

INTRODUCTION

Only twenty years ago, books and articles about Japan were the exclusive province of a handful of Japanologists—and about as numerous. Much of this literature was esoteric and of little use to businesses and individuals interested in establishing some kind of relationship with the Japanese. Japan was an “exotic” culture, and the Japanese were “inscrutable”—this was the sum of the knowledge the intelligent business person or the curious MBA student could garner from a thorough survey of the English language material on Japan then available.

Today, the pendulum has swung in the opposite direction. The current flood of books and articles about Japan and the Japanese has left those seeking to prepare themselves for commercial interaction with the Japanese, whether as suppliers, partners, or customers, with an unmanageable and frustrating task. There are the inevitable pieces in newspapers and magazines, almost mandatory in every issue, with a periodic special issue devoted to the Pacific Century or some such “buzz phrase.” Numerous articles in many journals analyze Japanese business from various perspectives. There are hundreds of books, ranging from *The Real Art of Japanese Management: The Book of Five Rings* to *The False Promise of The Japanese Miracle*. Most books deal with specific techniques of Japanese management, especially manufacturing management, such as quality circles or just-in-time inventory control, and these are generally useful for those managers and executives who plan to apply these techniques to their own operations. Many other books are either too specialized or promote a particular point of view and are thus unsuitable for the reader seeking a broad, unbiased understanding of Japanese business culture.

The need for such an understanding is clear. Japan is the world's second most powerful economy. More important, America's

trade deficit with Japan is intolerably vast and by far larger than its deficit with any other country. Only one solution to this problem will take these two strategically crucial countries towards equilibrium and harmony: increased American presence in the Japanese market.

The substantial and rapidly increasing direct investment by the Japanese in the United States further guarantees that few American businesses will be able to avoid involvement with the Japanese. Direct competition with Japanese companies will be increasingly widespread. Direct involvement even by small businesses is becoming more frequent, as managers of Japanese owned businesses seek suppliers for parts and dealers for their products. Although many Japanese executives attempt to adapt themselves to the American ways, they have deeply held views and attitudes that they are not able or willing to give up.

The collection of readings presented in this volume makes available, in a single source, a broad introduction to the most significant aspects of Japanese business. The articles included here were selected to fit the needs of those individuals who are now, or soon will be, involved in commercial interactions with Japanese individuals and businesses. Those who expect to sell to, buy from, collaborate with, or work for the Japanese will be well served by a careful reading of this volume. Students at the undergraduate and graduate levels who envisage a similar role for themselves in the future—an increasingly likely prospect—will also find this book to be an invaluable resource.

One other reality guided the selections included in this volume. There is little doubt today of the economic and strategic importance of Japan to the United States, an importance that will certainly continue well into the twenty-first century. The U.S.-Japan trade relationship has been contentious and often nerve-racking. Some of the “bickering” and alleged Japan-bashing has left bitter residues that will continue to fester, but overall the pressure has resulted in considerable leveling of the playing field. Government-created as well as structural trade barriers have been reduced and are on the way to being eliminated. If success in competing with the Japanese, at home or in Japan, continues to elude American businesses, the reasons will henceforth increasingly have to be found in our inadequate comprehension of, and sensitivity to, the *cultural* imperatives of Japan.

The selections presented in this book provide this important cultural perspective. Articles have been included that incorporate *cultural explanations* for Japanese business practices. We have not

limited our selections to mainstream "business" journals, but have included materials that will contribute to the reader's understanding of Japanese business, regardless of the source. This cultural perspective is vital in providing the foundation for a long-lasting and productive relationship.

This book was conceived with the vision that it should serve as a *foundation* for anyone who expects to have commercial interaction with the Japanese. For a deeper understanding of a particular aspect of Japanese business and society, as may be required, for example, by a "specialist" in Japanese consumer behavior, further study and research may be required. We believe that the broad cultural understanding that this book makes available will greatly enhance the return from effort devoted to more specialized reading.

Culture Contrast

As contrasts go, there are few other pairs of culture as distinct from each other as the Japanese and the American. Japan's many centuries of history and especially its Buddhist heritage has given the Japanese an attitude of repose—the best course is to let it be: When the time is ripe, things will work out by themselves. America, on the other hand, is just a few centuries old and displays an almost volcanic vitality and restlessness. For the Japanese, social harmony has a prior claim in every circumstance; for the American, harmony is the *result* of the rational interaction of free and fair-minded people. One does not lightly deviate from traditions in Japan, many of which are centuries old; in the United States, the habits and attitudes of even one's parent's generation are suspect.

Every culture, through its legal and institutional arrangements, embodies the society's resolution of some basic human problems. These can provide a useful framework for the analysis of cultural differences. Organizations also face the same problems and usually take their cue from the prevailing culture in designing solutions to these problems. This suggests that the perspective provided by viewing culture through the framework of these problems will be useful for organizational analysis as well. The following sections present a discussion of such a framework in the context of the contrast between Japan and the United States. Before this is presented, however, we must alert the reader that the differences are stated here as being sharper than they may be in reality. On each of the dimensions discussed later, there is naturally

considerable variation within each culture, so that examples demonstrating a cultural reality opposite to the one described in this book can be found readily. Thus, the following discussion should be viewed in the perspective in which it is presented, as generalizations and tendencies rather than as absolutes.

Freedom versus Order

"The distinctive modern problem," wrote Frank Knight, "is to have freedom (enough and of the right kind) for change and progress, without having so much (and of the wrong kind) as to bring chaos or to destroy itself."¹ We will refer to this as the *freedom versus order* theme. Certainly, both Japan and the United States seek to maximize the freedom available to individuals. Yet, as the selections that follow will demonstrate, the Japanese quest for freedom for individuals is subordinate to a far greater emphasis on order and harmony that prevails throughout the society. Constraints on individual freedom that the Japanese are subject to would horrify most Americans; the Japanese, on the other hand, are disturbed by the apparent mayhem and disorder in American life. Japanese culture considers checks on egoistic impulses to be fundamentally necessary for civilized life; American culture considers the opportunity to pursue egoistic impulses without restraint to be the fundamental goal served by social and political arrangements.

This priority of order over freedom leads to the much more "intrusive" role government is expected to have in Japan, not as much in the lives of individuals as in the functioning of organizations. Here too, unrestrained pursuit of "egoistic" impulses by corporations is viewed as damaging to the social fabric. Fierce competition between companies certainly exists, but is expected to remain within the context of harmony and national interest. Government is viewed by the Japanese people as having the responsibility to ensure that companies operate within this context. In the United States, the role of government in the regulation of corporate behavior is much more narrowly proscribed. Whereas regulation has increased in recent years, a substantial group of intellectuals and business executives remain firmly convinced that government should not interfere with corporations. The paradigm at the foundation of the American economic system provides little room for businesses to incorporate considerations of "national interest" in their decision making and even less for government to monitor or impose such considerations.

Within organizations everywhere, the same tension between freedom and order prevails. The need for order is even greater within the organization, since patterned action is the essence of organized effort. At the same time, to survive in a changing environment organizations must change and grow. Organizations must thus provide employees with the freedom to initiate change and challenge established patterns of action. Through their choice of structure and process, organizations provide employees with environments containing a specific resolution of the freedom versus order problem, a resolution that is, however, consistent with the norms and values of the culture. Order and harmony take precedence in Japanese organizations: the individual's behavior, not only within the organization but even outside it, is specified in great detail. A high level of conformity to specified patterns of behavior is expected, in everything from punctuality to exchanging greetings to seating and speaking order. Even after work hours, employees are expected to conform to standards of public conduct consistent with their membership and position in the organization.

The American organization limits its regulation of employee behavior to the minimum necessary for achievement of narrowly specified organizational goals. Work rules must be observed, and basic standards of reasonable interpersonal conduct maintained. Beyond that, however, few American organizations venture to impose order, nor could they without inviting criticism and even legal action. The ideology of individual freedom prevailing outside the company presses heavily upon the organization. Unless a work rule can be shown to be specifically necessary for the performance of the work, it is probably a violation of the rights of the individual, and therefore subject to challenge in court.

Individual versus Society

In many ways, the *freedom versus order* theme just discussed is a subset of the larger issue of the balance between individual and social interests. But freedom is not the only demand that individuals make, nor order the only requirement of a civilized society. In fact, freedom is largely academic to someone who does not know where his next meal is coming from, or who does not have adequate shelter. People want access to a livelihood, a secure environment, human warmth. The pursuit of these must nonetheless be tempered with some consideration of other people's needs. To what extent does the culture encourage, or insist upon, the inclusion of

other people's interests in essentially personal decision making? Japanese culture predisposes the average Japanese individual to be much more inclusive in his or her decision making than the American culture. For example, a Japanese individual is likely to consider his or her family's viewpoint when making a decision as intensely personal as whom to marry or whether to seek divorce. Even the implications of the decision for his or her company are likely to have an impact on the decision.

For various historical and cultural reasons, as some of the selections in this book point out, the Japanese are considerably more group oriented than Americans. Individualism, a cardinal principle of American culture, is largely equated with selfishness in Japan and considered undesirable. The Japanese find themselves tightly bound up in a web of obligations and debts that affects their every action. To be born and raised in Japan is to be forever in debt to parents who made many sacrifices to nurture you and provide you with opportunities. The debt extends to all who have done you any "favor," from teachers who educated you to society in general for creating and providing the infrastructure from which all the amenities of life flow. The Japanese take these debts very seriously indeed and cannot act without considering the implications of their actions on all those who have been so kind to them. "Duty is duty," the Japanese say, and by this they mean that there is no avoiding the obligations they have incurred.

Japan's emphasis on obligations and duties is matched in the United States by an equally strident emphasis on rights. From birth onward, each individual is an autonomous being endowed with certain inalienable rights. These rights do not depend on family or community: They are *entitlements*, not favors. Parents are obligated, by law if not by any innate predisposition, to provide you with adequate care. This attitude of entitlement affects education and employment as well. One does not have to feel obligated to anyone for what one receives as a matter of right. Certainly, many Americans are endowed with a deep sense of obligation and gratitude towards those who have nurtured them, but the underlying paradigm of American life emphasizes rights rather than obligations.

Whereas success for the Japanese individual is viewed as flowing from the kindness and cooperation of many other people, American culture attributes success to the individual's drive, ambition, effort, and talent. You stand on your own two feet—or you fall. You have to look out for yourself, and you should not expect anybody else to look out for you. Raised under this ideology,

Americans tend to make limited reference to others in their decision making. Japanese culture predisposes the Japanese to ask, in every situation, "What do others expect of me?" American culture predisposes Americans to ask "What do I want?"

The individual versus society theme is found in organizations also, where the problem presents itself as *individual versus organization*. No organization can survive if it does not succeed in motivating employees to look out for organizational interests. Organizations have to structure themselves to ensure that individual and organizational interests are roughly aligned.

The difficulty of aligning individual and organizational goals in a company populated by employees who strive to maximize their own interests "above all else" is immense. The upheaval in management thinking over the past two decades in the United States, fueled by the proposition that individual interests and organizational interests are basically incompatible, is one indication of this difficulty. The American manager has an uphill task motivating employees to ask "What is good for the organization?" instead of (or at least in addition to) "What is good for me?" Japanese employees, on the other hand, are already predisposed to view their interests as being aligned with the interests of their group. Reflecting these differences, we find American organizations devoting considerable attention to the design of compensation and reward policies that ensure that organizationally beneficial behavior results in the achievement of personal goals as well. Japanese organizations, in contrast, devote their energy to furthering the perception that individual well-being rests on organizational well-being.

Equality versus Differentiation

"All men are created equal" may or may not be true, but it is certain that great differences among people exist, and are recognized to exist, at all levels and in all societies. It is neither possible nor perhaps even desirable to eliminate differentiation from human life. Equality of opportunity and equality under law are certainly worthwhile and morally necessary goals for any society, and they are pursued vigorously by both Japan and the United States. Nonetheless, differentiation and stratification exist, and will continue to exist, in all societies. Distributions of power and influence, reward and punishment, and respect and status are far from uniform in human life anywhere.

Societies differ in the nature of the balance they seek between equality and differentiation and in the institutional arrangements they make to operationalize their vision of equality. The American vision rejects all bases for differentiation except *merit*. Yet, in real life merit turns out to be difficult to assess, and a great many other criteria creep into the processes by which power, privilege, and respect get distributed. The struggle to eliminate differentiation on the basis of race, ethnic background, and sex continues on many fronts and is far from over. In the mundane world of everyday interaction, the American vision of equality displays considerable vitality. The use of first names, regardless of age, sex, or relationship, is perhaps the most visible symbol of the American ideal of equality.

The Confucian ideal of family and society, on the other hand, considers hierarchy to be natural and unavoidable. Japanese culture does not set out to eliminate differentiation but to legitimize it. Acceptance of and respect for the hierarchical order of society is fundamental to the Confucian strategy for achieving harmony, and no goal is greater than harmony. The Japanese thus do not share the American vision of equality. In fact, differences of rank are among the most pervasive social realities in Japan. Every social encounter requires knowledge of the relative ranks of the parties to the encounter: everything, from the proper form of greeting to the appropriateness of the content of the interaction, depends on rank. Far from eliminating the identification of differences in everyday speech, Japanese language is suffused with connotations of differentiation.

Centuries of tradition have left the Japanese with a clearly gerontocratic social order: The most widespread basis of differentiation is simply age. Rank, respect, and usually power and privilege correlate closely with age in Japan. There is, furthermore, a sharp differentiation of sex roles, with women accorded a lower status even though their role as homemakers and caretakers is regarded as critically important. Historically, Japanese society was also sharply differentiated by class. With the abolition of class at the end of the nineteenth century, education emerged as an important basis for differentiation in addition to age. Although division by race does not plague Japan to the same extent that it does the United States, this may be not so much because Japan is less racist but because the population is remarkably racially homogeneous. In fact, discrimination against even long-established groups of Koreans in Japan and the historical distrust of all foreigners suggest that the all too human tendency of associating differences

of race with differences of character is not alien to the Japanese culture.

In summary, the American vision of society rests on a premise of equality, but legitimizes merit as a basis for differentiation. This attempt to achieve a meritocratic social order is frustrated by difficulties with the measurement of merit. The Japanese vision of society begins with an acceptance of the necessity of differentiation, and legitimizes sex, age and education, all more objective than merit but only weakly linked to performance, as the criteria for differentiation. There are immense pressures in modern Japan that are operating to undermine this reality, but for the most part the traditional Japanese vision of society continues to dominate. Curiously, in spite of the American ideal of equality and the Japanese acceptance of differentiation, American society seems to contain a much greater variation in the distribution of power and privilege. For example, the difference between the highest and lowest salaries of a typical business organization in the United States can be ten or twenty times the difference in Japan. Similarly, some symbols of differentiation, such as private offices and reserved lunchrooms, are widespread in the United States but relatively rare in Japan.

The *equality versus differentiation* drama is played out even more sharply in organizations than in the larger society, because organizations everywhere are blatantly hierarchical. The pyramid is the most common image for representing organizations with good reason: organizational efficiency and effectiveness virtually demand a steep gradient in the distribution of organizational power. The American employee is in a curious and unenviable position: Raised in an environment saturated with the ideology of equality, educated in schools where he or she is often encouraged to address teachers by their first names, the employee suddenly faces a lifetime of having to follow orders from people who must be acknowledged as "superiors." One suspects that this discrepancy between the environment and the organization contributes substantially to the American experience of organizational life as oppressive. For many, this frustration and resentment, even if experienced only unconsciously, is made worse by the extent of the inequality, especially with regard to income. American organizations attempt as a matter of policy, and law, to pursue the ideal of a meritocracy, but run up against the same problem of objective assessment of merit that the larger society confronts. One consequence of this state of affairs is the vast distance between "labor" and "management" that prevails in the United States.

Organizational realities and environmentally engendered expectations are much more closely aligned in Japan, with the consequence of lower levels of frustration and resentment. Deep divisions between labor and management are rare, made even less probable by the policy of exclusively internal promotions utilized by most Japanese organizations. Age, sex, and education determine rank and income in the early stages of one's career; at higher levels of the organization, promotion is determined by the additional criterion of performance in eliciting harmonious cooperation from subordinates and colleagues. In the assessment of these leadership qualities, the Japanese likely confront the same problem as faced by American managers in their attempt to measure merit.

Change versus Continuity

If there is anything in life as certain as death and taxes, it is change. Societies must change in response to changes in their environments or be doomed to serious decline. Processes internal to the society, such as science and technology, produce imperatives for change as well. But change is stressful, and humans come equipped with a decidedly finite capacity for change. Furthermore, many aspects of life are considered worth keeping constant, including time-tested values and political institutions. The very identity of a society depends on continued adherence to what it considers to be basic to its character.

Cultures differ in terms of the encouragement and legitimacy that they provide for change. The "frontier" mentality, the quest for change that is at the core of the immigrant's motivation, and the freedom to exploit abundant natural resources have given Americans a predisposition to embrace and perhaps revere change. Traditions acquire staying power over time, and America's relatively brief history has left it far less burdened by the inertia of ancient beliefs than Japan. The American economic system, with its free competition ideology and its protection of intellectual property rights, is perhaps the most energetic engine of change the world has ever experienced. The endless stream of scientific discovery, technological miracles, and new products that have issued forth from the minds of Americans have transformed not only the United States but the whole world as well.

Changes in the material conditions of life have a profound impact on social consciousness. At least in the past few decades, American society has undergone tremendous change: Each new

generation seems determined to find its own way of life. Of these, changes in the fundamental institutions of marriage and family promise to have the most far-reaching effects.

Japan, too, has experienced tremendous changes throughout its history. Japan's economic performance could never have been what it is today without these immense changes, especially of the past 125 years. But the essential character of these changes differs significantly from the internally driven dynamic of change in the United States. Great change in Japan has been episodic rather than evolutionary and almost always triggered by external pressure. The most effective of such external pressure has come—and continues to come—from the United States. While the West was boldly marching into the twentieth century, Japan had shut its doors to the world in the seventeenth and imposed on itself a social system based on the philosophy of a sage who lived 2,000 years earlier. Commodore Perry's black ships triggered the downfall of the 250 year old regime of the Tokugawa shogunate and ushered in a revolution in Japan's way of life. The next great transformation in Japanese life was also brought about by Americans, during the allied occupation at the end of World War II. Once again, the Japanese people were subjected to a revolution in their way of life primarily under the influence of external pressure. The current attempt by the United States to force Japan to eliminate trade barriers continues this process.

In terms of the *change versus continuity* theme, Japanese culture urges continuity almost as much as American culture encourages change. At the core of the explanation for this difference lies the Japanese understanding of *time* as cyclical, more allied to the ebb and flow of the seasons than to the inexorable and linear march of events. The present confluence of circumstances is only temporary and thus does not call for an aggressive response. In time the disturbance will fade and things will return to their original alignment. This view also supports the Japanese tendency to avoid confrontation in interpersonal contexts.

For the Japanese, the continuity of their family's good name is a constant requirement in all their dealings with the world. The more ancient the family name and the good work associated with it, the greater is the honor it brings to the current generation. Ancestors are a palpable living presence in Japan, not merely memories but a spirit or *kami* that watches over its descendants. The Japanese individual is thus reluctant to deviate radically from the path laid out by his or her ancestors. In the case of social and political arrangements, Japanese culture provided the strongest

basis for the legitimacy of the status quo: divine sanction. Any attempt to deviate from the status quo led to severe penalty, even death, especially under the Tokugawa regime from 1600 to 1868. Buddhism also contributes to the Japanese preference for continuity, through the resignation to destiny that it promotes.

The American enthusiasm for change and the Japanese preference for the stability of the status quo extends into organizations in each society. Effervescence, vitality—and turnover—characterize American organizations, many of which pursue new ideas relentlessly, as a matter of basic policy. This image of the innovative, adventurous organization must be tempered, however, with a reminder that American organizations do not ignore the need for stability. Large segments of the organization continue unchanged from day to day, and resistance to change is not rare. Similarly, Japanese organizations must also change if they are to succeed, and in some ways they display even greater flexibility than many American organizations. Change in Japanese organizations is more incremental and deliberate, however, and embedded in a context of continuity of the essential character of the organization, usually articulated as the founder's values. "Lifetime" employment and the avoidance of mid-career recruitment further contribute to the sense of continuity and stability.

Material versus Spiritual

For most of us, life is an endless series of interactions with the material world, forced on us by the simple necessity of keeping food on the table and a roof over our heads. Most of our goals relate to the business of improving the material conditions of our lives. Our preoccupation with the material world is reflected in the domination of materialistic concerns in culture. Still, since the earliest days of civilization, humans have taken time out from the pursuit of the *means* of existence to respond to a deeply felt need to ponder the *meaning* of existence. Cultures differ not only in the mix of answers to spiritual questions that they make available to people but also in the emphasis they place on the spiritual quest. In American culture, the spiritual dimension coincides almost entirely with the religious, which in turn is dominated by Christianity. Religion, and thus the spiritual quest, is regarded as being quite distinct from the secular, material world. This institutional separation does not prevent many Americans from integrating their religious beliefs with the rest of their lives, but for many oth-

ers, spiritual and material seem to have no relevance for each other. Thus, the mix of answers to spiritual yearnings available to Americans is quite narrow, and the culture does not give the spiritual dimension any significant salience.

In Japan, until only recently, the emperor was considered to be a direct descendent of the Sun goddess, the highest deity of the Shinto religion. Shinto was at one time the state religion; at other times, Buddhism was actively promoted by Japan's rulers. Government involvement in religion is prohibited today, but for many Japanese, the material and spiritual aspects of life are inseparable. Survey results suggest that about 95 percent of the Japanese people subscribe to both Shinto and Buddhism. Shinto's *kami* are everywhere, in the forests and hills, but also in modern machines: The Japanese have a festival for the *kami* of the machine and make offerings at shrines of these *kami* to express their gratitude for the blessing represented by the machine. A Shinto ceremony is conducted, to give another example, for the souls of animals sacrificed in animal experiments.

Buddhism urges its devotees to work relentlessly to achieve enlightenment: Here, too, the effort is to be exerted in daily life, not in some sanctuary away from the material world. Buddhism penetrated into the daily life of the Japanese people even more thoroughly than Shinto through its association with almost every cultural activity popular in Japan: calligraphy, painting, poetry, and so on. In all of these, perfection is achieved only by approaching the activity spiritually, as a context for self-development.

It therefore comes as no surprise that in Japan the spiritual dimension is integrated into organizational life as well. Many Japanese organizations commit considerable resources to the pursuit of spiritual development by their employees. But even more fundamentally, organizational philosophies of Japanese companies often rest on the premise that work should be performed with the correct "spirit" or attitude. Poor performance is most often seen as a spiritual failure, and in severe cases employees are sent to boot camp-like programs for spiritual rejuvenation.

Many of the specific patterns of behavior of the Japanese people, both in and out of the organization, are more readily intelligible when viewed through the framework presented here. The selections included in this book are divided into five sections. Section I, "The Cultural Environment of Japanese Business," deals with the institutional arrangements and cultural forces that create the context for the Japanese organization. Section II, "Communication and Interpersonal Relationships in Japan," consists of selec-

tions on the behavior of the Japanese people in a variety of situations. Section III, "Institutional and Legal Environment of Japanese Business," examines the impact of government, law, and education on business in Japan.

Section IV, "Management and Marketing in Japan," has selections about some of the practical consequences of the impact of culture on Japanese business. Finally, Section V, "Manufacturing: The Japanese Approach," reveals some essential but less familiar "secrets" of Japan's extraordinary success with manufacturing.

SECTION I

The Cultural Environment of Japanese Business

The basic premise of this book is that further progress in the commercial relationship between Japan and the United States will increasingly require a deeper understanding of Japanese culture. In these brief introductions to each section of the book, we attempt to draw out the cultural significance of the selections by linking the authors' writing to the framework discussed in the Introduction. In Section I, we bring together four articles that begin to describe the cultural context within which Japanese business operates. The sections that follow maintain this cultural focus, but apply it to more specific aspects of Japanese business.

The first selection, "The Source of Japanese Management," is an excerpt from an insightful book by Kunio Odaka. The change versus continuity theme is immediately engaged, as Odaka tries to resolve a conflict between two opposing theories regarding the origins of the personnel practices of modern Japanese business. The "immutability" theory insists that these practices were established during the Edo period (1600–1868), whereas the "postwar evolution" theory suggests that these practices are actually the result of Japan's rapid industrialization after World War II. Odaka finds the truth to be somewhere in between these two camps, but points out that modern Japanese business cannot be understood without reference to seventeenth and eighteenth century Japanese society. His review of that period of Japanese history confirms our suggestion in the Introduction, that traditions influence Japanese culture much more strongly than they do American culture.

Odaka's description of Japanese society during the Edo period provides substantial evidence for the proposition that, when it

comes to the choice between freedom and order and between individual and society, Japanese culture has consistently leaned toward order and society. Terms like close-knit communities and groupism, often used today to describe Japanese organizations, are apt descriptions as well of Japanese society more than two centuries ago. Then, just as today, the destiny of individuals was viewed as being firmly tied to the destiny of the community to which they belonged. Odaka finds that the most prominent characteristics of Japanese human resources management, such as lifetime employment, seniority-based promotion and rank, and the ideology of selfless devotion to the company, are a natural extension of the social reality of the Edo period.

The equality versus differentiation theme is also addressed by Odaka as he examines life during this period. The strongly hierarchical, seniority-based society that existed during this period is a direct precursor of the rank structure of modern Japanese business and society. Within the communities of the Edo period, seniority was an inviolable basis for status, and the "elders" commanded absolute obedience from the community at large. This is quite akin to the "gerontocratic" social order that prevails to this day in Japanese organizations. This juxtaposition of egalitarianism with a pervasive rank structure based primarily on age is one of the most interesting features of modern Japanese society.

Tobioka Ken, in his chapter, "Japan's Matrix of Nature, Culture, and Technology," suggests that the high level of Japanese technology is intimately related to the spirit of traditional arts like flower arranging, tea ceremony, and so on. He traces the development of group orientation and the institutionalization of seniority to the impact of land and climate: wet-paddy rice cultivation required close cooperation among members of a community and survival in the face of the frequently violent weather required the kindness of neighbors. Hierarchical patterns of relating arise naturally in groups of people who cooperate to achieve common goals. Ken's chapter contains a series of fascinating suggestions about the genesis of the Japanese character, including, for example, eating, sleeping, and bathing habits. It is relevant to note that the existence of "group orientation" (individual versus society) and "institutionalization of seniority" (equality versus differentiation) is so commonplace and self-evident in Japan that Ken finds it unnecessary to try to demonstrate their reality and seeks only to explain their cultural roots.

In the excerpt from "Confucianism and Japanese Modernization: A Study of Shibusawa Eiichi," Kuo-hui Tai presents an

insightful analysis of the life and work of Shibusawa Eiichi, who has been called the father of Japanese capitalism. In premodern Japan, the merchant class was accorded the lowest status in society, lower than the samurai, the warrior class, and lower even than the farmers and artisans. The samurai followed a strict code of behavior, called bushido, which consisted of principles drawn mostly from Confucianism and included among its precepts fierce loyalty and high standards of ethics. The true follower of bushido considered the material world to be base and not worthy of the slightest attention, and thus a life devoted to material gain was viewed in old Japan as lowly and demeaning.

Although the samurai exemplified the utmost application of bushido, the code of the samurai became the ideal to which the rest of the population also aspired. Thus, bushido became identified as the Japanese spirit or, as Inazo Nitobe characterized it in a widely read book by the same name, "The Soul of Japan."

It was in this context that Japan was faced with the challenge of modernization at the start of the twentieth century. Shibusawa Eiichi recognized that the widely held perception of business activity as base and demeaning would have to change if Japan was to enter the modern era. In this excerpt, Tai documents the extraordinary life of Shibusawa and his attempt to demonstrate that business is compatible with Confucianism and bushido. Shibusawa's writings are still very popular in Japan, and his influence on Japanese business is immeasurable.

Shibusawa urged on Japanese businessmen a unique marriage between bushido and commercial talent. It is interesting to note that, although the other great Confucian culture, China, found it necessary to break with Confucianism in order to modernize, Shibusawa insisted that Japanese business retain the Japanese spirit. This reflects the strong tendency within Japanese culture to prefer continuity to radical change. There could be no better statement of this tendency than Tai's conclusion from his review of the history of Japanese industrialization: "What deserves our attention is that the Japanese always insist on maintaining the Japanese spirit: They can revise, reinforce, or adapt it, but never are willing to abandon it completely in favor of total Westernization."

The other theme from our framework for which we find considerable evidence in Tai's article is material versus spiritual. Not simply the constant reference to "the Japanese spirit" but the entire tone of Shibusawa's work reflects the greater comfort and concern that Japanese culture has with the spiritual dimension of human existence. In fact, Shibusawa's life's work could be summarized as

an attempt to endow business activity with a spiritual patina, a task he presumably found necessary because of the prevalence of the spiritual quest within Japanese culture.

The last selection in Section I, "The Influence of Confucianism and Zen on the Japanese Organization," utilizes concepts from Western social science to reveal the processes by which Japanese culture has influenced the form and functioning of the Japanese organization. Subhash Durlabhji, one of the editors of this book, distinguishes between utilitarian and affective relationships and demonstrates that, under the influence of Confucianism, the Japanese people find it difficult to establish utilitarian, contractual relationships. An affective, trusting relationship is a prerequisite to even limited business interactions in Japan, which is why the most frequently heard advice about doing business with the Japanese is to take the time and patience necessary to build a relationship before expecting successful business dealings. From Zen, according to Durlabhji, "the Japanese people get a set of attitudes, predominant among which is a distrust of rational and logical processes." Zen teaches the Japanese to be more in tune with the intuitive side of their minds and to avoid exclusive reliance on the direct, logical approach, both in the context of work and in the context of interpersonal relationships. Japanese involvement with Zen practices, even in business contexts as indicated in this selection and also in the selection by Thomas P. Rohlen in Section III, reflects the perception held in Japanese culture that the truly meaningful life cannot be achieved without the correct spiritual understanding.