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

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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.

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[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*.
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> *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.
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> 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.
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> It is an undeniable fact that a growing company has a good *shafū* and a collapsing company has a bad *shafū*.[5]

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[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

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[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

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[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

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[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.

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[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

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[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

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[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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