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# SURVEY OF TOP EXECUTIVES' VIEWS ON BUSINESS ORGANIZATION

by

*Yasuo Kotaka*

## **INTRODUCTION**

Since the end of World War II, remarkable reforms have been brought about in the business organization of our enterprises; a good deal of improvements in line with business democratization, new work systems adapted to modernized techniques, intensified internal control, advanced methods for managerial and functional merit ratings, development of department system—all were unthinkable in the prewar days. However it is not too much to say that most, if not all, of them depended upon imitation and introduction of American or European patterns. Hence inconsistency was often seen that new systems, apparently perfect, could not match to the realities. Supposedly the problem that most seriously worried entrepreneurs was how to organize business systems. Anyhow, experiences obtained by business top executives during the past eighteen years are now assisting them for the grasp of new views on business organization. For one thing, it is doubtless that they have been deeply influenced by opinions of other persons concerned, including lower class managers, trade union leaders and others, who have been given opportunities for free will-expression at least formly, although fundamentally business thoughts are closely connected with executives' personal philosophical ideas.

It is perhaps very difficult for enterprises to wipe out completely the discrepancies that are underlying between formal perfection of organization and mental attitudes of executives or directors. Such discrepancies could be overlooked in the end, if harmful, so long as the Japanese economy remains at the stage of closed economy. At the present stage, however, where trade liberalization is being pushed definitely and, regardless of like or dislike, international aspects of business are to be emphasized, business organizations are required to be such ones that truly conform to the respective objectives of enterprises, while superficial reorganization by "borrowed" patterns is open to rigid trial. And, in cases of introducing foreign patterns, the current

tendency is to adopt those that are truly fitted to objectives and to reject those that contradict our economic conditions or traditional concepts. In short, we have arrived at the stage where enterprises are thinking most profoundly the problem of business organization.

By the way, a number of problems are common to many enterprises, in substance apart from substantial contents. Now, what are the behaviors of executives in meeting these problems? To clarify this would afford not only useful data for business economics and business education, but also important reference materials for enterprises' actions to improve organization. Such is the purpose of this survey.

We have picked up the following six problems, that appear fundamental and common to many enterprises.

1. So-called Self-Reflection upon the democratization of business organization.
2. Top executive's position as regards Social Responsibility of enterprise.
3. The system of Business Planning.
4. Performance Appraisal for heads of departments.
5. The position of Cost Research within business organization.
6. The Business Cooperation following the trade liberalization.

The method of survey was as follows.

1) We delivered questionnaire questioning answerers' attitudes toward these problems, to top executives of 1,398 joint-stock companies. As the process of problem solution in an enterprise is to be guided not solely by top executive, it might be more appropriate to survey over wider circle. But we confined the answerer to top class man, and asked to exclude other men, because it is the former that makes final decision.

2) In the questionnaire two opinions, opposed to each other, concerning each of the above problems are illustrated, and the reasonings of both opinions are also put on. The answerer is asked to select one of the two opinions and, if he has any other view, he can add it separately. We have reduced numerous possible opinions into only two, not only for the sake of simplification, but also because we have observed that possible opinions, though diversified and conflicting, can be grouped into two broad standpoints, since the problems are of basic character.

3) We received 491 answers till May, 1963. The rate of receipt is 35 per cent. As mentioned above, we confined answers to those from top executives, and exclude others after inquiring of respective companies when uncertain.

### **PROBLEM 1. "Self-Reflection" upon the Business Democratization**

The business democratization has been carried out markedly in the fields of financial, labor and sales relations, that make the foundation of business organization, being legally pushed by the three labor laws, anti-monopoly law, revised company law and so on, and making, of course, one aspect of cultural and social reformations that extend over politics, sciences, educa-

tion, agriculture, social security and others.

Side by side with these legal provisions, that effect directly or indirectly business execution, organizational adjustments to conform to business democratization, and conceptional enlightenings for democratic operation, have been achieved step by step through medium of inspection at foreign institutions and systems by thousands of business executives, scholars and others, seminars with foreigners, growth of various types of combinations between foreign companies and ours, and attendance to many international conferences. In this way the democratization in Japan has been carried through, at least seemingly, very smoothly, without any serious disturbance upon the society.

However, it is observed, recently a deep sense of self-reflection against the democratic institutions has been born more or less in many sectors of the society. Self-assertion by individuals is the essence of democracy. But, it is to be pointed out, the conformity between free self-assertion and social responsibility is often lost, and the freedom is apt to be confused with arbitrariness. This results partly from the fact that the competences and responsibilities are not clearly defined in their spheres and meanings, and even if these are clear, mental training is imperfect to spread them. One can often hear; democracy is an uneconomical institution; it contradicts saving of time. This is dissatisfaction from the point of economy, and in so far has been accepted as inevitable result. But a sincere reconsideration is recently put upon it, mainly urged by the necessity of cost reduction. Some argue that another way of problem solution, that is, solution from higher political standpoint based on human connections may be more reasonable, both for time and economic value, than the democratic way that aims, as its principle, at a gradual solution by way of quantitative and functional resolution of problems that are qualitatively divergent. The above described situation may suggest the existence of two views with respect to the prospective course of business organization in our country, as shown below.

**Question 1 recites:**

Democratization of business is the basic factor that has taken leading part in the development of business organization after the war. But after fifteen years' experience, it seems, some sense of self-reflection has been born upon the realities of democratization. How is this to be viewed?

Mr. A states his opinion as follows:

"The Japanese democracy was given without any precious costs paid by the people, in other words, not necessarily starting from the will of desirous people, in contrast to European nations. Nevertheless, institutional reformations under the name of democracy have met few resistance. This phenomenon depends, I think, upon the particular way of thinking of the Japanese.

The most difficult problem that business democracy is unavoidably faced with is how to unify the objectives of individual livings and those of enterprise as a whole. In this respect, it is to be noted that the Japanese, as their mental inclination, readily accept such things as natural

law, basic tone of the whole or order in enterprise as something established, and adapt themselves obediently to these. Hence most employees can rather smoothly devote themselves for the sake of company or employer. On the other side, executives implicitly recognize such mentality of employees, and are confidently decided to give orders or directions through appeals to heart and mind.

An institution based on heart and mind may seem illogical and pre-modern to some people. However, in the case of Japan, it is superficial to observe that mere formal settlement of competence or responsibility can bring about business democracy. The underlying mental and emotional relations must not be ignored. This is the true picture of the Japanese enterprises, that have enabled the outstanding economic development, unparalleled in the world. The future advance of business organization should be sought in the further growth of such relations, by efforts of both executives and employees."

Mr. B replies against this.

"I can fully realize the grounds of your opinion, but cannot agree with your opinion wholly in view of future development of the democracy in Japan. A thing fundamentally necessary for business democracy, that has only made its start, is that executives should thoroughly wipe out such attitude of appearing to others by mental or emotional way. In other words executives, as well as employees, must fully esteem established organizational regulations, and must have clear idea that they should act after organization, not after man. This, I think, conforms to the line of human dignity that makes the ultimate end of democracy. For in the democratic organization every worker has his opportunity, due to the organization, to participate in decision makings in his job field and freely express his opinion based on his own judgement. Executives should make efforts so that such opportunities will be properly utilized; they must not try to induce other persons' opinions into his own.

You may say this is not fitted to the proper mental nature of the Japanese. However, don't you find stronger attitude of self-assertion, that is, self-centered viewpoints upon such matters as friends, marriage, employment & etc., among junior men newly coming into business, although they might provoke prewar-men's distaste to some extent? This reflects the developing passage for the Japanese as human being. The business organization ought to be such that will bring up such attitude in proper line.

My opinion may sound to speak that it is better for executives to remain inhuman, but it is none the point. I say warm heart is necessary, but it should be directed so as to be alive within organizational regulations; not as personal feeling but as business order. It is essential for executives to make efforts along this line."

The result of the survey is:

Supporting A's opinion .....	77 persons	15%
Supporting B's opinion .....	369 persons	75%

Other opinions .....	45 persons	10%
Total .....	491 persons	100%

This result shows the majority of the opinion for business democracy, as a broad line. But it cannot be said that the B's opinion is wholly accepted as it is, because among his supporters about 100 persons have attached various qualifications respectively. In other words, even within B's supporters we can find views that resemble A in some sense.

Of 77 answerers supporting A, 7 persons have qualifications attached. Their main points are as follows:

Mr. R. Enomoto of Tokyo Gas Kagaku (chemicals), broadly approving A, asserts "will expression by every employee" as an essential condition. Mr. S. Amano of Nihon Sharyo Seizo (car maker) wants to preserve the mood as explained in A's opinion as "nice temperature of Japan". Executives of Shimizu Kensetsu (construction) and Kurimoto Tekkojo (ironwork) take B's opinion as a general line, but approve A in the current situations. "Only in the case of medium-small scale business" A is supported by T. Tanaka of Rihito Sangyo (office goods) and Mr. M. Sato of Nihon Seisen (wire). Mr. R. Takada of Tohoku Pulp discusses that the last paragraph of A's opinion, namely—formal settlement of competence or responsibility (and so forth) is too radical an argument.

Next, of 369 B's supporters, as many as 97 persons have attached qualifications, which can be grouped as follows.

1) A's viewpoint is proper as a problem of basic idea, or as an inevitable line of development of the Japanese enterprises, but full consideration must be paid upon emotional relationship between executives and employees in its application and management.

2) Of course active opinion-expression by individuals in each job class is necessary, but equally important is perfect and definite penetration of executives' principles.

3) Democracy presupposes self-awakening of individuals. Hence the traditional mode of living of individuals must be reformed step by step, although B is approvable basically.

4) Naturally the idea should be different according to the scale of business. As for medium-small scale enterprises B's opinion is more appropriate.

Representative views of the above four groups are shown below.

**Group 1.** This group is absolutely numerous, showing 74 per cent of the total. Hence it may be right to see that many executives, who approve B without special notes, also hold the same inclination.

Mr. K. Komai of Hitachi Seisakusho (electrical equipment) argues: "In principle B is right, but sometimes liberal way of thinking is necessary, taking feelings of employees into consideration." Mr. F. Iwashita of Tokyo Shibaura Denki (electrical equipment) asserts that A's emotion-theory is also not to be ignored, in view of the difference of social structure between European-American nations and Japan. Mr. S. Yamagata of Mitsubishi Kinzoku (metal processing) advocates: "B's opinion is basic, but the emotion theory is also unignorable and to be taken into business organization." Almost the same

view is expressed by Mr. H. Sunano of Kawasaki Jukogyo (engineering), Mr. M. Hozumi of Mitsubishi Jukogyo (engineering), Mr. S. Fujioka of Mitsubishi Sekiyu (oil), Mr. A. Miyashiro of Nihon Kinzoku (metal processing), Mr. S. Nobuchi of Nihon Gaishi (insulator), Mr. T. Shiraishi of Aichi Tokei (machinery), Mr. M. Suzuki of Nissan Kensetsu (construction), Mr. T. Shibayanagi of Nihon Tanko (metal processing), Mr. K. Abe of Nihon Yushi (oil & fat), Mr. T. Senoya of Nihon Columbia (music record), Mr. T. Okuma of Asahi Seiki (machinery), Mr. S. Ishihara of Ishihara Kensetsu (construction), Mr. M. Yano of Nihon Kogu (tool), Mr. M. Inaba of Tetsudo Kensetsu Kogyo (railway engineering), Mr. N. Kataoka of Kataoka Denki (electrical machines), Mr. K. Matsumoto of Kurosaki Yogyo (cement), Mr. C. Kojima of Chubu Kohan (steel plate), Mr. K. Torii of Sagami Tetsudo (railway), Mr. T. Akiyama of Toyo Seito (sugar), Mr. M. Suzuki of Sanraku Ocean (strong drinks), Mr. I. Murase of Taisho Kaijo (fire insurance), Mr. I. Kojima of Shin Keisei Dentetsu (car transport), Mr. S. Nishimura of Foster Denki (electrical goods), Mr. M. Horiuchi of Fuji Kyuko (car transport), Mr. R. Masuda of Mitsumura Genshokuban Insatsu (printing), Mr. S. Tsubakimoto of Tsubakimoto Chain (plant equipment), Mr. Y. Wakabayashi of Wakabayashi Shurui—Shokuhin (strong drinks & foods), Mr. M. Ogawa of Nakataki Seiyaku (drugs), Mr. Y. Aoyama of Hokko Kagaku (chemicals), Mr. S. Ogawa of Nagoya Zosen (shipbuilding), Mr. S. Wada of Pilot Fountainpen. Mr. Wada points out that by B's opinion the independence of individuals is placed too much to the fore, requiring reflection. Also Mr. H. Kato of Kokusaku Pulp and Mr. O. Kimura of Sumitomo Kikai (machinery) advocate the importance of humanistic treatment since "it is human being that makes organization dynamic and efficient, and so is it that makes grounds of business democracy, as expressed by a maxim; business lies in personality." Mr. R. Tomihisa of Toyo Rubber: "Organization or competence is nothing more than instrument for management; bureaucratism must be avoided. Moral vitality of individuals shall be stirred up through human relations."

**Group 2.** Definite penetration of executives' directings is stressed as a necessary condition.

Mr. K. Yamanouchi of Yamanouchi Seiyaku (drugs) says: "I approve B's opinion. But the phrases "—Executives should make efforts so that such opportunities will be properly utilized; they must not try to induce other persons' opinions into his own—" give an impression of too much denial of executive's leadership. I want to attach a condition that "—following directions indicated by executives." Mr. A. Moriwaki of Kanematsu Yomo Kogyo (wool textile): "B's opinion is theoretically approvable. Free opinion expression by individuals, however, must be in line with the directions and principles that executives will settle." Mr. O. Miyawaki of Toho Shurui (strong drinks), after explaining the state of trade unions and lifetime-employment system in our country, emphasizes patriotic mind of employees, that might be intensified by B's theory. But, he asserts, it must be made well known that individual opinion is adopted according to the overall interest of enterprise, in order to prevent possible confusion derived from free expression.

**Group 3.** The self-awakening of individuals is stressed as the foundation of democracy.

Mr. K. Kitagawa of Sumitomo Denko (chemicals) remarks: I support B on the grounds of democracy. But, as democracy has not yet come into our daily living in reality B's opinion must be adopted in parallel with absorption of democracy." Taking the same line of argument Mr. M. Yokoyama of Chubu Denryoku (electric power) discusses: "B may be better. But perfect grounds for democratic business are not yet founded within social backgrounds and traditional mode of living of individuals." Mr. Y. Yuasa of Yuasa Denchi (battery): "Too much emphasis upon organization often produces easy-going personnels with scarce sense of responsibility. Executives should think of bring-up of such personnels capable of self-expression, by increasing transfer of authority." The same condition is suggested by many answerers including Mr. K. Kimura of Nihon Reizo (foods storage), Mr. T. Hanada of Chugoku Kogyo (plant equipment), Mr. K. Aida of Aida Tekkojo (ironwork), Mr. T. Hasegawa of Hasegawa Komuten (construction). Mr. K. Nagano of Kawasaki Kōkūki (airplane): "To correct the Japanese customs may take a long time. Revelation from national grounds is necessary for this." As regards the behaviors of individuals to be expected, Mr. S. Tominaga of Nihon Shurui (strong drinks) emphasizes personnels "with ability to form and express their own views, contrary to opportunism."

In the above illustrated views emphasis is placed upon the side of employees, but behaviors of executives must be questioned too. Mr. H. Sogano of Amagasaki Seitetsu (steel) argues that the existence of such executives who can take creative measures in response to the changing economies and business condition is the premise of democratization. Mr. M. Ito of Jomo Nenshi (yarn ware) expects executives who can penetrate into employees an idea that "One's happiness depends on the prosperity of his work place." Similarly Mr. E. Yamaguchi of Teikoku Zoki (drugs) advocates the necessity of "executives with warm heart" in order to combine objectives of the individuals and the whole. Mr. R. Hanai of Mitsui Kensetsu (construction) remarks necessity of executives endowed with tenderness and sincerity," in order to draw out robust creative mind of employees." Also Mr. S. Suzuki of Dainihon Mokuzaibofu (woods processing) stresses employment security, improved wage system and quality-promotion system as necessary conditions.

**Group 4.** The relation with business scale is emphasized. All of the four answers of this group insist "A's opinion for medium-small enterprise, and gradual shift to B's opinion as the scale becomes larger."

Mr. G. Okada of Nissin Seiko (steel): "A is proper for small business, especially that plans future expansion." Mr. Nakamura of Daiwa Kensetsu (construction): "There is a wide gap in reality between the question and medium-small business, such as that I am carrying on, but it is true that medium-small businesses also must strive on the grounds of rationality." The same view is also shown by Mr. S. Yamamoto of Dainihon Kikai (machinery) and Mr. U. Baba of Fuji Komuten (construction).

"Other Opinions" count, as shown above, 45 persons. These can be clas-



sified into four groups.

- 1) Compromise between both opinions is appropriate as the proper nature of organization in general.
- 2) Compromise view on the grounds of existing two Weltanschauung divided by ages.
- 3) Compromise view in view of the necessary penetration of executive's will or business line.
- 4) Others.

**Group 1. Compromise is insisted upon as the proper nature of organization.**

Mr. Y. Hara of Nihon Kayaku dicusses as follows: "Both opinions are right respectively, but any partial viewpoint must be avoided. With the expansion of enterprise scale, mental attitude to act in line with organization becomes more and more necessary. But organization is neither almighty nor every thing. It is human being that lies within organization and operates it. In the phase of personal contact within enterprise human element ought to be esteemed. Human feelings are naturally taken into account in the course of preparing organizations or regulations, which, however, become essentially cool ones when established. Hence human feelings as such must be carried with in their operation. And, sometimes revisions of organization will be necessary in accordance with changes in situations that might be born out of human desires. Anyhow good harmony, like machine and lubricating oil, is necessary between organization and feelings." He thus explains clearly the correlationship between both opinions. Concerning this point Mr. K. Moroi of Chichibu Cement points out: "B's opinion is essential for the growth of business, but as the foundation of organization A's element is indispensable." Mr. S. Ohara of Kurashiki Rayon: "B is appropriate as idea, but for its operation A's psychology is necessary." Mr. Y. Matsubara of Hitachi Zosen (shipbuilding): "Business must be done organically but "lively organization founded on the spirit of harmony is necessary for high efficiency, stepping out of mere formal arrangement." Mr. Y. Nishiyama of Kawasaki Seitetsu (steel): "It is human feeling of trust that makes organization lively one." Mr. S. Yano of Nippei Sangyo (engineering): "A's opinion is apt to fall into totalitarianism and despotism, or derive sectionalism, while B's opinion holds a danger of indifference to job and confusion." The late Mr. E. Iwase of Mitsukoshi (department store): "Both opinions have respective noteworthy points, but as a factual problem partiality should be ayoided. Excellent points from both should be adopted." With some differences in expression, similar view is expressed by Mr. T. Sakurada of Nisshin Boseki (spinning), Mr. E. Shoda of Nisshin Seifun (flour), Mr. I. Nakamura of Nihon Kangyo Ginko (bank), Mr. M. Kanaya of Matsushita Denko (electronics), Mr. T. Izeki of Kanto Tokushuko (steel), Mr. J. Ueno of Sekisui Kagaku (plastics), Mr. T. Hirasawa of Mikuni Shoji (trading), Mr. G. Kikuchi of Tensho Denki (electronics), Mr. Y. Yasuichi of Yamamoto Tekkojo (iron works), Mr. H. Omori of Kinki Denkikoji (electrical engineering), Mr. Z. Nagano of Nihon Tensaito (sugar), Mr. K. Masuda of Daifuku Koki (machinery), Mr. K. Yaguchi of Yubizuki Denki (electrical goods), Mr. K. Shirane of Chuo Shintaku (trust), Mr. H. Nunomura of Kodensha (electrical work), Mr. M. Uchida of Nihon Matai (trading) and Mr. C. Aida of Kobe Kogyo (engineering).

**Group 2.** This includes compromise views from the viewpoints of the present situations in Japan, existence of opposite ideas due to ages, composition of employees, or particularities of the Japanese.

Mr. K. Kawamata of Nissan Jidosha (auto) asserts: "In Japan current provisions for organization are generally too unrealistic for regulating employees. The reason for this lies in A's opinion." Mr. T. Kosaka of Shinetsu Kagaku (chemicals): "A's opinion reflects realistic aspects of the matter, and most employees want such deliberation by executives. B's opinion is theoretical, and may become realistic, when, perhaps ten years afterwards, major part of employees are occupied by postwar men." Mr. T. Wakabayashi of Toho Rayon: "In the present-day enterprises two generations are opposed to each other with two Weltanschauung; herein lies the hardship for active executive's leadership. Business must be carried on grasping realities." Mr. T. Yanagi of Nihon Seikoshō (steel): "The way of business democratization which post-war Japanese enterprises have trod is imitation of American system, and so to speak things have been carried too far, which recently has evoked reflection that Japanese particular color must be added." Mr. S. Kagawa of Nisshin Denki (electrical goods): "Management by appealing to heart and mind is possible, adopting and realizing, on the other hand, mental inclinations of younger people." Similar views are shown by Mr. M. Yamada of Sankyo Seiki (precision instruments), Mr. M. Doi of Nihon Haigohiryo (fertilizer), Mr. M. Ikejiri of Aiwa (electrical goods), and Mr. K. Tanaka of Taihei Seisakusho (machinery).

Particular views are suggested by construction industry. Mr. M. Nishimatsu of Nishimatsu Kensetsu (construction) states that the real picture of construction is not far from A's description, as it has only begun to take form of large scale business, and further asserts: "I am making efforts to establish a thoroughly new-type enterprise as B advocates. However without mental activity as A says, to obtain orders of construction works, if not to perform them, would be difficult at least in the field of private construction." Mr. M. Murayama of Tokai Denki Kōji (electrical engineering) also takes similar view.

**Group 3.** Some executives claim unification of both opinions from other particular standpoints.

Mr. H. Morishita of Nihon Shinyaku (drugs) remarks that the opposition of two opinions represents self-reflection upon the Japanese way of enterprise. He is rather on the side of B, but presents his particular unified viewpoint, that "production living community" makes the essence of enterprise. This is a very suggestive opinion, although the limited space of questionnaire paper did not allow detailed explanation. Mr. N. Tsujimoto of Torikiyo Chikusan (meat foods) says recently A's opinion is widely discussed because it means reflection toward too much reliance upon organizational rule as B claims, and also toward diminishing active personality of executives. He maintains: "Generally speaking the reality is that we must still go through trials as the sacrifice to democracy, and the time to change into A's view is not yet mature." In other words, "democracy cannot contribute to prosperous business, were it not definite and influential directing to operate organization." A similar

view is expressed by executive of Nagoya Seito (sugar). Lastly Mr. K. Yamaguchi of Mitsui Futo (wharf estates) states his impressions on the problem as follows: "May be I have not yet really grasped the substance of democracy. It seems to me something like unattainable ideal, or only an act of the history of mankind which, in the future, might be greatly amended or doomed to gradual change. However primarily in the heart of the Japanese there is something like it. It is not a possession of foreigners solely. The difference is only in its degree and expression."

#### Our Conclusive Impressions

To summarize, it is noteworthy that the line of business democratization, being pushed out after the war, has shown development to the extent that many top executives can recognize as proper. However it is meaningful that there are not a few A's supporters, occupying 15 per cent. This coincides with the fact that even among B's supporters, as seen in their Qualification (1), (2) and Other Opinion (1), (2), the emotional connection and humanly contact between executives and employees are strongly emphasized. In conclusion we could see a future course of business organization and management in those views that take the principle of democracy, in harmony with mental connection.

#### **PROBLEM 2.** Social Responsibility and Top Executives Position

It is a pretty difficult problem to define top executive's function in the context of the social responsibility. At the present stage of economic development on the grounds of capitalism, the social significance of business planning is not yet so far settled as to charge responsibility of stabilizing or increasing national income upon business executives. However, close relationship between them is unquestionable, and some of the progressive executives are stressing such responsibility of their own. Yet it cannot be said such argument is general one. On the other side, long-run increase of business profit contains many things relating to nation's economic development, even though "long-term plannings", recently being taken up by many enterprises as an realistic subject, aim at so-called market share or target profit rate. Hence an argument that the essential responsibility of business lies in the achievement of such objective, profit increasing, is well grounded.

But there is another argument that the social responsibility of enterprise must not be viewed merely from the standpoint of profitability, in view of increasing social character of enterprise. The significance of "modern" enterprise, it is claimed, lies in its responsibility regarding cultural, spiritual or physical influences that commodities, supplied by enterprises, would give to consumers, grave effects upon population mass in the process of production and distribution, such phenomenons that might influence upon the international reputation of the whole nation, moral deterioration of workers, public mischiefs and so on. Upon such social responsibility, what should be the function of top executive? The problem is becoming more complex due to

the widespread authority-transfer within business.

**Question 2** recites:

Business organization must be a system in which responsibilities of engaging persons are clearly defined. Recently social character and social responsibility of enterprise are more and more earnestly discussed. Accordingly top executive's charge in each enterprise is becoming complex and delicate. Upon this problem:

Mr. N discusses as follows:

"Executives of modern age must always pay deliberate attention to the social function that their enterprises are performing. Profitability cannot be all. They must equally take into account the influences upon the society, and take charge of them. In case of grave damage to the society or occurrence of such matter to be seriously criticized by the society, amidst the process of planning execution, not only direct executors but also top executive as well should acknowledge responsibility, and be decided to throw their lots with it."

Mr. O replies:

"Social character of enterprise is a common sense today. But I cannot agree, as you say, to relate it directly to the responsibility of top executive. The function of top executive is to establish basic plan of more or less long-term and to take charge of its execution. Hence in case of unanticipated events, he should take appropriate relief measures and improve situations. Such is the right way of taking responsibility; it is not right easily to speak of resignation. And, only when his basic plan meets great setback or becomes unattainable, he should be conscious of his responsibility even to a degree concerning resignation, apart from the social responsibility."

The result of the survey is:

Supporting N's opinion .....	89 persons	18%
Supporting O's opinion .....	379 persons	77%
Other opinions .....	23 persons	5%
Total .....	491 persons	100%

As seen in the figures, as many as 77 per cent of answerers support O's opinion, showing a fairly clear tendency, as in the case of Question 1. Among O's supporters of 379 persons, 30 persons have attached qualifications; among N's supporters of 89 persons, 12 persons. Other opinions are presented by 23 persons. The contents of these qualifications and other opinions are illustrated below.

1. A) About half of the conditional supporters of O argue, with some diversity of expression, that the social character and the profitability of enterprise are in close connection with each other, and to look them as if conflicting, as shown in N's opinion, is not correct.

Mr. H. Kato of Kokusaku pulp discusses: "The question is how executives carry out their duties through the whole process of planning, decision and execution, maintaining balance between social character and profitability."

Mr. S. Nobuchi of Nihon Gaishi (insulator): "Social responsibility of enterprise is fulfilled by a perfect execution of basic plan." Mr. O. Miyawaki of

Toho Shurui (strong drinks): "Social responsibility means publicity to the general public and duties to stockholders and employees; execution of business plan relates to the fulfillment of these three sorts of responsibility." Mr. K. Kitagawa of Sumitomo Denko (chemicals) approves O's opinion on the condition that in the basic plan social responsibility is involved." Similar views are shown by top executives of Hitachi Koki (tool), Toho Rayon, Nihon Yushi (oil & fat), Wakabayashi Shurui Shokuhin (foods), Toyo Seito (sugar), Jomo Nenshi (yarn), Dainihon Celluloid, Daimaru (department store), Tanida Tekkojo (ironwork), and Kanto Denkikoji (electrical engineering).

B) The second group of O's supporters asserts consideration in "case by case".

Mr. S. Tominaga of Nihon Seiren (metal processing): "In case of faults that might seriously affect the public, top executive should resign; truly it is a laudable intention that he takes charge of remedy measures, but the better is smart re-starting by other able persons, to be always brought up." Mr. H. Sagano of Amagasaki Seitetsu (steel): "Social responsibility should be variously weighted according to the sort of business; it should be most acutely felt in the so-called trunk industries." The view that responsibility of executive depends on the relative importance of the case is suggested by executives of Dainihon Kikai (machinery), Sankyo Seiki (precision machine), Dainihon Screen, Nihon Kogaku Seisaku (tool), Nitchu Kogyo (plant equipment), Yukigoseiyakuhin Kogyo (chemicals) and Mitsui Kensetsu (construction).

C) Another view is that, even approving O's opinion, present day executives should not always resign even in case of failure of basic plan.

Mr. Y. Hara of Nihon Kayaku (explosives) discusses that the success of enterprise depends on piling-up of probable failures; "Mere resignation is not all; loss of a person who has experience upon a fault would result in repetition of similar failures," Mr. S. Tsubakimoto of Tsubakimoto Chain (plant equipment) says the problem lies in how to judge the propriety of criticism that enterprise would socially suffer. Mr. M. Mizushina of Nagoya Zosen (ship-building) argues that the essence of enterprise in the capitalistic society is in the free pursuit of profit; speaking of social responsibility is not only unnecessary but also harmful for economy, as seen under the controlled economy. In contrast, Mr. S. Hirata of Ichiuri Mokuzai (woods) argues that enterprise is basically "a system of cooperative society" and is charged with social responsibility; occasional separation from it is, so to speak, an unavoidable destiny.

## 2) Conditional supporters of N's opinion

These are classified into three groups. The first group takes N's opinion essential as ideas or thoughts, but insists that due measures should be taken for it. The second group discusses that generally such affairs that come under serious criticism by the public are not, even under a wide range of authority transfer, "merely the faults of subordinates." Particularly repeated occurrence of such affairs means a grave fault in the management policy, that makes the responsibility of top executive. The third group takes

up a point that long-term policy is to be amended constantly, and hence its execution ought not to be so earnestly adhered by executive.

Answerers of Group 1 are Mr. K. Fukui of Nichimen Jitsugyo (trading), Mr. S. Toyama of Tokyo Neji Seisakusho (screws), Mr. M. Nishimatsu of Nishimatsu Kensetsu (construction), Mr. Y. Yamamoto of Yamamoto Tekkojo (iron-work), Mr. S. Yano of Nippei Sangyo (engineering). Group 2; Mr. J. Sunano of Kawasaki Jukogyo (engineering), Mr. N. Nakamura of Koatsu Gas Kogyo, Mr. H. Morishita of Nihon Shinyaku (drugs), Mr. K. Sato of Nihon Satetsu Kogyo (iron sand), Mr. K. Nagano of Kawasaki Kokuki (airplane), and Mr. N. Tsujimoto of Torikiyo Chikusan (meat foods). Group 3; Mr. M. Niwa of Matsushita Denko and Mr. C. Kojima of Chubu Kohan (steel plate).

"Other Opinions" are particularly added by 16 answerers. They are grouped:

A) Responsibility toward the public and that of achieving business plan are basically unitary and unseparable. In other words the two opinions are reflecting different cases respectively. Responsibility should be taken according to the importance of the effect and the cause of each case. Views of the like are numerous, although their ways of presentation are divergent.

Mr. K. Inoue of Daiichi Ginko (bank) says: "In case of grave social result, responsibility might be taken in the form of resignation, while even in case of failure of business plan the responsibility might not be so weighty as to require resignation." Of almost the same view are Mr. K. Urashima of Meiji Seika (confectionary), Mr. K. Yano of Osaka Seiko (machinery) and Mr. M. Nakamura of Kobe Denki (electrical equipment).

B) This group insists on compromise between both opinions from a standpoint that social responsibility and business plan are unitary.

Mr. Y. Matsubara of Hitachi Zosen (shipbuilding): "Social responsibility is the ethics of economy upon which making and execution of plan are to be founded." Mr. K. Moroi of Chichibu Cement: "Enterprise is a part of the functions of the society; to be anti-social may hinder growth of enterprise." Mr. T. Senoya of Nihon Columbia (music records), Mr. S. Suzuki of Dainihon Mokuzaibofu (wood processing), and Mr. M. Uchida of Nihon Matai (trading) are of almost the same view. Mr. N. Akimoto of Saitama Ginko (bank) advocates: "In either case executive should be ready to take responsibility, including resignation." The same is expressed also by Mr. T. Sado of Nippon Kokudo Kaihatsu (civil engineering) and Mr. K. Yamanouchi of Yamanouchi Seiyaku (drugs).

C) Next is a view that the responsibility of top executive should be taken in such way that he himself may choose: to settle any kind of standard is problematic.

Mr. T. Kosaka of Shinetsu Kagaku (chemicals): "Responsibility of executive is a subjective matter and not to be defined objectively.—Responsibility of business executive, to whom the living of many people is trusted and on whom the destiny of enterprise, producing national wealth, depends, is limitlessly large, and to settle it is a matter to be allowed only to those persons who can consider and decide their own courses," Similar view is presented by Mr. S.

Kagawa of Nisshin Denki (electrical equipment) and Mr. K. Yaguchi of Yubizuki Denki (electrical equipment).

#### Our Conclusive Impressions

Such way of thinking that takes responsibility and resignation as if they were two sides of one thing has been appreciated as oriental-type, unselfish attitude in Japan. Hence it is an interesting fact that many top executives, 77 per cent of total 491 persons, have shown a definite turn on this point. On the other side, it is doubtful whether the significance of achieving basic plan is positively recognized, to the extent of realizing that there upon the real responsibility of top executive is founded. And, in the illustrated arguments, attitudes toward the social responsibility are obscure, waiting a further survey.

#### **PROBLEM 3.** The System of Business Planning

It is well known that the theory of "Will Decision" makes the central problem in the organization theory, and our task is to define more concretely the position of will decision in business organization. Naturally top executive makes decision on business plan, and thereby the problem is the process up to decision with respect to organization, involving such themes as the mechanism of will decision and composition of executives. The problem here concerns the form of plan-draft, that might make most reasonable decision by top executive possible. In many advanced enterprises in our country, it seems, close inter-relation is maintained between executive and planning division, through the process of planning, until a final draft plan is presented. In contrast to such system, another possible way is that executive suggests mere broad line of objective, so that subordinate divisions can display creativeness, while the executive's will is clearly reflected through organization.

#### Question 3 recites:

Among various functions of top executive, the most essential one is to decide business plan and manage its enforcement. In parallel with expansion of business scale, such cases will be more and more numerous that top executive suggests some kind of objective to specialized staff department, or appropriate committee, asks to examine it, and requires a draft plan. Then, the form of the draft to be submitted makes an essential problem, for the sake of reasonable decision by top executive. Upon this problem:

Mr. T. Says:

"I think the answer to this question is already made, and only its enforcement is necessary. By the organization theory, the distinction between Recording-principle and Reporting-principle is to be emphasized: the former requires most exact preparation of materials, while the latter most compact form of report to upper class persons.

Records, materials or informations, utilized by specialized department of committee, must be perfectly preserved and put in good order for future

use. But the draft plan to be submitted must be simple and definite in its contents, so that top executive can easily grasp its substance. Even in the case of committee, the reply should be "single" concrete form, because such committee is formed so as to adjust divergent opinions among members."

Mr. F replies:

"It is wholly unquestionable that specialized department should prepare materials. But I cannot agree your opinion that the report should be arranged into single.

The single draft replied seems better because it may make top executive's decision easy and efficient, but it is also evident that it unduely narrows the rooms for executive's selection. Naturally there are numerous plans for achieving an object according to respective viewpoints, measures to be employed and so on. Executive, who makes final decision, should also have a chance of selection. Particularly you are misunderstanding the nature of committee in thinking it is a place for harmonizing different opinions. Rather such committee should aim at producing creative ideas by members. Executive should make decision upon their opinions.

However I am not arguing that every detail of opinions should be taken into report. Viewed from my experience usually two opposite standpoints emerge regarding a plan. I should like to advocate "principle of two drafts". This is necessary for enterprises to solve problems."

The result of the survey shows:

Supporting T's opinion .....	114 persons	23%
Supporting F's opinion .....	338 persons	68%
Other opinions .....	39 persons	9%
Total .....	491 persons	100%

The majority opinion is for F. Among F's supporters 31 persons have attached qualifications, which can be grouped into three.

1) The "two drafts" may be better; but only as a matter of principle, and not to be followed too rigidly. Of course in some cases more drafts may be necessary.

Mr. S. Nobuchi of Nihon Gaishi (insulator) argues: "Decision by top executive means selection from a number of drafts. Beforehand arrangement of top executive's decision is arrogation." Mr. N. Nakamura of Koatsu Gas Kogyo: "The committee is to present materials for exact judgement by top executive. Two, three or more drafts may be justified. Even when most opinions in the committee agree one plan, the minor opposition views should be added." Mr. M. Taomoto of Anritsu Denki (electrical machines): "There is no one best way, as is generally spoken.—The committee is to arrange and present problems so as to make decision easy, and not to look to further. Not only two, but also more drafts may be allowed." Mr. T. Sado of Nihon Kokudo Kaihatsu (civil engineering): "Essential point is that policy decision is a primary function of executive. He must make decision of his own, stepping out of mere accepting or rejecting report."

2) The second group asserts that to hear various opinions is necessary, because in the actual execution of a plan correct grasp of the will of sub-



ordinate persons is necessary.

Mr. K. Moroi of Chichibu Cement: "Final judge upon several draft plans is the task of top executive, but it is more favorable for execution to obtain supports from possible wider sphere of executors." Mr. M. Anzai of Showa Denko (chemicals): "As for executive, more essential is the leadership in suggesting the direction of a plan." Mr. K. Kitagawa of Sumitomo Denko (chemicals): "It must be kept in mind that the principle of two drafts tends to result in mere selection between A or B and ignorance of executive's own view." Mr. C. Kojima of Chubu Kohan (steel plate): "Automotive process of will-decision would misguide enterprise. I should like to put weight upon proper judgement about the nature and timing of the matter, rather than formal system of planning." Similar views are shown by executives of Nihon Seiren (metal processing), Nihon Reizo (foods storage), and Tateishi Denki (electrical machines).

3) Other reasons for supporting F are suggested by two answerers.

Mr. K. Abe of Nihon Yushi (oil & fat): "This problem is closely connected with the tempo of economic development. In phase of gradual growth one-draft may be justified, but in speedy growth two-drafts is more proper." Mr. K. Nagano of Kawasaki Kokuki (airplane) asserts the necessity of rationalized management of the committee, although plural-drafts is approvable. Mr. M. Matsukata of Hino Jidosha (auto) advocates compromise of both opinions.

Qualifications attached to T's supporters are also grouped into three.

1) In principle the draft ought to be one. But according to the nature of the matter, or in case of unsettled opinions, or when strong opposite opinions exist, the proceeding of discussion and opinions for reference should be added. This view is most numerous among the group.

Into this group are included executives of Hitachi Seisakusho (electrical equipment), Nihon Kayaku (explosives), Teikoku Seni (textile), Sankyo Seiki (precision instruments), Toshiba Kokan (steel pipe), Sumitomo Kikai (machinery), Mitsubishi Kinzoku (metal processing), Nitto Denki (electrical machines), Hitachi Zosen (shipbuilding), Ezaki Grico (confectionary), Kawasaki Sharyo (car), Daido Seiko (steel), Toyo Koatsu (chemicals), Fuji Kasaikaijo (fire insurance), Sagami Tetsudo (railway), Toshiba Denko (metals), Nihon Organo (engineering consultant), Mie Horo (enamelled ware), Chino Seisakusho (instruments), Kanto Denki (electrical engineering), and Kyoto Ori-mono (textile).

2) The second group asserts that will and principle of top executive must be perfectly informed to the committee in the process of discussion or beforehand.

This view is shown by executives of Nagoya Zosen (shipbuilding) and Yamamoto Tekkojo (ironwork).

3) The third group holds that draft plan should be one, because staff division and committee may serve as the place for adjusting opposite opinions.

This view is shown by executives of Mitsubishi Nihon Jukogyo (engineering) and Toyo Shurui (strong drinks).

Other opinions. Most of these, counting 30 answers, are compromise

views.

Mr. F. Iwashita of Tokyo Shibauradenki (electrical equipment) holds: "This sort of problem ought to be considered case by case. The form of draft cannot be generically discussed since matters in question are diversified in nature and scope." Mr. J. Sunano of Kawasaki Jukogyo (engineering): Both opinions of F and T are not fundamentally different. Committee may prepare two, or more, drafts which board of directors will reduce to one, report to top executive and make final decision." Mr. K. Inoue of Daiichi Ginko (bank) "When two-drafts system is taken, one should be alternate draft by the committee as against the principal one. The report should be concise, but point out difficulties in carrying, so as to make decision easy." Mr. K. Yano of Osaka Kiko (machinery): "The form of draft should be different depending on the minuteness of the direction that the committee has accepted." Mr. H. Inoue of Nihon Cement "takes three-drafts as ideal since this would conform to the object of committee to bring out creative ideas, and, at the same time, the in-between one of three drafts may have a meaning like the one-draft stressed by T's opinion." The above line of thinking is followed by executives of Hokuriku Denryoku (electric power), Kokusaku Pulp, Kobe Denki (electrical machines), Dainihon Mokuzaibofu (wood processing), Union Kogaku (optical goods), Riken Vitaminyu, Nishimatsu Kensetsu (construction), Fujikura Kasei (chemicals), Kyowa Hakko (strong drinks), Tokuyama Soda, Daiko Denki (electrical machines), Riken Piston Ring, Nihon Kinzoku (metal processing), Foster Denki (electrical machines), Shibaura Seito (sugar), Hakuyosha (cleaning service), Nihon Tensaito (sugar), Kodensha (electrical work), Kanto Tokushuko (metal processing), Sekisui Kagaku (plastics), Sumitomo Kinzoku (metal processing), Toyo Seito (sugar), Shinto Kogyo (machinery) and Dowa Kogyo (mining).

A particular view is shown by Mr. T. Kosaka of Shinetsu Kagaku (chemicals), who points out existence of a problem in the organization itself rather than the form of report. He says: "Business plan must be correct one, but the more essential thing is how to enforce it. Through its enforcement all the employees and related persons of enterprise (including market) will come on a line. Due regard must be paid for gathering these powers in a line, as well as to the plan....The form of report may be decided by the nature of the matter. Anyhow perfect manning must be provided for planning, research and draft making." This is a view worthy to listen.

#### Our Conclusive Impressions

We had expected a overwhelming majority of compromise view that both one-draft and two-drafts systems are to be taken case by case, since this problem apparently seems only formal one. The result, however, has shown that the majority, 68 per cent, supports F's opinion that asserts two-drafts. This suggests that the argument is never formal one. The "decision" is realized as the essential task of executive, in parallel with recognition of the distinction between planning and decision within business. We cannot know results of similar surveys in the United States, but we could see the general

thought there is reflected in "Top Management Handbook" edited by Meyer, in which planning and decision are taken as different, particular phases of management.

**PROBLEM 4.** Performance Appraisal for Heads of Departments

One of the most remarkable changes in our business organization is the development of the department system. It is intended to increase liquidity and responsibility in enterprise to cope with the growth of economy, and at the same time, means a criticism against customary function system. Still many problems remain to be solved with regard to the establishment and operation of the department system. Among them we are particularly concerned with the propriety of setting "appraisal standard" for performances of department managers. General opinion seems to approve such standard, similarly in the United States. We think, however, it is doubtful whether executives in this country are in favor of such system or not. Even in the United States this problem is under earnest discussion, and various difficult points are pointed out about it.

**Question 4** recites as follows:

In order to make business organization simple and to increase its liquidity, transfer of authority is evidently necessary. But, of course, top executives must preserve the authority to supervise managers of departments. And, at the end of every business term top executive must examine and appraise the performances of managers, and make use of the result in deciding bonus, or further as materials for business plans and personnel administration. The problem is this, whether the "standard" for performance appraisal shall be an organizational provision or not."

Mr. G says:

"I think such standard for performance appraisal should be clearly settled and made public, in order to clarify the responsibility of top executive and to maintain impartiality in personnel administration. Upon the items of standard a good deal of study has been made already. In an example of an American big enterprise the items concerned are: (1) profiting ability, (2) sales amount, (3) position in markets, (4) productivity, (5) morale of employees, (6) service to regional community, and so on. As for the selection of the items, measurement for them, and relative weight within them, opinions of concerned persons must be fully represented. Anyhow, it must be settled as a provision, so that every manager and staff member clearly realizes it. By this measure, trunk employees can make efforts that would conform to the critical points of the business, and executive's control would become widespread even under a wide range of authority transfer."

Mr. H replies:

"The necessity of such standard as you claim is seemingly true as a theory. But I am doubtful whether expected results can be obtained from it. Rather

I am fearful about the evils it might derive. Firstly such detailed provision about appraisal will be contrary to the original object of authority transfer, that aims at unrestricted display of creativeness of each department, since it will unduely strengthen the controlling power of top executive or head office. Secondly, as the words of Mr. Martindale of Business Research Institute in America, "to appraise an enterprise 301 items must be examined," a substantially complicated study upon all the activities of a department must be made, in order to make an appraisal more or less understandable one. An unsatisfactory appraisal might result in suspicion.

Items for appraisal should be left to personal study of top executive, and implicitly informed to each manager in convenient occasion. And, that is all. To make every thing formal does not mean rationalization."

The result of the survey shows:

Supporting G's opinion .....	163 persons	33%
Supporting N's opinion .....	302 persons	62%
Other opinions .....	26 persons	5%
Total .....	491 persons	100%

H's supporters count 302 persons, a majority of 62 per cent. This figure is very interesting as compared with the result of Question 1, in which the view that asserts regulation by organizational provisions has been rather definitely represented. By the way, 28 persons are conditional among H's supporters. Their contents are grouped as follows.

1) The first group finds a great difficulty in setting such standard itself. In Japan where economic surroundings of enterprises are at high degree of fluidity, any standard will be obliged to be revised always. Hence it will lose its meaning as standard.

Mr. O. Kimura of Sumitomo Kikai states: "Objective standard is desirable in itself, but actually difficult to settle... Any concrete one, unreasonably made, must be amended to conform to every change of presupposed conditions; that is a fruitless trouble." Mr. O. Miyawaki of Toho Shurui (strong drinks): "In view of the fact that business performance shows fluctuations depending upon surroundings and regardless of ability of managers," it is not right to make appraisals merely on the grounds of standard. Similar views are presented by executives of Toyo Koatsu (chemicals) and Teikoku Seni (textile).

2) The second group advocates difficulties in the application of standard, even if provided, owing to the weak point of humanity or the differences in the nature of departments. By this reason they cannot approve G's opinion.

Mr. K. Abe of Nihon Yushi (oil & fat) argues: "When such standard is provided and made public, it would be a natural result of human nature that it restrains people and hinders active willingness for works." Mr. N. Nakamura of Koatsu Gas Kogyo (chemical): "To provide a standard equally applicable to production and service departments is hard," and upon such standard "if appraisals were made mechanically, department managers would be inclined to pretention works, that is, works with propagation value, and lose will toward really worthful performance." Mr. K. Ishii of Daido Seiko (steel): "In most cases profit or sales depend on general business conditions regardless

of personal ability. In a past experience of my own it resulted in a failure." Mr. Y. Hara of Nihon Kayaku (explosives): "Possibly such standard might become more and more properly arranged if enforced through years, but probably derive confusion and suspicion rather than afford stimulus to managers." Executives of Mitsubishi Jukogyo (engineering), Tateishi Denki (electrical machines) and Taihei Seisakusho (machinery) are of the same view.

3) The third group approves H's opinion, but is never opposed to the standard itself. Answers of this group take that the problem lies in its publication, and assert efforts to provide such standard, to keep it as private rule without publication, and to make effective use.

Mr. M. Niwa of Matsushita Denko (electronics): "It is necessary for top executives to make personal studies with confidence." Mr. M. Furihata of Toa Nenryo (oil): "In some cases standard with some degree of commonness may be necessary." Mr. S. Uchida of Tateishi Denki (electrical machines): "It is necessary to prepare objective data, though not to be made public, and to explain and exchange opinions regarding performances." Mr. T. Yamashita of Kokusai Denki (electrical machines): "It is necessary to inform beforehand to managers upon essential items; in actual appraisal current positions of each term ought to be taken into account for adopting proper items." Similar views are shown by executives of Shindenki Kogyo (electrical goods), Nishimatsu Kensetsu (construction), Toyo Seito (sugar), Sagami Tetsudo (railway), and Chino Seisakusho (instruments).

4) Another view is opposed to such standard on the grounds that measures other than appraisal system should be designed to bring up able managers.

Mr. T. Kosaka of Shinetsu Kagaku (chemicals): "As for me, I request each manager and factory-head to submit appraisal for himself, for I want to find something more human in the ways of self-appraisal. I myself wonder that such system has been devised due to the scarceness of able persons in enterprise today. Another reason is that I am not inclined to employ appraisal standard, that is, so it looks to me, too logical and rigid for the sake of bringing up leaders." Also Mr. Y. Yuasa of Yuasa Denchi (battery) and Mr. S. Noguchi of Nihon Gaishi (insulator) express a view that stresses self-reflection by managers, from the viewpoint of humanely education for them. Mr. T. Sakurada of Nisshin Boseki (spinning): "It means a neglect of top executive in controlling if he cannot perform the task of appraisal without standard for it, at least as regards director-managers. And as to these managers the responsibility to performances must be stressed, apart from their efforts.

Next, answers with qualification, supporting G's opinion, count 22. They can be grouped into two sorts.

1) The first group asserts that to provide appraisal standard is truly significant as Mr. G says, but full care must be taken in setting it.

Mr. K. Kanai of Hokuriku Denryoku (electric power) calls attention to the attitude for setting, saying: "Actually selection of items and appraisal

itself are very difficult, and a fear is that it might hinder creativeness of managers. Hence the standard must be settled from the viewpoint of performance appraisal to serve for the planning of next term, rather than for the sake of personnel administration." Mr. K. Kawakami of Matsushita Tanko (coal mining): "Too many items will cause clerical perplexity, while too small ones will not serve for overall judgement of departments. Rooms for overall judgement must be preserved for top executive." Mr. K. Yamaguchi of Mitsui Futo (wharf estates): "G's opinion is supportable if every one can understand the standard; simple and clear method is necessary for understanding." Mr. H. Kato of Kokusaku Pulp suggests a noteworthy view that "responsible accounting system makes an essential premise." Executive of Mitsumi Denki (electrical goods) insists on "clear definition of each function" as a necessary condition. Executive of Chubu Kohan (steel plate) takes a rigid view saying: "The lack of this standard will cause slackening in organization, while in its application the principle of appraisal must be made clear." Also that efforts for setting standard should be made, even with some difficulties, is shown by executives of Nihon Shinyaku (drugs), Hitachi Zosen (shipbuilding), Kawasaki Kokuki (air plane), Ichiuri Mokuzai (woods), Torikiyo Chikusan (meat foods), Kureha Boseki (spinning), Kanto Denki Koji (electrical engineering), and Ezaki Gurico (confectionary).

2) Group 2. Some argue that, although the standard is necessary, its application must be made carefully.

Mr. M. Taomoto of Anritsu Denki (electrical goods): "Items that Mr. G suggests are not always appropriate, and so to formalize them seems unnecessary. It may be satisfactory for the purpose, if top executive's expectations are clearly made known to subordinates and the points for appraisal are realized among them." Mr. S. Fujioka of Mitsubishi Sekiyu (oil) insists to take G's opinion as our "object of efforts." Executives of Sankyo Seiki (precision instruments), Nihon Kokudo Kaihatsu (civil engineering) and Takashimaya (department store) are of the same view.

Qualification remarks of Others opinions count 20, most of which being compromise views.

1) Mr. K. Moroi of Chichibu Cement holds: "I am rather on the side of H's opinion, but I think a standard of some extent and form will render fairness and trustness upon personnel administration." Mr. Yasukawa of Yasukawa Denki (electrical machines): "Both opinions are too one-sided. A compromise is necessary, but it is to be noted that standard is nothing more than standard and not absolute principle." Mr. Y. Aoyama of Hokko Kagaku (chemicals): "To enforce it as a regulation may be problematic. However the gist of G's opinion must be fully realized, since customarily appraisals upon upper class persons are loose and soft compared with lower classes; a thing to be reflected." Mr. K. Yano of Osaka Kiko (machinery): "The standard must be enforced on the condition that directings for transferred authority are duly given." Mr. M. Nakamura of Kobe Denki (electrical machines): "Top executive must look to faultless administration by constant appraisals upon higher class men, say, upper than head of section. It is desirable as

a minimum degree of measure to form executive meeting of staff members upper than head of division, and there make them mutually confirm that, for instance, six items by Mr. G shall be regarded as appraisal standard. This will become more essential following business expansion... However standard is nothing more than broad line of level, to be changed in time. Ways of appraisal must be always improved so as to be understandable." Similar views are stated by executives of Nihon Piston Ring, Nagoya Zosen (shipbuilding), Saitama Ginko (bank), Shinmeiwa Kogyo (engineering), Meiji Seika (confectionary), Shinko Kosen (steel wire), Mitsui Zosen (shipbuilding), Kawasaki Jukogyo (engineering), Nihon Reizo (food storage), Asahi Seiki (machines), Toshiba Tangaroi (tools), Tsubakimoto Chain (plant equipment).

2) Another view is that other methods are to be devised, since such objective regulations may result in evils. It may be more practical to remain only at producing common ideas upon appraisal, by clarifying top executive's principle or thinkings upon the matter. Such view is suggested by executives of Sumitomo Kikai (machinery), Yamamoto Tekkojo (ironwork) and Riken Piston Ring.

#### Our Conclusive Impressions

Answers opposed to the provision of appraisal standard occupy 62 per cent, about two times of those approving it, 33 per cent. As mentioned above this is interesting in contrast to the result of Question 1, in which many answers, 75 per cent, stand on the side of business activities based on organizational regulations. However, it is also a noticeable fact that as many as 163 persons, 33 per cent, approve appraisal standard for upper class managers, in respect of the fact that hitherto appraisal for these persons has been rather neglected as against lower class managers. Still more among the qualifications attached by H's supporters, that is, opposed to the standard, and "other opinions", most of the reasons for negative attitude are based on operational side, such as changes in conditions or difficulties in motivating, although some views take it fundamentally unapprovable. Hence supposedly the supporters are more numerous than the figure, 33 per cent.

#### **PROBLEM 5.** The Position of Cost-Research in Business Organization

Recently the "Standard for Costing" has been proclaimed by the Ministry of Finance, and is under earnest discussion. In this rule, historical cost is taken as real cost, and its significance for exact profit-accounting is stressed. By the way, many theorists on accounting today are paying attention to the fact that it has a function for the sake of business planning, as well as for profit-accounting. The former is the cost in management concept, and the latter in accounting concept. The two ought to be perceived as equally significant; not problem of selection between them. Then, we must question whether the "Costing for Business Planning" should belong to a part of costing, making the so-called "special costing", or should occupy a particular obvious position in management organization. Of late, the idea of value

analysis has become widespread, and through comparative analysis of functions and values of cost factors, cost down is aimed at, utilizing thoroughgoing methods unseen in the past. The so-called cost-management is just such system that intends to rationalize business planning by this device. The question is, to what an extent the recognition of cost down is widespread; and whether assigning "cost-research" into organization is generally accepted necessary or not.

**Question 5 recites:**

Nowadays costing system is widely adopted and is making an useful contribution to the exact measurement of profit. However, it seems, opinions are not necessarily settled about the necessity of "cost-research" system, and about the necessary degree of its systematization, that ought to have an essential relationship with the policy decision of business." (Cost-research means to collect, analyze and compare informations about cost including cost reports accounted in general meetings and other materials of both home and abroad, utilizing knowledges about production techniques, selling and purchasing, and thus to provide basic materials for business decisions.)

Mr. I says:

"I think the problem lies in the way of cost down itself. I realize fully the necessity of cost down in the coming years. But, I suppose most enterprises have enough knowledge about the critical points for cost down in their own business. Hence to set up a new specialized function for this purpose seems rather problematic. It seems to do suffice, under existing organization, to guide employees so as to increase cost consciousness and to avoid waste and unreasonableness.

Stillmore, factors of cost—materials, wages, other expenses—are in actual regulated by more or less fixed relationships—such as employment, business connections & etc.—and American type rationalism, that freely avoids and adopts things from the standpoint of cost, cannot be applied to Japanese enterprises. Something of unreasonableness in particularities could bear reasonableness in the whole and in the long run; this, I think, is the strong point of Japan's society."

Mr. J replies:

"Dr. Schleiter, one of the leaders of European Economic Community, has said that the guiding idea of EEC lies in the principle of comparative cost. What has given Europe a hope of New Europe instead of Past Europe is the decision to reorganize business economy on the grounds of comparative cost, apart from customs, traditions or mental restraints, I believe. Although situations are not the same, such strict concept of economy-ism should not be ignored also in our enterprises.

It is absolutely necessary to have "cost-research" established within organization and to charge it the task of "watchman of profitability." Its essentiality is comparable with market-research and technique-research that are already carried on in many enterprises. Reasonable calculation, based on



exact cost comparison, must be applied to commodity planning, equipment planning as well as operation planning. For this purpose able personnels must be provided for who can fully utilize cost concepts of higher level—such as differential cost, marginal cost, opportunity cost—that have been developed by theorists and practical minds; And, at the same time, rich materials to grasp changing structure of production must be prepared. I argue for this especially in view of the grave problems that the Japanese enterprises are faced today. It is not merely to say that cost down is desirable. In order to cope with foreign competition, plans must be established for quality improvement and cost down, and new type of management must be created to gather efforts of enterprise as a whole. The cost-research is to be charged with the responsibility to supply exact materials for this end.”

The result of the survey shows:

Supporting I's opinion .....	67 persons	13%
Supporting J's opinion .....	413 persons	84%
Other opinions .....	11 persons	3%
Total .....	491 persons	100%

Thus supporters of J's opinion account for 84 per cent. The view is absolutely strong that puts weight upon cost-research in business organization. Qualifications attached to I's and J's opinions are classified into four groups.

1) The first group emphasizes its necessity, particularly for international competition.

Mr. N. Nakamura of Koatsu Gas Kogyo asserts: “Of course faithfulness to business partners must be esteemed, but cost-research is necessary to meet future international competition.” Mr. K. Abe of Nihon Yushi (oil & fat) recognizes its necessity on the grounds that it makes possible “to render perfect recognition upon cost factors to all departments in the process of planning concerning production, sales, materials, equipment and technical development.” Mr. H. Kato of Kokusaku Pulp insists “to realize its character not only from passive attitude of cost down but from positive one that could be used for business plan, and further “to bring about organizational effects that would result in higher business structure.” Mr. K. Tokoro of Kanto Denki (electrical engineering) holds to “enforce it even with some difficulties.” Mr. T. Sado of Nihon Kokudo Kaihatsu (civil engineering): “Cost down as Mr. I urges is possible only on the grounds of exact materials.” Executives of Toho Shurui (strong drinks), Nihon Seiren (metal processing) and Ichiuri Mokuzai (woods) also express the same view.

2) The second group of the qualifications attached by I's supporters advocates full utilization of existing system, in view of the significance of J's opinion.

Mr. K. Komai of Hitachi Seisakusho (electrical equipment), approving I, says: “Exceptionally J's opinion may be the case, but specialized personnels may not be necessary.” Mr. K. Moroi of Chichibu Cement is of the same view. Mr. M. Inazumi of Mitsubishi Nihon Jukogyo (engineering) holds: “Setting up an organization for it must be made taking into account of its cost and effect,” to whom executives of Tateishi Denki (electrical machines) and Aida Tekkojo

(ironwork) also agree. Mr. T. Wakabayashi of Toho Rayon: "Specialized function may be set up when possible and effective, but it is better to utilize cost-research to an extent as suggested in the former first of I's opinion." Mr. Y. Matsubara of Hitachi Zosen (shipbuilding): "Some idea like cost-research center is necessary, but as a premise for it, existing systems must be reexamined and fully utilized." Mr. S. Tanaka of Mitsui Zosen (shipbuilding) says the purpose may be attained "by cooperative research work by planning division and accounting division." Mr. E. Shoda of Nisshin Seifun (flour): "Although different by scales of businesses, generally simple and practical system ought to be made on J's opinion," and in the utilization of materials, "harmony of whole must be considered so as to obtain overall effects." Almost similar views are shown by executives of Gosho (trading), Nihon Tensaito (sugar), Nagoya Zosen (shipbuilding), Aiwa (electrical goods) and Sakurajima Futo (wharf estates).

3) The third group say the solution of this problem depends on the scale and sort of businesses.

Mr. K. Ishii of Daido Seiko (steel) approves J's opinion, but not always so as regards medium-small scale businesses. Mr. S. Noguchi of Nihon Gaishi (insulator) says specialization depends on business scale. Mr. A. Moriwaki of Kanematsu Yomo Kogyo (wool textile): "Specialization of cost-research seems too-far carrying of things for medium-small scale businesses and those engaging in one or a few related lines of production, but in general executives must pay attention to such idea." Mr. N. Kataoka of Kataoka Denki (electrical goods): "As for my own company I's opinion is appropriate, since our business is part-goods production, and I myself can observe the cost. But in mammoth enterprises J's opinion may be necessary." Similar views are shown by executives of Nihon Satetsu (sand iron), Shinto Kogyo (machinery), Nihon Kinzoku (metal processing), Kyoto Orimono (textile), Nihon Hyumukan (pipe). Mr. I. Hojo of Shinkeisei Dentetsu (car transport) approves I's opinion "so far as service industry is concerned." Mr. R. Kondo of Nihon Suisan (fishing) recognizes the necessity of cost-research even in fishery, a primitive industry, but finds an important problem in placing its leadership.

4) The last group suggest essential conditions for its systematization. Mr. S. Yamagata of Mitsubishi Kinzoku (metal processing): "To establish this system makes an important theme for the future, but an indispensable premise for it is to increase cost-consciousness of all persons." Mr. T. Yamashita of Kokusai Denki (electrical goods) insists on the same condition. Executives of Yamamoto Tekkojo (ironwork) and Nishimatsu Kensetsu (construction) express that correct costing system should make a condition. Mr. K. Yano of Osaka Kiko (machinery) says the effect of this system depends on the degree of standardization in general. Mr. K. Inoue of Daiichi Ginko (bank) asserts: "In banking the study of costing method makes a premise."

#### Our Conclusive Impressions

Cost down is a perpetual problem for business, and there can be no opposition by executives against it. But to frame a new controlling system

centering about it is a weighty problem, that concerns whole business organization. We supposed before the survey that any one-side result might not be recognized, but the actual result is against our anticipation, for the majority view of 84 per cent is for the organizing of cost management. This problem must be put to further study, in which above illustrated views and qualification remarks will serve as precious materials.

### **PROBLEM 6.** Business Cooperation following the Trade Liberalization

#### **Question 6** recites:

The liberalization of economy has brought forth a grave turning point to our industry, and the future of our economy depends much on the attitudes and intentions of both the official and business toward this situation. Especially, cooperation or combination of enterprises in many fields will be more and more required in face of international challenges, and in this problem the attitudes of executives will be most essential.

Mr. K says:

"It is undisputable that the scale of our enterprises are too small as economic unity, from international viewpoint. Free competition is an essential feature of capitalism, but, in case of too wide differentials in enterprise scales, it will fall into unfair competition.

Of course we cannot say simply that the larger scale is the better, but it is seen in many fields that recent technical innovation can no more be managed within the framework of small scale enterprise. And, as a measure to bring about future development of our economy, even apart from trade liberalization, unification and cooperation of business must be pushed forward intentionally and in large magnitude in line with established plans, toward new industrial structure. This is necessary from the viewpoint of long term development.

Presently such improvements toward cooperation are entrusted to voluntary actions within each industry. But it often occurs that an agreement among enterprises, when brought back to each industry, is turned into meaningless result. This results from the fact that top executives' minds are not yet reformed from enterprise-viewpoint to industry-viewpoint. I think the future of the Japanese economy depends on whether such reformation can be speedily achieved or not. Hence, by circumstances, powerful administrative leadership is necessary."

Mr. M replies:

"It is understandable that the Japanese economy will be greatly affected by liberalization. However, the way to meet it should be found in top executives' efforts to defend their own profit, in other words, to carry out thoroughly the principle of business autonomy.

You say top executives' agreements are not put under sincere consideration by enterprises. This represents the lack of executive's endeavor to maintain long term interest of enterprise.

Problems concerning excess competition or combination and unification will be most appropriately settled from this angle. Your opinion that stresses industry-viewpoint of business may sound fresh, but we must not approve it carelessly. In my view it is apt to introduce attempts for polical solutions of problems that should be considered with economic rationalism, and a possible fear is that values to be abandoned are preserved while unreasonable expansion is performed. The real significance of liberalization is to drive all matters on a reasonable rail of competition.

We should not lose correct minds of enterprise-ism, being too much stirred by the storm."

The result of survey shows:

Supporting K's opinion .....	178 persons	36%
Supporting M's opinion .....	288 persons	58%
Other opinions .....	25 persons	6%
Total .....	491 persons	100%

The result shows that K's supporters account for 36 per cent and M's supporters 58 per cent; a clear contrast of opposite opinions. Supposedly this reflects delicate inter-relations of interest among industries and enterprises.

Answers with additional remarks count 77, including Other opinions of 25 persons. These can be classified into four groups. 1. Compromise views; 2. Views particularly emphasizing M's opinion; 3. Special views upon government's leadership; 4. Views that mention differences by industries.

1) About half of the above mentioned 77 answers are compromise views, finding reasonable course of development in the compromise.

Mr. S. Kaneko of Jujo Seishi (paper) holds that both are too extreme: "Under the present structure of the Japanese economy, it is desirable that each industry, in line with international, horizontal division of labor, maintains respective particularity and autonomy, setting up, on the other hand, adjustment machines, especially export control machine to cope with liberalization." Mr. F. Iwashita of Tokyo Shibaura Denki (electrical equipment): "Fundamentally I take M's opinion, but the problem lies in the way to carry through business autonomy. Egoism that sacrifices every thing for oneself must be avoided. Consciousness on the problems of Japan's economy—to avoid excess competition, to promote autonomous adjustment and so on—must be always kept in mind." Mr. Y. Matsubara of Hitachi Zosen (shipbuilding): "Although business autonomy is the principle under free economy, the development of technical innovation propounds us a problem that cannot be solved by simple voluntary-ism. Hence activities based on industry-level will become necessary." Mr. I. Ishige of Toyo Koatsu (chemicals): "To carry through M's opinion will result in K's opinion in effect." Mr. H. Kato of Kokusaku Pulp: "Though not similar by industries, top executives should make every effort to scrape off superfluous flesh of their enterprises, and when this thought gets to the bottom, cooperation and coordination among business will be achieved economically." Mr. Kubo of Teikoku Seni (textile): "In realities both opinions are necessary. A practical way is to harmonise them by efforts of the official and business." Mr. H. Yokoi of Nagoya Seito (sugar): "Principles of both

opinions are compatible; administrative, taxation and financial measures to make their coexistence possible must be prepared." Mr. M. Hozumi of Mitsubishi Nihon Jukogyo (engineering) unwillingly "recognizes the necessity of official leadership" as compromise. Mr. E. Shoda of Nisshin Seifun (flour): "In principle I approve M, but official or voluntary activities that would lead us to K's line is necessary." Mr. K. Komai of Hitachi Seisakusho (electrical equipment): "Mr. M's opinion is ideal, but sometimes K's will be necessary when autonomous actions cannot bear fruits." Similar views are suggested by top executives of Nihon Gaishi (insulator), Shinto Kogyo (machinery), Mitsui Senpaku (shipping), Yokohama Seito (sugar), Gosho (trading), Kurimoto Tekkojo (ironwork), Tokyo Neji (screws), Torikiyo Chikusan (meat foods), Takashimaya (department store), Mie Horo (enamelled goods), Kodensha (electrical work), Shindengen Kogyo (electrical machine) and Nihon Satetsu (sand iron).

2) Next group involve various views that, on various grounds, emphatically support M's opinion.

Mr. O. Miyawaki of Toho Shurui (strong drinks): "As the result of too much multiple-business in Japanese industries, capital accumulation in each industry is imperfect, deriving excess competition. Coordination within each industry group is necessary to derive larger scale that can compete with foreign enterprises." Mr. Inui of Sumitomo Kinzoku (metal processing): "In addition, PR activities must be made by the official and business circles regarding situations abroad and future course of the problem, founded on research works." Mr. T. Yuki of Dainihon Celluloid: "M's opinion may be theoretical, but in transitional period autonomous adjustment by official-business cooperation is necessary." Mr. Taniguchi of Nihon Shokenkinyu (security finance), taking M's opinion warns possible coercion by force, when autonomous dealing becomes impossible. Mr. S. Kano of Kano Tekko (steel): "In a number of industries business scales are not necessarily small, resulting in over-production. Cooperation and coordination are necessary to scrap backward equipment." Mr. S. Hirata of Ichiuri Mokuzai (woods): "To cooperate and unify functionally for cost down is desirable." Views of similar line are presented by executives of Nihon Sharyo (cars), Ezaki Grico (confectionary), Oriental-Chain (plant equipment). Executive of Mitsubishi Kinzoku (mining), Nihon Columbia (musical records), Shinkyo Denki (electrical goods), Nihon Kinzoku (metal processing), Osaka Kiko (machinery), Nishimatsu Kensetsu (construction) and Kawagishi Kogyo insist on strong holding of own business, although approving K's opinion.

3) The extent of official leadership for industrial reorganization is a delicate problem, and criticism upon this point is strong.

Mr. Y. Hara of Nihon Kayaku (explosives) states: "Truely it is an urgent problem to put production, sales, export & etc. in order. In our country, agreements between enterprises as individuals are well observed, but those as collective group are often broken by their partners, as Mr. K. says. But I am not so much disappointed in the intelligence of business executives as to require powerful official leadership. I always mention, ninety nine people

and one official. Efforts as far as possible by people is the first thing. And only when private efforts cannot bear fruits or official supports are useful to make private agreements effective, official leadership is to be expected complementally." Views of more or less the like are numerous. Mr. K. Inoue of Daiichi Ginko (bank): "Sometimes official leadership may be necessary, depending on the sort of industry or perplexity of situations. But fundamentally more desirable is autonomous cooperation on the ground of free competition, that might result in combination or unification by cases." Mr. K. Yamanouchi of Yamanouchi Seiyaku (drugs) holds K's opinion is too much of controlled-economy color, neglecting social and cooperative nature of enterprise, and discusses: "The way to meet international competition is in autonomous adjustment, in which enterprises aim at coexistence and coprosperity, esteeming other ones' particularities." He thus asserts compromise view, saying: "Officials should confine their supports to only those problems that cannot be settled by voluntary adjustment." Mr. N. Kataoka of Kataoka Denki (electrical goods), approving M, defines the role of officials "to guide, not to promote by power." Mr. H. Morishita of Nihon Shinyaku (drugs): "Autonomous adjustment accompanies some difficulties, but official actions should be confined to producing such circumstances and conditions." Similar views are suggested by executives of Riken Piston Ring, Nissan Kensetsu (construction), Tateishi Denki (electrical machines), Ichida (textile), Taihei Seisakusho (machinery), Tokai Konetsu (fire-proof material), Aiwa (electrical goods) and Kureha Boseki (spinning).

In contrast to above views, Mr. C. Kojima of Chubu Kohan (steel plate) discusses: "Proper leadership should be held by the official, but it must not be direct intervention but to enlighten entrepreneurs by research and study." Mr. J. Sunano of Kawasaki Jukogyo (engineering): "K's opinion is right, but powerful leadership cannot be all. Such mood should be born, for example, that the advices of the Personnel Agency, which I think have been relatively well observed by both employers and employees, are influentially accepted by the whole people by way of joint deliberation by workers, executives, learned and experienced persons and concerned machines of government." We can see in the above illustrated views, though not necessarily supporting M, earnest desires to maintain autonomous position of business. Particularly Mr. K. Moroi's view is truly agreeable that: "Combination of business in some degree is necessary for future development and inevitable, but, when misguided, would prove harmful; hence cautiousness is necessary."

4) It is natural that some views stress different positions by sort and scales of business.

Mr. K. Abe of Nihon Yushi (fat & oil): "Such kinds of business that are competing with foreign mammoth enterprises, say, automobile, electrical equipment, oil, chemicals, business combination is to be promoted, but in others it may be not necessary to go so far." Mr. T. Sado of Nihon Kokudo Kaihatsu (civil engineering) also express the like view taking auto industry as example. Mr. M. Murakami of Tokai Denki Koji (electrical engineering): "It is unthinkable that unifications in shipbuilding, camera, transistor radio, auto

bicycle will strengthen competition power. Industries that require unification are, I think, those big enterprises that have forgotten rationalization, putting too much weight upon internal competition."

On the other hand cautious attitude toward combination in the case of medium-small scale business is stressed by many answerers. Mr. M. Ito of Jomo Nenshi (yarn ware) is opposed to combination argument for bigger business, saying: "Medium-small business is the foundation of our industry and can behave differently from big businesses by their particular adaptability to business changes. To esteem bigger business is a mistake." Mr. Y. Yagi of Teikoku Sangyo (textil goods) urges the necessity of unification of medium-small businesses," in line with the trend that these will be faced with more and more difficulties for existence. Mr. Y. Yamamoto of Yamamoto Tekkojo (ironwork): "Cooperation of business cannot exist without small business; cooperation depends on cleared relations of interest to be born from specialization." Mr. S. Tominaga of Nihon Seiren (metal processing): "A desirable state is that a number of companies with appropriate scales for respective industries develop themselves through competition." Mr. N. Nakamura of Koatsu Gas Kogyo (chemicals): "In some sorts of industry small scale is more favorable by less expenses, low cost and use of home-subcontract labor. Such speciality must be appreciated." Mr. K. Yamaguchi of Mitsui Futo (wharf estates) points out possible loss to be caused by unification, saying: "A large part of present Japan's enterprises are standing on favored grounds; enterprising minds of medium-small enterprises, existing within them, must be preserved." Mr. S. Suzuki of Dainihon Mokuzaibofu (wood processing) discusses that a reform to industry-ism may be difficult, so long as reasonable policies toward medium-small business are not enforced, adjusting customary policies that have tended to promote the so-called dual structure of Japanese economy." Views that insist particular considerations by respective industries are shown by executives of Teikoku Zoki (drugs), Mitsubishi Kogyo (mining), Nihon Tokushutoryo (paints), Mie Kotsu (transport) and Kumazawa Seiyu (edible oil) also.

Lastly some answerers express opinions from wider viewpoints. Mr. T. Kosaka of Shinetsu Kagaku (chemicals) expresses his wishes as follows: "Executives must pay foremost attention to the present state of labor movement and the fact that workers are organized as enterprise-unions, under lifetime-employment system. It is desirable that such conditions of labor are smoothly absorbed into business policy and utilized as the foundation for internationally competitive economy, by a national policy, and, if possible, by autonomous judgement and performance of business." Also Mr. M. Mizushima of Nagoya Zosen (shipbuilding): "Why excess competition, dumping, share problem and over-investment are arising? Firstly, unreasonable resolution of Zaibatsu and loss of autonomous standpoint of each enterprise. The major reason for the latter lies in the shortage of funds in enterprises, that can do nothing without borrowing from banks. He thus insists that industrial reorganization is impossible without fundamental improvement of financial policy.

### Our Conclusive Impressions

The view that holds business autonomy accounts for 58 per cent; a little more than the view that puts weight on the industry-ism. However an analysis of "Other opinions" reveals that compromise views are substantially numerous. We have made a survey of similar kind in 1960, in which, regarding equipment investment, an opinion that stresses business autonomy is contrasted to another opinion that approves adjustment on industry-level. In the result of the survey, the former opinion showed 43 per cent, the latter 50 per cent. This time the result has been reversed. It is seen that, following liberalization, generally qualitative betterment of each enterprise is more deeply concerned than quantitative expansion. It is significant that severe criticism is directed against "administrative leadership" in K's opinion, which supposedly has resulted in the small majority of M's opinion over K's.

### General Conclusion from the Survey

To the six questions concerning business organization, top executives of as many as 491 persons have given answers to us (35%), and 200 persons of them have shown additional remarks. This suggests not only the significance of these problems, but also a fact that many executives are greatly interested in management problem, and are more or less theoretically putting their daily experiences in order. Our presentation of questions is rather theoretical, and our request to examine them may have been troublesome to executives who are amidst actual business. Hence, many answers and added views reflect present level of business management, higher than that in the past. This trend is also seen in the contents of answers.

Question 1 has revealed top executives' attitudes in the present Japan's enterprises, who are endeavoring to weave elements of human relations into the basic line of democracy, in contrast to American enterprises that are suffering from the problem of human-relations as the result of democratic management they have mechanically developed. In Question 2 we can see a significant conceptional change among executives, who are now inclined to find their responsibility in the performance of tasks, rather than in the conventional idea that identifies responsibility with abandonment of duty. As for Question 3, the appraisal standard for heads of departments, the general viewpoint is directed to its correct management. In Question 4, the popular line is to put weight upon "decision", distinguishing planning and decision of business plan. In Question 5, the systematization of cost research and cost management, we can recognize clear willingness of adapting to new situations. Question 6 has clarified executives' desires to maintain autonomy of enterprise.

To summarize, we can fairly observe that top executives have sincere will toward modernization, as well as thorough recognition of problems surrounding it.