do not exist in Japan. From this viewpoint, JSM is the result of importing and localizing functional and rational management methods from overseas. It should be noted that the higher the degree of domestication of a management method/technique at the time of its introduction or installation, the more the method/technique will appear to be native. Perhaps it is because this form of localized management style appears, over time, to be a native Japanese management style that JSM is seen as a hybrid type of management. Because it is quite difficult to verify this view, we would like to leave this for future research.

The identity of JSM differs in many ways. A hybrid type would be imbued with a nationalistic character, while a localized type would emphasize the flexibility to adapt to the times and environment. It may be necessary to reexamine preceding studies and discussions on JSM from this perspective. Owing to time constraints, we could not address this point here, leaving it as a topic for future research.

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