

Title	The characteristics of the management organization in japan and the adaptation to the environment
Sub Title	
Author	十川, 廣國(Sogawa, Hirokuni)
Publisher	
Publication year	1985
Jtitle	Keio business review Vol.22, (1985. ) ,p.11- 23
JaLC DOI	
Abstract	
Notes	
Genre	Journal Article
URL	<a href="https://koara.lib.keio.ac.jp/xoonips/modules/xoonips/detail.php?koara_id=AA00260481-19850000-03920096">https://koara.lib.keio.ac.jp/xoonips/modules/xoonips/detail.php?koara_id=AA00260481-19850000-03920096</a>

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THE CHARACTERISTICS OF THE MANAGEMENT  
ORGANIZATION IN JAPAN AND  
THE ADAPTATION TO THE ENVIRONMENT

by

*Hirokuni Sogawa*

**1. Foreword**

The management in Japan has been going through drastic environmental changes in recent years, but it has somehow maintained relatively high productivity. And the situation has drawn much attention and been discussed in various occasions. It is often pointed out that, in the management organization, the 'Japanese methods' of the organizational operation are contributing to the maintenance of business efficiency. But I feel doubtful if all of these discussions or the evaluation are conducted with enough objective understanding of the reality in Japan's management organization. For instance, there seem to exist certain views which tend to understand the management organization in Japan and its operational methods as something 'mysterious', despite a fact that the Japanese management style is sometimes evaluated for its ignoring the basic formation factors of the organization, or otherwise, for its possessing the international commonness in the management knowledge and technique.

In this study, therefore, I would like to introduce my views, citing actual situations which reveal the characteristics of Japan's management organization. First, I will refer to the fundamental factors of the management organization in Japan, by summarizing the organizational structure and the business climate. And we will see where the emphasis is placed concerning the methods of organizational operation. Then, with these characteristics in mind, I would like to review how Japan's management organization has responded to the environment, and later refer to the characteristics of the organizational activities.

**2. Organizational Structure & Business Climate**

It is a well-known fact that the Japanese enterprises have aimed at advancing modernization and productivity for quite a long period since World War II, and also made efforts in introducing the management knowledge and technique into Japan from the Western nations, especially the United States. Such efforts were not only for the presentation or

introduction, but also for conducting practical schemes in the corporate management, and at the same time for adapting them in conformity with the Japanese companies. It reveals that the management organization in Japan is formed under the particular climate, different from the one in the United States. Therefore, in this chapter, I would like to discuss the business climate in Japan and the fundamental features of the management organization, by focusing on the structural aspects of the organization.

In most of the American companies, employee's devotion to the company objectives tends to become lesser as a person's status in the organization becomes lower. But, in the case of the Japanese companies, it is often pointed out that the management endeavors to let the employees in every status, starting from middle management class to the ones on the lowest level, have interest toward the future and the prospect of the enterprise.<sup>1)</sup> Such differences between the Japanese and American companies resulted from the difference of business climates, and they are also considered as the differences of the management ideologies.

The management ideology in the United States puts fundamental emphasis on protecting mainly the benefit of the stockholders, while, in the management ideology in Japan, we observe a group-oriented character which creates consciousness for the interests, not only of stockholders, but of various people relating to the enterprise. The difference in the management ideology will naturally create differences concerning the business aims, sought by the companies. That is, in the American companies, the management is conducted, paying attention to the direct interests of the stockholders, and it is inevitable that the management people take actions for pursuing short-term business aim. But, in the Japanese companies, the management people tend to pursue long-term business aim, as they are not bound so strongly by the direct interests of the stockholders. Such differences will be further clarified as we look at the ways the American and Japanese companies put emphasis in evaluating the financial indicator. In the case of the American companies, they most highly evaluate the stock price, or stock dividend rates, which are the indicators, expressing the stockholders interest. But, in Japan, there are few companies which lay stress on such indicators.<sup>2)</sup>

The Japanese management organization is seen to possess such general features, as mentioned above, in the matter of business climate and ideology, and now what would be its fundamental characters? In order to clarify such points, I would like to study into the structural aspects of the organization.

As structural features of Japan's management organization, it can be pointed out that the organization chart in the Japanese companies is the chart of 'divisions', while it's the chart of the 'work status' in the American companies.<sup>3)</sup> Such particular features will

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- 1) "Japanese Business Organization, in Business and Society in Japan" by Yoshi Tsurumi; edited by Bradley M. Richardson, Taizo Ueda, Prager, New York, 1981, p.6.
  - 2) In Japanese business enterprises, companies which attach most importance to stock price and dividend rate are estimated to be about 0.2% and 0% respectively. (according to the '83 survey data of the 'Management Ability Evaluation Committee', by the Industrial Action Section, of Industrial Policy Bureau, the Ministry of International Trade and Industry).
  - 3) 'Principle in Formation of the Japanese Management' by Ryushi Iwata; Bunshin-do, 1979, p.174 - 175.

differ according to the fundamental structural unit which is employed by each organization. The organization chart of the American companies uses the 'work status' that is allotted to each individual, as the structural unit, but the organization chart of the Japanese companies uses each specific work group as its structural unit. It means that the organization of the American companies is grasped as the relation for delivering orders or instructions, or for defining functional powers, between various working statuses, according to the management purposes. But the organization of the Japanese companies can be regarded as basically formed with groups which include, not only of management group, but also the general employees.<sup>4)</sup>

Such structural differences have resulted in establishing working regulations in the American-style organization, and producing a business climate for 'manual-type' organization under which each individual is supposed to perform his duties according to the regulations. On the other hand, in the Japanese management organization, it produces a business climate in which each person's duties are not strictly defined, and, rather group activities are emphasized. Therefore, it is often pointed out that most of the Japanese companies do not have a respectable organization chart, according to the American standard. But Japan's management organization is different from the 'manual-type' organization, and cooperative activities of individuals, who belong to certain groups that are the fundamental structural units of the organization, are considered more important than the functions which each individual performs in the organization.

In Japan's management organization, group activities are most emphasized, and for the efficient achievements, companies are in need of the people who possess abilities, helpful for the organization. In the American or European companies, it can be said that there exist no particular technical skills which are confined to only certain companies. And all the necessary skills, which are needed for the achievement of particular objects, are considered to be obtainable by the employees through the general education or vocational training, or through working experiences in other companies.<sup>5)</sup> But, in the Japanese companies, both the management people and the ordinary employees have to obtain particular skills, required by the company they work for, in order to achieve objectives of the company.

Therefore, the business targets of the group activities in the business organization as a whole will come to be thoroughly known by all the employees, from the top management class to the lower level workers. Also, as to be explained later, the emphasis of the organizational operation will be put on the particular features, which are considered quite characteristic to Japan.

### ***3. The Characteristics of the Organizational Operation***

Structural features of Japan's management organization are largely founded on the group-oriented principle. Therefore, in the Japanese management organization which

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4) Ibid, p. 175.

5) Yoshi, Tsurumi, *ibid.* p.6 - 8.

has such fundamental character, the 'manual-type' operation system is rarely adopted. Instead, there is a strong tendency that the organizational operation is conducted with the group participation methods.

In the Japanese management organization with group-oriented principle, close relations between people are regarded as important, and usually the decisions are made through the group-oriented methods, such as the system to circulate request before decision, or the committee methods.<sup>6)</sup> That is, in order to carry out cooperative activities more smoothly and efficiently within the organization, it attaches importance to methods which seek the approval of each member of the group. To go along with the line, it will be more significant, not only to create formal communication process, but also to create tight human relations through informal communication process. With such methods, the consensuses from the lower groups are getting piled up, and the top management conducts the final decisions. So from the point of formula, it differs from the American-style management organization which employs the top-down method for clear communication process. In the case of Japan, a problem, pointed out, is that it takes certain time before the top management reaches decisions, but once the decisions were made, the passing down of orders or the enforcement are very swiftly carried out as the management already obtained the necessary consensuses.

Like this, the general decision-making in the Japanese management organization is known for its group-oriented principle, and this method is also observed in the final decision-making process by the top management people. As mentioned before, the final decisions by the top management are conducted through the accumulation of certain consensuses gathered from lower level workers. In that case, it is also considered important to seek the cooperation from among the top management group. It means that the company president, who is the top decision maker, is supposed to secure the cooperative system among the executive members, for making his decisions more effective. In engaging in the company management, it is often pointed out as quite important that the president should reveal powerful leadership and push forward his own decisions. But, in the Japanese management organization which possesses group-oriented feature, one of the significant factors will be whether or not the president makes enough efforts in promoting mutual understanding with other executives in carrying out his decisions.<sup>7)</sup>

Therefore, in many Japanese companies, the presidents try to have informal opportunities for communicating with executives. For instance, by regularly holding breakfast or lunch meetings, the presidents try to talk freely with the executives for better understanding, and also for letting his thoughts known to others.<sup>8)</sup> Through such efforts, the

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6) 'Current Situation and Prospect of the Japanese Management' edited by Asami Itoh; Hakuto Shobo Co., 1979; p. 105.

The 'request for decision' means a method to circulate 'requests' among the related members, in the process to reach decisions.

7) '1982 Indicator for New Management Ability - experimenting business evaluation through qualitative factors'; 1983, p. 20 - 22; by the Business Action Section of the Industrial Policy Bureau, the Ministry of International Trade and Industry / '83 survey of the 'Management Ability Evaluation Committee'.

8) The ratio of the corporations which hold such meetings makes 60.2% of the whole (65.7% in big companies; 51.2% in medium level companies).

president's thoughts will be coordinated or revised, prior to the decisions, and it is possible that, upon receiving the cooperation of the executive group, the presidents can make influential decisions.

Such are the characteristic features, observed in the decision-making methods in the Japanese management organization which possesses group-oriented tendency in its structure and the business climate. At the same time, concerning the measures toward the organization members, the emphasis is put on some special features, different from the ones in the American-style management organization.

In most of the American-style management organizations which have 'manual-type' characteristics, it is aimed at achieving business control based on the authority, or neutralistic sentiment and rationalism, centering around the contents of work roles. But, in the Japanese business climate, the control by motivation is considered to play a central role in the management activities.<sup>9)</sup> Therefore, the management people are often required to possess superb ability to handle human relations, for enhancing smooth cooperation of the working groups. Also, from the systematic point of view, 'motivation' is actively encouraged on employees, and some relating measures are experimented for heightening the efficiency of group activities. The 'motivation' systems, which are actually adopted by Japan's management organization, are roughly classified into the 'entire company-level/indirect system' & the 'divisional/direct system'.

Table 3-1 Attitude in Adopting the 'Motivation' System for Employees (entire company - level / indirect items) & the Employee's Morale

Category	1975	1976	1977	1978	1980	1981	1982
1. Passive (adopting less than 7 items)	2.950	3.015	3.086	3.134	3.213	3.221	3.094
2. Average (adopting 8-9 items)	3.313	3.361	3.296	3.277	3.401	3.386	3.294
3. Active (adopting more than 10 items)	*3.581	*3.540	*3.673	*3.640	*3.582	*3.576	*3.530

(according to the 1982 Indicator for New Management Ability - experimenting business evaluation through qualitative factors (manufacturing field); p. 62; by the Industrial Action Section, of the Industrial Policy Bureau, the Ministry of International Trade and Industry/the '83 survey of the 'Management Ability Evaluation Committee')

The 'entire company-level/indirect motivation system' is intended to advance the worker's sense of attribution toward the management organization group, and to strengthen their unification spirit toward the company. It includes many customs, characteristic only in Japan, and which are not seen in the American-style management organization where the organization and individual are connected with clearly stipulated business contracts.

9) Ryushi Iwata, *ibid*, p.181.

This system has the following variations:<sup>10)</sup>

(1) Employee Stock Ownership System; (2) System for Recreational Activities for Employee's Family Members (sports days, tours, etc.); (3) Employee Savings Deposit System; (4) Company Housing System; (5) Employee House Ownership Plan (service for land, loan, sale of firm's land, etc.); (6) Counseling System; (7) Employee's Newsletter (edited by employees); (8) System of Bonus for Long Service; (9) Five-day Work Week System; (10) Private Pension System; (11) Profit Sharing System; (12) System of Worker's Property Accumulation Savings; and (13) Employee's Mutual Aid Society System. Among them, the adoption rates are higher with the 'System of Bonus for Long Service', 'Five-day Work Week System' and 'Employee Stock Ownership System'. Also, in recent years, the adoption rates are increasing with the 'motivation systems' which try to enhance the factor for employee's participation in the management or to give consideration to the stability of future life of employees, such as the 'Employee Stock Ownership System' or the 'System of Worker's Property Accumulation Savings'. In looking at the relation between the degree of zeal of the companies and the employee's morale<sup>11)</sup> (Table 3-1) concerning the motivation systems, the employee's morale increases in the companies which are eagerly dealing with the situation. Like this, in the Japanese management organization, the active enforcement of the 'entire company-level/indirect motivation' measures is considered to be one of the fundamental factors which contribute to the strengthening of employee's unification spirit toward the company and of their desire to work, as well as to the advancement of vitality of the management organization.

Concerning the 'divisional/direct motivation system'<sup>12)</sup>, there seem to be the following variations:

(1) Result Management by Norm-Setting (Management by Objectives); (2) Job Rotation System; (3) Job Enrichment; (4) Incentive System to Encourage Work Achievement; (5) Proposal System; and (6) Small Group Activities.

10) Previously referred paper by the Business Action Section of the Industrial Policy Bureau, the Ministry of International Trade and Industry; p. 61 / '83 survey of the 'Management Ability Evaluation Committee'.

11) In preparing questions concerning the evaluation of the employee's morale, which equals to the 'degree of the employee's morale', I used 5 ranks, from 'low' (1 point) to 'very high' (5 points). And picked up the average points, collected both from 'university graduates at the head office' and 'junior or senior high school graduates on the field'. Also the relation, between the attitude of the company which adopts motivation system and the employee's morale, was analyzed by utilizing the 'D-value'. D-value analysis is to analyze the degree of contribution by each of the various qualitative factors of the company management toward the explained variables. For instance, based on the questionnaire results, it seeks the explained variables ('morale' or 'business results' - note 16) which correspond to the several situations of each of the qualitative factors (called 'category' which in this case, means the attitude to deal with the motivation, divided into 'passive', 'average' and 'active'). Then the difference between the maximum value and the minimum value (D-value) gets calculated, and the factors with bigger D-value are considered to give larger influence on the explained variables. The inspection of the significance concerning the difference is carried out according to the significance level of 95% by the F-value (previously referred paper). The significant ones are shown with the mark \* attached to the figures on the table.

12) Page 63 of the previously referred paper / '83 survey of the 'Management Ability Evaluation Committee'.

The 'Proposal System' is the one which is most popularly adopted in the companies. Then it was followed by the 'Small-Group Activities' and the 'Result Management by Norm-Setting (Management by Objectives)'. Recently, an increasing number of companies have come to adopt the 'Small Group Activities', 'Result Management by Norm-Setting (Management by Objectives)' and the 'Job Rotation System'. As 'divisional/direct motivation' measures, the management organization in Japan adopts various measures, which emphasize individual employee's 'selective rationality' as represented by the QC circle, and it tries to increase the employee's desire to participate into the group activities, as well as to improve their creativity. And, by conducting the job rotation, which changes the employee's position within or between working sections, it is trying to enrich their working experiences and advance their spirit of solidarity among the employees.<sup>13)</sup>

Table 3-2 Attitude in Adopting Motivation System for Employees (divisional/direct items) & the Employee's Morale

Category	1978	1980	1981	1982
1. Passive (adopting less than 2 items)	3.207	3.248	3.282	3.157
2. Average (adopting 3 items)	3.284	3.388	3.323	3.283
3. Active (adopting more than 4 items)	*3.583	*3.577	*3.575	*3.479

(according to the same source – as in table 3-1)

In looking at the relation between the attitude of the companies, which adopt these motivation systems, and the employee's morale (table 3-2), the employee's morale is getting higher according to the ratio of active enforcement of motivation measures. Similarly as in the case of the 'entire company-level/indirect' motivation measures, it is contributing to the activation of the organization.

Furthermore, in Japan's group-oriented management organization, there exists a special feature like the 'life-long employment' system in which an organization member is likely to work all his life, in principle, for a particular company which he initially chose, whether he likes it or not. And that's distinctively different from the American-style organization. Therefore, in Japan's management organization, it is considered to be necessary to obtain particular technical skills for the company he works. Also, along with the supervision with motivation systems, it is considered important, for the industrial growth, to secure and develop human resources through direct and indirect company education and to conduct flexible utilization of the achievements. For that purpose, the ability development systems for the medium level or ordinary employees are actively adopted and enforced within the company.<sup>14)</sup> The ability development system includes the fol-

13) The formation of the QC milestone in Japan was made in the end of the 1940s. It is said that the QC leaders, like Deming or Juran, were invited to Japan in the 1950s, and they created a remarkable influence. In the beginning, the QC efforts in Japan concentrated on the management people or engineers, but it is said that, in 1960, its target moved onto the level of work group chiefs. Since then, it has developed as small-group activities. (R.J. Schonberga, Japanese Manufacturing Techniques, Free Press, New York, 1982, p. 6)

14) 'Japanese Society and Japanese-style Management' by Kozo Nishida, Bunshin-do, 1982, p. 185



lowing variations:

(1) Training Camp Program; (2) Active Aid to attend outside lecture or participate in correspondence courses of education; (3) Study in university at home and abroad, and dispatch to other institutions; (4) Provision of paid holiday for education and training; (5) Set-up of organization to research, plan and promote human resource development itself; (6) Pay increase system reflecting ability or obtained qualification; (7) Periodical seminar for college graduate employees; (8) Examination system for promotion; (9) Provision for publishing reports and discussion of research results connected with personnel appraisal; (10) Result management by self-reporting; and (11) Job rotation system for human resource development.

T Table 3-3 Attitude in Adopting Ability Development System & Business Results / Employee's Morale  
(for middle management)

Category	1974	1975	1976	1977	1978	1980	1981	1982
Results 1. Passive (adopting less than 2 items)	<u>2.905</u>	<u>5.080</u>	4.716	4.778	4.705	4.971	4.883	4.699
Results 2. Average (adopting 3 - 4 items)	2.834	4.940	5.062	4.973	5.144	4.896	5.041	4.879
Results 3. Active (adopting more than 5 items)	2.741	4.925	* <u>5.242</u>	* <u>5.145</u>	* <u>5.191</u>	<u>4.972</u>	<u>5.120</u>	* <u>5.223</u>
Morale 1. Passive (adopting less than 2 items)	2.277	3.236	3.244	3.142	3.206	3.209	3.193	3.159
Morale 2. Average (adopting 3 - 4 items)	2.481	3.389	3.394	3.417	3.373	3.411	3.390	3.274
Morale 3. Active (adopting more than 5 items)	* <u>2.689</u>	* <u>3.634</u>	* <u>3.607</u>	* <u>3.605</u>	* <u>3.597</u>	* <u>3.697</u>	* <u>3.609</u>	* <u>3.556</u>

(for general employees)

Category	1976	1977	1978	1980	1981	1982
Results 1. Passive (adopting less than 2 items)	4.586	4.701	4.758	4.999	4.863	4.724
Results 2. Average (adopting 3 - 4 items)	5.065	5.024	5.025	4.817	4.984	4.895
Results 3. Active (adopting more than 5 items)	*5.233	*5.104	*5.173	*5.001	*5.151	*5.119
Morale 1. Passive (adopting less than 2 items)	3.172	3.109	3.132	3.239	3.188	3.061
Morale 2. Average (adopting 3 - 4 items)	3.301	3.410	3.365	3.323	3.385	3.340
Morale 3. Active (adopting more than 5 items)	*3.650	*3.564	*3.595	*3.605	*3.580	*3.500

(in the case of 1975, analysis concerning the general employees is not conducted)  
(according to the same source, listed in previous tables)

Of these various measures, it has come to be considered more important, in the case of the middle management, to conduct measures which are likely to bring direct effects in the ability development of individual workers, such as the 'Training Camp Program';

'Result management by self-reporting'; and 'Study in university at home and abroad, and dispatch to other institutions'. Also, concerning the general employees, more attention is being paid on direct & effective measures, such as the 'Training Camp Program'; 'Result management by self-reporting' and 'Job rotation system for human resource development'<sup>15)</sup>.

In looking at the relation between the attitude of the enterprises toward the ability development system, and the employee's morale/business results<sup>16)</sup> (Table 3-3), it is apparent that the companies which actively adopt measures either for the middle management or for employees, are attaining good results in business or in the employee's morale. The enterprises of the Western nations, which tend to depend upon external labor market, will seek capable human resources mainly from outside of their business, but in Japan's management organization, they have a characteristic to develop necessary personnel abilities within their business field. It is resulted from a thought that the active enforcement of ability development system will contribute to improving the employee's morale and to enhance creativity, as well as to contribute to the business achievements.

In Japan's management organization which is fundamentally formed with group-units, the operational measures such as the motivation system or the ability development system are considered to be extremely significant, different from the case of the American-style management organization which is basically formed up with individual units.

#### 4. *Environmental Changes and the Organization*

In Japan's management organization which has group-oriented structure, it is required to have a vision extending to various fields and also it's necessary to enhance group activities. For the effective execution of such requirements, the motivation system and the ability development system will play quite significant roles. Because of such factors, Japan's management organization is often referred to, as possessing certain characteristics, more flexible and organic than the ones of the rational, 'manual-type' organization.<sup>17)</sup>

In this chapter, I would like to state how the Japanese management organization, which is said to possess special features opposing to the rationalism, has been going through severe environmental changes, especially since the so-called 'oil-shock' era began in 1974.

During the period of the high economic growth, the Japanese companies conducted 'offensive management', and many of them put emphasis on the 'development of new

15) The previously referred paper by the Business Action Section of the Industrial Policy Bureau, the Ministry of International Trade and Industry, p. 52 - 57 / '83 survey of the 'Management Ability Evaluation Committee'.

16) The evaluation of business results will be expressed by - the growth evaluation (sales increase rates are graded as 0 - 5 points) plus profit evaluation (after tax, profit rate of all the utilizing capital will be graded as 0 - 5 points). But, the business results evaluation of the 1975 is calculated as  $\sqrt{(\text{growth evaluation})^2 + (\text{profit evaluation})^2}$ .

17) Thomas J. Peters and Robert H. Waterman Jr., 'In Search of Excellence', Harper & Row, New York, 1982.

products', as their management strategies. But, with the start of the 'oil shock' era, the economic environment had drastically changed, and during the process for business recovery which began in 1978, they stuck to the 'posture of defense'. Many companies pursued business targets, such as the 'maintenance and expansion of share of existing main products' and the 'cost reduction'. Since the economic recovery, an increasing number of companies have come to lay stress on the 'offensive management' again. Along with such changes of business strategies, the intensification of knowledge within the corporation advanced, as seen in the examples of the intensified technology and knowledge concerning the products or the manufacturing process, in corresponding with the changes of industrial structure after the 'oil shock' era. Also, the ratio of the companies which intend to take more drastic conversion or diversification courses, is increasing.<sup>18)</sup>

In order to materialize such transition of priority in the management strategies more effectively, it will be necessary, not only to develop specific product strategies, but also to prepare them with the full cooperation of the organization. Each company put emphasis on conducting structural reform to cope with the depression since the 'oil shock' period, and carried out rather drastic enhancement of the management control system. During the period (1975 – 1977), they carried out improvements and the reductions concerning the profit and loss / or the financial matters, such as in the cost accounting or inventory (warehouse) control. At present, after such matters have been taken care of, the companies are now giving priority to the strengthening of the control system on the production matters, such as the quality control or process control, which are more directly related to the competitive power of the enterprises.<sup>19)</sup> Also, about the motivation measures toward general employees, they seem to choose courses which are supposed to connect with the advancement of creativity or their desire to participate.

Going along with such tendency, they have come to carry out appropriate ability development systems toward the middle management group or the general employees. The relating measures are more actively performed along with the business recovery, and they now put emphasis on measures, which are directly connected with the ability development of the middle management group and the ordinary employees. It seems they are aiming at strengthening the vitality in business, coping with the new environment, surrounding them.

It can be said that, in facing the environmental changes, Japan's management organization is changing the priority target not simply for the strengthening of the control system, but it is also trying to attain the efficient utilization of group activities, by launching motivation or the ability development measures for the organization members, with consideration to the environmental transitions. Through such measures, it is expected that the corporation will be able to develop abilities of individuals, necessary for the organization; and to facilitate cooperative activities beyond the working sections or roles; as well as to encourage creative actions by individuals in contributing further to the

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18) The previously referred paper by the Business Action Section of the Industrial Policy Bureau, the Ministry of International Trade and Industry / '83 survey of the 'Management Ability Evaluation Committee'.

19) p. 50 of the previously referred paper / '83 survey of the previously referred committee.

flexible activities of the organization.

In Japan's management organization which has such special features, therefore, it is not correct to say that only a certain structural form is considered best, but, rather, some measures which more appropriately fit to the environment, are preferred. (Actually, in Japan's management organization, it is comparatively rare that the structural reforms receive big resistance from the organization members, and they are smoothly carried out in many companies<sup>20</sup>). In the case of the American-style organization, as Mr. Williamson pointed out<sup>21</sup>, the divisional organization will be more efficient, with the expansion of the scale, from the viewpoint of the trading cost. But in the Japanese management organization, such assumption is not necessarily right. In Japan, the ratio of the companies which adopt the form of divisional organization diminished in the period of depression, triggered by the 'oil-shock', and after the economic recovery, it began to increase. Then, again, it showed a tendency of decline along with its facing obscure environmental changes, as symbolized by the recurring changes of industrial structure. The management organization in Japan is not considered to be the 'manual-type' nor it has the American-type rationalism. It possesses its particular business climate, where the emphasis is put on group activities. At the time of the severe changes in the environmental condition, it is considered more effective to try to cope with the situation, with the united organizational power, rather than with the divided authority.

Table 4-1 The Adoption Ratio of Project Team

(project team for the development of new products; new big-scale investment; and business changes)

1974	1975	1976	1977	1978	1980	1981	1982
82.6%	73.4%	69.6%	67.1%	74.7%	73.5%	81.2%	78.6%

(project team for lowering cost; rationalization; and labor saving)

1974	1975	1976	1977	1978	1980	1981	1982
74.7%	65.2%	68.0%	68.2%	70.6%	72.9%	75.8%	78.6%

(according to the same source, listed in previous tables)

Basic structural forms are not standardized in Japan's management organization, and they are handled in comparatively contingent way to the environment. On the other hand, in Japan's management organization, project teams are formed along with small group activities, for the enforcement of new strategies and the rationalization of the busi-

20) In carrying out changes or reforms of the organization, 51.5% of the companies say that 'structural operation can be smoothly conducted, even with a certain resistance from the middle and lower level workers'. And 46% of the companies say that 'structural operation will be very smoothly launched both with the middle or lower level workers'. The companies which say 'they receive a considerable resistance, hurting the structural operation', make only 2.7%. (according to a '83 survey of the previously referred committee)

21) Oliver E. Williamson, 'Markets and Hierarchies: Analysis and Antitrust Implications; Free Press, New York, 1975.

ness maintenance. Through such efforts, more mobile schemes are attempted. We look at the adopting situation of project teams, which are divided into the one for the 'development of new products; new big-scale investment; and business changes', and the other for 'lowering the cost; rationalization; and labor saving' (Table 4-1). About the former team, the ratio of adoption rapidly diminished with the start of the 'oil shock', but, after the economic recovery, it began to increase again. And, recently, the companies are utilizing it for engaging in the development of new products or new investments, in order to strengthen the competitive power. About the latter team, its adoption ratio shows a tendency of increase, and even after the special business reduction system, which had been adopted since the 'oil shock', came to the end, it is carrying out active business operations, corresponding to the obscure environmental changes. Also, it is seriously engaging in strengthening the business structure. In looking at the adopting situation of the two project teams, and its relation with the business results/the employee's morale (Table 4-2), the mobility has come to reveal the effects. And the rates of business results/the employee's morale are higher in the companies which actively adopt these project teams. It seems to mean that the project teams, which are formed with members dispatched by various divisions or sections, are showing fair adaptability to the business climate in Japan, where daily activities of the organization are carried out beyond the boundary of individuals.

**Table 4-2** Project Teams & Business Results/Employee's Morale

(project team for the development of new products; new big-scale investment; and business changes)

Category		1974	1975	1976	1977	1978	1980	1981	1982
Results	1. adopting	2.837	4.952	*5.106	5.007	*5.064	4.972	*5.077	*5.020
Results	2. not adopting	2.848	5.082	4.734	4.840	4.842	4.874	4.814	4.732
Morale	1. adopting	2.473	*3.450	*3.498	3.386	3.410	3.456	*3.464	*3.403
Morale	2. not adopting	2.355	3.283	3.188	3.342	3.332	3.337	3.236	3.148

(project team for lowering the cost; rationalization; and labor saving)

Category		1974	1975	1976	1977	1978	1980	1981	1982
Results	1. adopting	2.842	4.915	5.014	4.994	5.012	4.968	5.044	*5.017
Results	2. not adopting	2.832	5.122	4.948	4.861	4.996	4.887	4.974	4.746
Morale	1. adopting	*2.513	3.420	*3.455	3.394	3.406	*3.468	*3.459	3.376
Morale	2. not adopting	2.275	3.380	3.296	3.322	3.352	3.306	3.300	3.243

(according to the same source, listed in previous tables)

## 5. Conclusion

In the Japanese business organization, which is formed under the group-oriented structure and climate, cooperative group activities are considered important, and because of such features, it has been operated with particular emphasis on motivation or ability

development measures. By laying stress on such measures for the structural operation, it aims at advancing the morale of the organization members, or developing their abilities, necessary for the company. And organization activities have come to be carried out in comparatively flexible attitude. We notice certain practices, which are characteristic only in Japan, but at the same time, it can be said that a number of factors have come to take root in Japan and are practiced in a way matching the business climate, even though they are originated in the business knowledge and technique, commonly utilized in the American and European companies.

As mentioned in this study, the management organization in Japan can be considered to possess rather flexible structure, and, hereafter, it may be inevitable to cope with the problems surrounding the middle and advanced age workers, office automation, or the utilization of robots.