

# The Corporate Community and Changes in the Japanese-style Employment System

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This article examines the historical transformation of the “corporate community” in Japan in terms of its relationship with the employment system. The corporate governance, labor-management relations, and personnel systems that underpin the Japanese corporate community were formed after World War II, although some companies adopted new management systems and practices that showed continuity from the period around World War I through the postwar period. The corporate community has provided stable employment for core employees, nevertheless many studies have shown that Japanese workers do not make particularly positive assessments of their employers. And it has been noted that throughout the period of rapid economic growth (1955–1973) employees’ sense of belonging continued to decline, with a corresponding drop in degree of satisfaction. Amid financial market reforms and sluggish economic growth from the 1990s onward, employers reassessed corporate governance and human resource management so as to emphasize the interests of shareholders, but since the late 2000s, there has also been movement back toward protecting the interests of employees. Workers’ mentalities are changing to adapt to increased competitiveness, and young people are increasingly inclined to select more stable jobs and workplaces. It is clear that the corporate community as a whole is also adapting to a more competitive environment, but the pace of change is gradual. The fact that the corporate community is often a hotbed of corporate scandals, and the issue of how to treat employees fairly, remain major challenges. Resolution of these issues requires a new paradigm for the corporate community, geared towards resolving conflicts among different value systems.

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## I. Issues of concern

This article examines the historical transformation of the corporate community in Japan in terms of its relationship with the Japanese-style employment system. Here the “corporate community” refers to communitarian natures of Japanese companies, which are characterized by the nation’s traditional concepts

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including corporate governance, labor-management relations, and personnel system. While the Japanese corporate community is known to have made the nation's enterprises internationally competitive and delivered stable standards of living, this success was mainly achieved through regular male employees. In contrast to these aspects, it is equally important to note that its excessively company-centric and closed mentality have long been criticized. In a business environment characterized by long-term sluggish growth and advancing globalization, the questions of whether the corporate community will disintegrate or endure, and what kind of form it will take if it does endure, are crucial when considering the future of the Japanese employment system and work styles. Although there are various issues related to the changing corporate community in Japan, this article focuses on the issues of corporate governance and employee mentality, and examines them from a historical perspective.<sup>1</sup>

This article will first summarize the relationship between the concept of the corporate community and its characteristics and the employment system. Next, it will look at the formation of the corporate community during the period lasting from before to after World War II. Finally, focusing on the latter half of the 1990s, when there were significant changes in the business environment, it will discuss the transformation of today's corporate community and related issues through analysis of changes in financial markets and corporate governance, employee mentality, and youth attitudes during a deflationary economy.

## **II. The corporate community and the Japanese-style employment system**

### **1. Corporation and concepts of community**

“Community” is a fundamental concept in sociology, but it is ambiguous and controversial one. Its classic sociological definition involves (1) a group of people with specific social relationships, (2) a sense of belonging and solidarity, (3) self-sufficient activities within a certain geographical area. However, in recent years it has often been discussed in a manner that transcends locality, and is used as a construct for the sense of identity and affiliation. Reconfiguration of the concept of community is progressing, based on the perception that people's desire for a sense of belonging is intensifying amid the present-day instability that post modernism and globalization bring (Delanty 2003, 2006).

A corporate organization, in particular a workplace group or other organization to which employees belong, is assumed to be a network of social relationships that is bound by economic interests, and is commonly understood as an “association” with limited degree of relationship, in contrast with a community.

However, many surveys and historical studies have indicated that companies take on the nature of communities in various ways (Jacoby 1997, 1999; Tanaka 2001). Also, the communitarian nature required for corporate management has been discussed in criticizing the adverse effects of business practices arising from excessive pursuit of self-interest (Solomon 1994, Mintzberg 2009, Otsuka 2017).

### **2. The corporate community in Japan**

Joint Japan-UK research by Dore (1973, 1987) and Hazama (1974) showed the communitarian nature of Japanese companies. Differences between the communitarian nature of companies in the two countries were clarified based on interviews and questionnaire surveys conducted from 1966 to 1969. Dore (1973, 1987) showed that regarding differences in the scale and scope of employee benefits, in the UK workers took a skeptical attitude towards companies' benefits and believed that companies prioritize productivity over employee welfare, while in Japanese companies the divisions in charge of employee benefits were deeply involved in various aspects of employees' lives including ceremonial occasions like weddings and funerals, leisure activities and so forth. In terms of employees' relations with companies, while workers in the UK sought to limit their participation with the company and maintain individualism, Japanese workers had high expectations for their companies and accordingly showed lower satisfaction levels for the same survey items. Furthermore, while British workers tended to evaluate their companies based on the local labor market, their

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Japanese counterparts compared their companies with others in the same industry. These findings indicated that differences in the communitarian nature of corporations are closely related to the attitudes of workers.

Hazama stated that corporate organizations in the UK have the strong character of associations, while those in Japan have a strong communitarian nature. On the contrary, labor unions in the UK have a strong communitarian nature while those in Japan take on the character of associations. Furthermore, there are intrinsic correlations among degrees of communitarian nature and individualism, and the formation of hierarchies, and the communitarian nature of Japanese enterprises is characterized by abnormal levels of diligence, lack of social justice, and corporate egoism (Hazama 1974; Inagami 1999).

### **3. The employment systems and diversity within capitalism**

The corporate community in Japan is thought to be rooted in the Japanese-style employment system (Inagami 1999; Sato 1999; Sato 2012). Abegglen (1958, 2004) pointed out the relationship between corporations' communitarian characteristics and social institutions, while Dore (1973, 1987) employed the concepts of "market-oriented" and "organization-oriented" systems to show that the Japanese corporate community is inherently defined by the Japanese-style employment system.

The view that employment relations in a particular country are embedded in the wider social and cultural structure has been developed into the "diversity within capitalism" model seen in developed countries (Sako 2005). Many issues including corporatism, regulation theory, varieties of capitalism, etc. have been discussed in terms of how the capitalist system of developed countries differ and how they evolve (Albert 1992, Coriat 1992; Tanaka 2001; Yamada 2008; Hall and Soskice 2001, 2007). The Japanese employment system has been cited as one of the diverse capitalist models. Today, with the globalization of economic activity progressing, the possibility of Japan's relatively unique system undergoing a change is once again being debated (Olcott 2009, 2010; Yamauchi 2013; Suda 2015; Ichimori 2016; Yashiro 2017).

Discussions of corporate community are focused on labor-management relations within enterprises, but from the standpoint of the capitalist system, various other aspects merit examination, such as government involvement in industrial policy, corporate organizations and industry associations, and social networks among individual employers. Many international comparative studies have identified communitarian ties in the form of mutual relationships among government, industry associations, labor unions, and individual company employees (Anchordoguy 2005, 2011; Hall and Soskice 2001, 2007).

## **III. Historical background of the corporate community**

### **1. The capitalist system before World War II**

How was the corporate community formed in Japan? From the perspective of the relationships between employers and workers within enterprises and between elements of the employment system, the conditions required to form a corporate community which emerged after World War II did not exist before the war. There are especially significant differences in terms of corporate governance before and after the war. Prior to the war, shareholders' influence on corporate management was stronger, and income disparities between management and workers were also larger. Moreover, clear hierarchical distinctions were observed among workers, and employee benefits for blue-collar workers were limited as well. Workers frequently changed jobs, while managers and foremen were always unsatisfied with workers they viewed as lazy (Gordon 1985, 2012).

Shareholders' powerful hold over corporate management was prominent before World War II, especially during the Meiji Era (1868–1912), and there existed the structure of what would today be called shareholder-value oriented corporate governance. Newly established companies were required to pay high dividends to general shareholders. Just like general shareholders, company executives tended to demand high dividends as they, in a way, represented the interests of major shareholders and many of them served as concurrent and

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part-time executives. (Takamura 1996: 167).

The ratio of executive bonuses to profits was much higher before World War II than after. The incentive system for executives was designed to be consistent with the interests of shareholders, and management was strongly motivated to boost profits. Prior to the war, the majority of earnings were immediately distributed to shareholders, in accordance with the amount of profits (Okazaki 1993: 105–106).

## **2. The rise of full-time corporate executives and expansion of internal promotion**

However, there were some attempts which might be the basis of the postwar corporate community even under these circumstances. For example, some companies sought to curtail the influence of shareholders for the sake of the corporate long-term prosperity, and systems of internal promotion and employee benefits were introduced in order to secure and maintain a stable workforce. These trends are considered to have emerged from attempts to revise or alter the “prewar system.”

The emergence of full-time corporate executives in the Meiji-era companies largely related to these trends, and the number of full-time corporate executives had gradually increased since the end of the Meiji Era. This is mainly because of management issues such as introduction of new technologies, cultivation of sales channels, management of the workforce, and fund procurement, which could not be handled effectively by shareholders acting as part-time directors, as well as directors including chief engineers, factory directors, and general managers amid the competitive domestic and international business environment of the time. Full-time corporate executives took shareholder interests into account while increasing loyal shareholders and building a trust-based relationship with them (Morikawa 1981; Miyamoto, Abe 1999).

As for white-collar workers, major textile enterprises, for example, began to adopt mechanism for profit allocation between management and senior employees, which functioned as an incentive for employees who were graduates of higher education institutions, valuable human resources at that time, to continue to work for the same employers, gradually resulting in employees’ longer service (Yonekawa 1985). Throughout the Taisho Era (1912–1926), Mitsui & Co., Ltd. encouraged white-collar workers to work for a long term by establishing a unique pension scheme (retirement payment system) and increasing dormitories for singles (Wakabayashi 2007).

These measures were taken as incentives for university graduates and other similarly qualified personnel, seen as vital assets for companies as the business world modernized, to continue working there. With regard to white-collar workers, to expand the coinciding interests of senior executives and senior white-collar workers and the employee benefits that prompted their long-term service became basis of the postwar corporate community. However, it is important to recognize that differences existed, as hierarchical disparities among employees were extremely large compared to today, dismissals were frequent, and long-term employment did not necessarily mean job security (Yonekawa 1985).<sup>2</sup>

## **3. The growth of managerial paternalism**

As for blue-collar workers, labor-management that later led to the corporate community model developed through the growth of managerial paternalism at large factories, in industries such as textiles, mining, and shipbuilding, from the late Meiji through the Taisho Era (Hazama 1964; Hazama 1996: 112). At textile mills and coalmines, workers lived near the work sites, and labor-management covered all aspects of their life. Many of these mechanisms were heavily influenced by the British textile industry, which operated mills with workforces consolidated in a specific area, and systems of employee benefits as seen in the Welfare Capitalism gaining prevalence in the United States. Welfare Capitalism was, by the way, near to the stance of excluding labor union movement and state intervention (Jacoby 1997, 1999: 19).

Sanji Muto of Kanegafuchi Spinning Co., Ltd. was a key figure that aggressively developed a managerial paternalism style of labor-management in the late Meiji and Taisho eras. Muto was also a chief executive who tried to consciously solve the problematic dilemma of balancing the interests of shareholders and employees

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(Kawai 2005). While recognizing that he was the primary guardian of shareholder interests (Kawaguchi 2004), Muto actively sought to improve employees' facilities and working conditions, developing a number of measures to balance what we would today call "shareholder-oriented" and "employee-oriented" approaches.<sup>3</sup> He worked to build shareholder trust with high dividends and active investor relations, while also expanding employee benefits (called at that time a "happiness promotion program") when operating results showed an upturn (Yamashita 2017). Before the war, the managerial paternalism expanded mainly at large factories, which definitely improved working conditions of blue-collar workers to a certain extent. However, it was only framed in the context of prewar hierarchical distinctions within companies, and there were limits to its scope in that the status of white-collar workers and blue-collar workers was clearly differentiated.

#### IV. Formation of the corporate community in postwar Japan

After the nation's defeat in World War II, Japanese society went through unprecedented processes of conflict and adaptation in terms of both political philosophy and social values. The corporate community was formed amid the transformation of labor-management relations, to which vast amounts of political and social resources were dedicated.<sup>4</sup>

Hazama has enumerated the conditions that became the norm for Japan's corporate community after the war. First, large companies, in particular the prewar *zaibatsu* conglomerates, were divided up as a result of the defeat and capital was diversified among many individuals and institutional investors. Second, working conditions of employees were determined through labor-management relations within the company and were influenced by corporate performance, so the interests of companies and employees were aligned. Third, the custom of steady long-term employment spread as a result of opposition to employee dismissals by labor unions, which were legitimized after the war, and their calls for age- and seniority-based living wages to struggle against hard living in the impoverished postwar environment. Thus company and employee more practically share the common interests. Fourth, many of management positions were gradually filled through internal promotion of regular employees, and labor unions campaigned to eliminate discrimination against union members, so both labor and management came to have friendly or cooperative relations rather antagonistic, class-based conflict (Hazama 1996: 112–113).

Although the corporate community formed after the war provided core workers with secure employment and stable livelihood, workers' sense of belonging and job satisfaction were by no means high. According to Odaka (1965), sense of belonging among steel workers declined from the early 1950s through the rapid economic growth period (1955–1973). The joint study by Dore and Hazama (Hazama 1974) conducted in the latter half of the 1960s, which compared evaluation on the employers by Japanese and UK workers, found lower levels in Japan: 67.4% in Japan and 82.5% in the UK in the steel industry, and 82.5% in Japan and 91.2% in the UK in the electrical equipment industry.

Ishikawa (1975) noted that during the period of rapid economic growth, while steep rises in labor productivity were achieved through rationalization of operations at large private-sector companies, leading to increased wages for workers, they began to regard companies or labor unions rather as a means of making a living than as objects of loyalty or self-identification (Ishikawa 1975: 183).

Hazama stated that employee attitudes during this period of robust growth were not necessarily those of sense of belonging, love of company, or loyalty, but rather the interests of the company and its regular employees were in alignment, and the growth of the company was equated with the stability and improvement of regular employees' standards of living (Hazama 1996).

Based on a 2000 international comparative survey, Shiraishi (2005) showed that workers in the electronics and electronic industry placed in the low-end group internationally in terms of overall evaluation of workplace conditions, and while there are positive factors such as highly multi-skilled blue-collar workers and high levels of decision-making authority, autonomy, and skill acquisition, overall satisfaction with working

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conditions is extremely low, due in large part to relationships with supervisors and coworkers and excessive workloads (Shiraishi 2005: 27).

In light of the above, discussions related to the corporate community in Japan have clarified the internal structure of the so-called “Japanese work style,” including the distinctive Japanese sense of “working for a particular company” (as opposed to “doing a particular job”), the tendency to prioritize work at the expense of personal life, the negative correlation between the levels of employee expectations to companies and those of employee satisfaction, the expansion of employers into workers’ personal lives so that even after working hours the latter spend time in groups financially supported by their companies or with co-workers, customers or other work-related people, and internal promotion systems open to employees.

These insights have provided a framework for subsequent field surveys of companies, research has accumulated, and methods of identifying how workers in Japan work have been developed. While the business performance of Japanese companies has been evaluated positively since the 1980s, one viewpoint in the discussion of corporate community is critical of the way companies strongly stipulate not only how employees work but also how they live their lives, with such phenomena as “compelled spontaneity,” the “company man/woman,” and “corporate society.”<sup>5</sup> These critical perspectives on work styles are not only important in light of widespread recent questioning of work styles, but also as a benchmark for the self-image of the Japanese work style.

## **V. Sluggish growth and transformation of the corporate community**

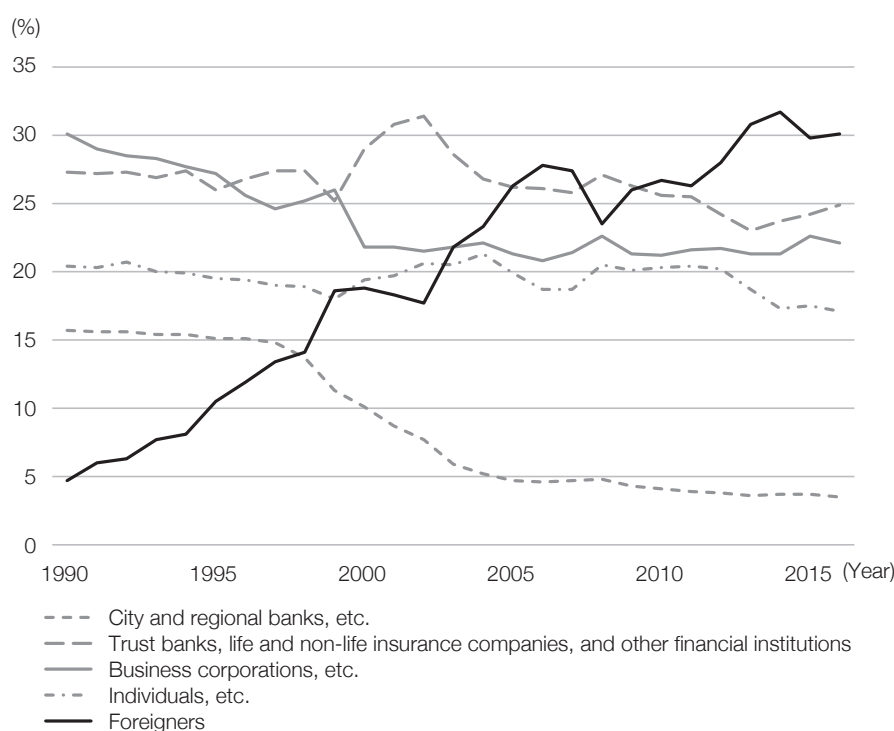
### **1. Trends in corporate governance**

With the amendment of the Companies Act, against the backdrop of a long-term economic downturn after the collapse of Japan’s economic bubble (1986–1991), the financial crisis in 1997, and the globalization of the economy, it became easier to bring shareholder lawsuits, and existing companies were able to change to a committee governance structure (companies with nominating committees, etc.). Characteristic changes in Japanese corporate governance as a consequence include changes in ownership structure centered on cross holding of shares and a rise in the ownership ratio of institutional investors, primarily overseas investors (Miyajima, et al., 2013). Figure 1 shows transition in shareholding ratios by investor category, and the ratio of foreigners (consisting mainly of foreign corporations) exceeded those of city and regional banks in the latter half of the 1990s, and became the highest of all categories in the 2000s.

It was thought that changes in financial markets would force management to focus on shareholders. In the mass media, there were growing arguments that corporate governance should be reviewed from the standpoint of countermeasures against corporate scandals and improvement of corporate competitiveness. Significant attention was given to the influence of changes in governance, as emphasis on employees had been one of the characteristics of conventional Japanese corporate governance.

Table 1 lists data on newly appointed executives’ views of different stakeholders, from a survey conducted by Japan Management Association (JMA). The percentage of those emphasizing shareholders surpassed the percentage of those emphasizing employees by nearly 10% in the early 2000s, confirming the fact that emphasis on shareholders was growing at this time. However, with a substantial drop in 2006, emphasis on shareholders has been declined except for some fluctuations, and the percentage placing priority on employees has exceeded that prioritizing shareholders (Public Relations Committee of JMA Group 2012). Examining changes in the 2000s, Dore shows that an increase in salary and bonus per executive and dividends to shareholders, which had been growing until the first half of the 2000s, tended to be curtailed from 2007 onward (Dore 2014: 209).

Based on a 1999 survey, Inagami (2005, 2008), described three models of corporate governance: 1) the classic shareholder model, 2) the sophisticated shareholder-value oriented model, and 3) the pluralistic model. Trial calculations from a survey of executives of large corporations showed that models 2 and 3 gained the



Source: Prepared on the basis of survey by Japan Exchange Group, 2017.

Figure 1. Transition in shareholding ratio by investor category (1990–2016)

Table 1. Stakeholders most prioritized by company executives

	(%)											
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Shareholders	39.2	36.5	40.5	38.4	37.4	25.1	25.5	29.1	19.0	22.2	19.7	18.2
Employees	27.3	26.6	33.3	25.8	31.8	42.3	47.2	45.3	51.6	43.7	43.7	45.0
Customers	20.0	23.6	12.9	21.5	17.3	18.3	16.1	18.7	20.1	17.5	20.1	23.0
Suppliers	0.0	1.7	0.0	0.4	0.5	0.0	0.6	0.0	0.0	0.4	0.9	1.1
Society	9.4	7.3	8.6	9.0	10.3	9.1	7.5	5.4	6.5	13.1	11.4	8.6
Others	2.4	3.7	4.3	3.9	2.8	4.0	2.5	1.5	2.7	2.8	3.5	3.0

Source: Prepared on the basis of survey by Public Relations Committee of the Japan Management Association Group, 2012.

combined support of 90% (Inagami, Research Institute for Advancement of Living Standards 2000, Inagami, Mori 2004: 4; Inagami and Whittaker 2005).

While emphasizing shareholder interests has been on an upward trend, it is also pointed out that when shareholder interests come into decisive conflict with those of employees (for example, with sluggish business performance the company must decide whether to allocate resources to dividends or to employment), no fundamental change has arisen in Japanese companies' stance of prioritizing employee interests (Miyajima et al., 2013: 6–7).

Miyamoto (2014) made an analysis of employee perceptions as governance reforms advanced. He analyzed the relationship between review of long-term employment practices and introduction of performance-based systems being promoted in parallel with governance reforms, in terms of employee motivation. The results indicate that introduction of performance-based systems when accompanied by denial of long-term employment security significantly lowers willingness to contribute to the enterprise as a whole and to take on new challenges (Miyamoto 2014: 143–145). He categorized employees into four types according to a

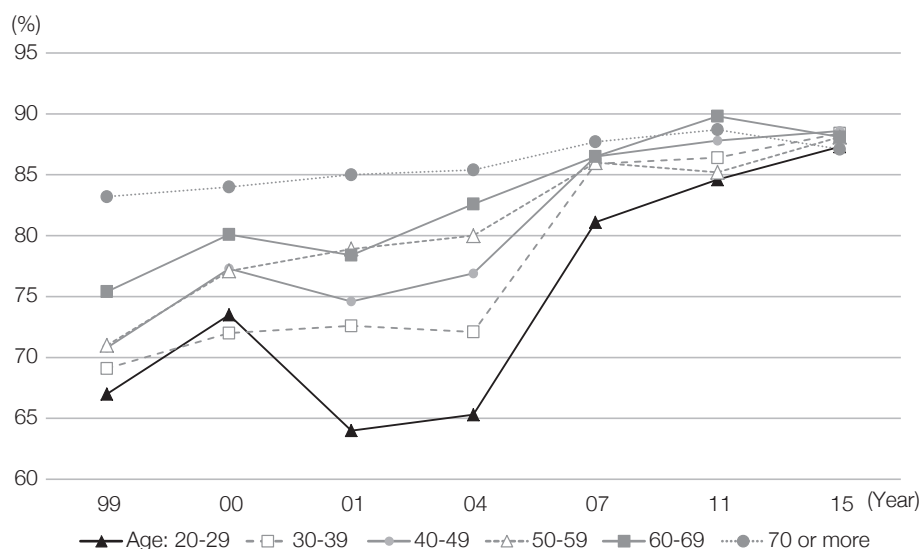
combination of employment and personnel systems: employees that are positive about both introduction of performance-based systems and maintenance of long-term employment security were described as the “new Japanese type,” those positive about introduction of performance-based systems accompanied by denial of long-term employment security as the “American type,” those who are positive about maintenance of long-term employment security without introduction of a performance-based system as the “conventional Japanese type,” and those who are negative about both long-term employment security and introduction of a performance-based system as the “declining type.” And he compared the scores evaluating motivation to work respectively. According to the 2009 survey, the score was 2.21 for the new Japanese type, 2.31 for the conventional Japanese type, 2.08 for the American type, and 1.82 for the declining type.

## 2. Sluggish growth and young people’s outlook

A low growth economy increases anxiety about livelihood among people, and accordingly their perceptions are changing. An ongoing survey by the Japan Institute for Labour Policy and Training (JILPT) (2016) found that while the percentage with a positive view of “Japanese lifetime employment, i.e. working at the same company until retirement” fell to 76.1% in 2001, it then rose again, and in 2015 it stood at 88.9%, its highest level ever. Also on an upward trend is “Having a sense of unity with the company and the workplace,” perceived as important by 87.9% in 2015. Changes among young people (aged 20–29) were remarkable, and although they fell to the lowest levels of 64.0% and 65.3% in 2001 and 2004 respectively during the Koizumi administration, it was 87.3% in 2015, no different from other generations (Figure 2). As for desirable form of career formation, covered by same survey, the total for “a career track of working for a long time at a single company and gradually rising to a managerial position” and “a career track of working at a single company and becoming a specialist in a specific profession” was 54.8% among those aged 20–29, the highest of any age group.

In a survey of newly hired employees by Sanno University (2017), the percentage of those who aspired to “lifetime employment” declined in the second half of the 1990s, but has been on an upward trend since the early 2000s (Figure 3).

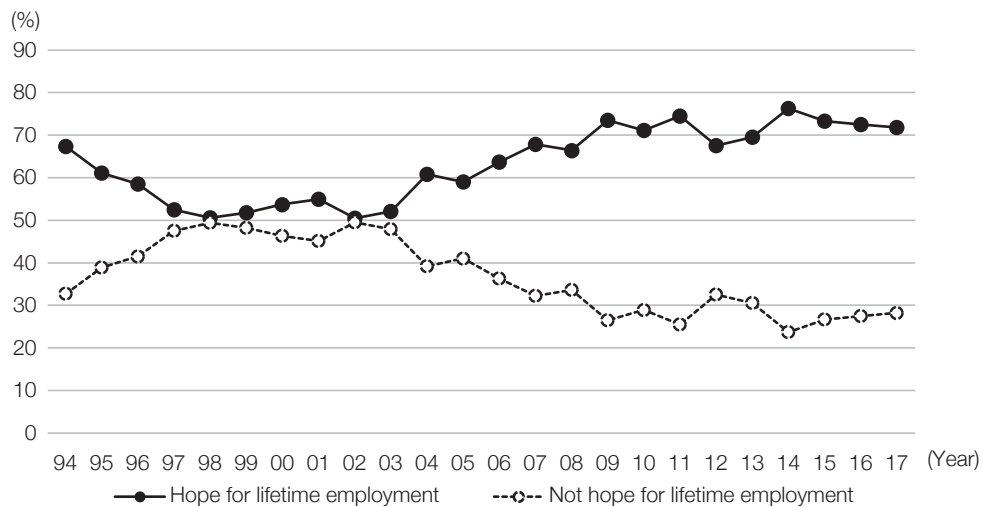
The NHK Broadcasting Culture Research Institute (2015) reviewed surveys of attitudes over the past 40 years, and indicates the perception of young people (aged 20–29) that they attach importance to stability and sense of contribution. Examining changes from 1973 to 2013, declining percentages were observed for



Source: Prepared on the basis of survey by JILPT, 2016.

Figure 2. Change in percentage of persons hoping for “lifetime employment,” by age group





Source: Prepared on the basis of survey by Sanno University, 2017.

Figure 3. Percentage of newly hired employees hoping for “lifetime employment”

choosing “job that I can utilize my expertise and special skills” (specialization: 38%→25%) and “job that I can do independently without interference from others” (20%→1%). In particular, the percentage choosing “specialization” appears to be moving in a different direction, after holding steady at around 30% in all generations after it was first recorded as 26% in 1973 (Figure 4).

On the other hand, “job without fear of unemployment” rose from 12% to 30%. The percentage selecting this type of job, which in 1973 was high among middle-aged and older workers (aged 45 and above), has increased in the past 20 years by more than 10% among most age groups, with the exception of those aged 30–39 (NHK Broadcasting Culture Research Institute 2015: 145–154). Tanabiki and Miyata (2016) regard these trends as young people’s “return” to focusing on external values such as income, working conditions, and employment security from emphasizing the internal values inherent in the work itself.

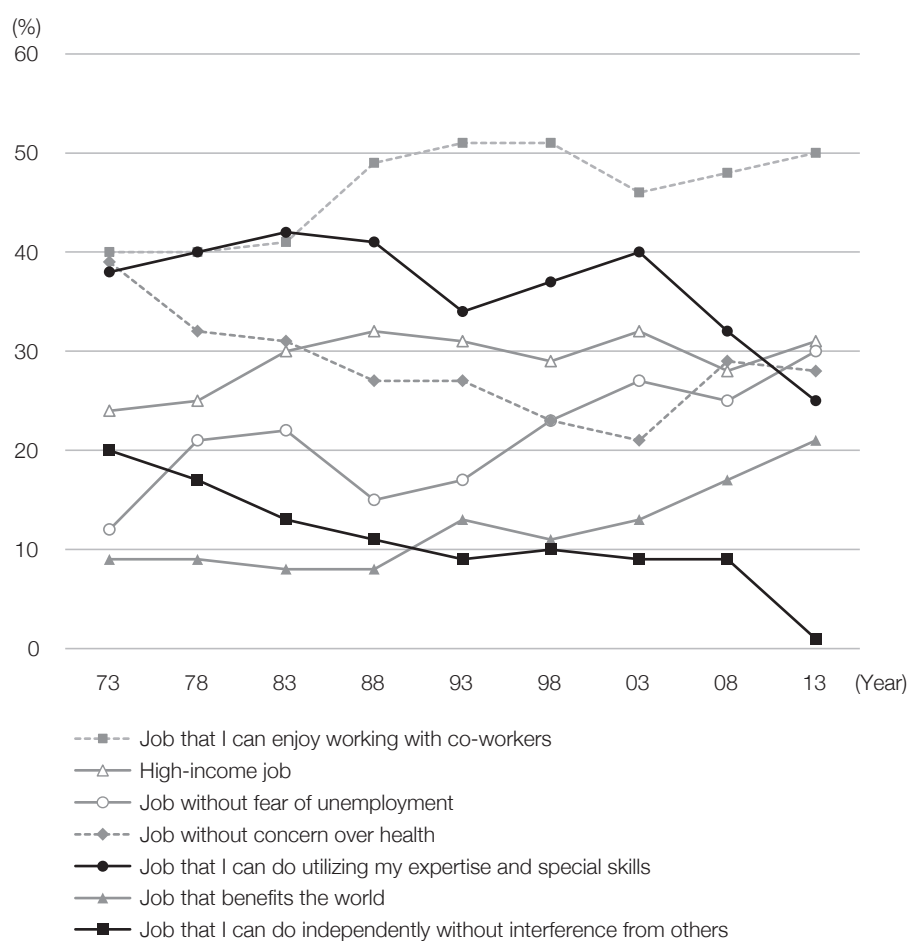
Meanwhile, a survey of high school students’ value orientation found an increasing number of positive responses, from 2001 to 2013, to “obtaining a high position,” “earning a high income,” and “beating the competition.” Tadakuma (2015) suggests that as economic growth remains sluggish, they might respond to social and economic conditions by adapting their current sense of values to the labor market which they may enter in the future.

For the items which inquired about modes of socializing at work, a significant drop was seen in the percentage viewing “friendship without limits” as desirable. This is considered to result from the progress of generational change and the growing influence of contemporary attitudes (NHK Broadcasting Culture Research Institute 2015).

Because of a long sluggish economic growth, only a limited people are able to obtain desirable jobs in the labor market, and thus discussion of economic disparity (Tachibanaki 1998, Yamada 2004, Otake 2005) developed as “social disparities theory” in the 2000s. And following phenomena such as the 2008 *toshikoshi haken mura* (a tent village where temp workers and jobless workers spent the year-end and New Year) was criticized in terms of companies’ treatment of non-regular employees. While these social changes appear to have an influence on corporate perspectives on stakeholders, including shareholders, and workers’ attitudes, we should pay close attention to their development over the long term.

## VI. Future of the corporate community and the Japanese-style employment system

Finally, I would like to review this article and consider the future of Japanese corporate community.



Source: Prepared on the basis of survey by NHK Broadcasting Culture Research Institute, 2015.

Figure 4. Ideal jobs as perceived by persons aged 20–29

Several lineages were identified in the formation of this corporate community. Japan’s corporate governance and labor-management relations before and during World War II were very different from those after the war. Among these were, at leading firms, expansion of employee benefits, the idea of balancing shareholder interests and employee welfare, continuous long-term service, and development of internal promotion systems. The characteristics of a corporate community have become popular among large companies reflecting the Japanese-style employment system formed after the war. It was formed amid changes to the structure of Japanese capitalism, such as occupation policy after the nation’s war defeat, the transformation of labor-management relations, labor-related laws and regulations and administrative measures, the popularization of en masse recruitment of new graduates, and major changes in social attitudes.

The corporate community was developed through rejecting various values that were prevalent before the war as well as establishing new systemic relationships to replace the old. In terms of working conditions, the vast economic and social disparities between white-collar and blue-collar workers seen before the war were gradually alleviated. This was not only a systemic reform but also a source of the Japanese manufacturing industry’s competitiveness, as shrinking the social distance between white-collar and blue-collar workers smoothed the exchange of information among people with different job categories (Yamashita 2002). It is also characteristic of a capitalist model in that elimination of disparities and robust business performance are considered compatible.

As described above, the corporate community is rooted in the Japanese-style employment system

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developed after the war, but it also defines this Japanese-style employment system, and in a sense determines the direction of its evolution. For example, when an employee is internally promoted to a managerial or executive position, he or she is likely to have the values and priorities as a member of the corporate community, and tends to emphasize the company's long-term survival above shareholders' short-term interests. In addition, employees' work styles become a source of competitiveness as one of companies' core competences, which can help dictate corporate management strategies as well.

Regarding changes in the business environment surrounding Japanese companies in recent years, reforms to financial markets and corporate governance from the late 1990s onward strengthened executives' stance of prioritizing shareholders. Since the late 2000s, however, there has been a trend toward considering various stakeholders including employees, and executives do not necessarily focus on shareholders.

As Miyamoto (2014) has noted, it seems that employees of large companies are developing an adaptive approach to the combination of maintaining long-term employment and introducing competitive, performance-based personnel systems. Also, various surveys show that young people in recent years recognize competition as a positive value while at the same time seeking employment security, showing an affinity for a new model, the "more competitive corporate community" or "company value-oriented corporate community."

As a matter of fact, it was British and American researchers who recognized the strong presence of the corporate community in Japan (Jacoby 2005, 2005; Anchordoguy 2005, 2011; Olcott 2009, 2010; Olcott 2012). Considering the fact that the corporate community is a relative concept based on comparisons with British and American companies to begin with, we cannot deny the possibility that if capitalism globally shifts toward a free-market model, the corporate community will also draw closer to this free-market model.

Although the Japanese corporate community seems to be enduring, as a more competitive model, conventional work styles are being questioned and Japan's declining population and increasing disparities become significant problems. Changes in the corporate community that incorporate these perspectives will surely be necessary.

The concept of the corporate community was developed with a primary focus on differences in work styles (Hazama 1974). Several problems with the corporate community have been cited in terms of workers' lives, in particular fair and balanced treatment of workers and fulfilling professional lives. For example, a strongly company-centric mentality was the subject of debate from the 1980s onward. Excessive agreement between labor and management interests is prone to generating corporate scandals and corporate egoism, and especially if sluggish growth continues and global competition intensifies, this "common interest" is more likely to become a hotbed of corporate scandals. Typical deviant behaviors observed in the corporate community include so-called white-collar crimes because they were committed for the interests of the company rather than those of the individual.

It has repeatedly been pointed out that the exclusivity of the community is also a factor creating widespread mechanisms to prevent continued employment and promotion of women, and discriminatory treatment of non-regular employees. In recent years an increasing number of non-regular employees have transitioned to regular employment, but it remains to be seen whether this will solve the long-recognized problem of fairness in the corporate community, or will simply be the basis of a new form of hierarchy.

One lesson of history is that aiming to balance conflicting values has led to the formation of new systems and structures. In current Japanese employment and corporate management, there are various conflicts of interest, such as between regular and non-regular employees, and between shareholders and employees. Changes since 2000 include the diversification of corporate models (Suda 2015; Yashiro 2017) and changes in the mentalities of employers depending on type of industry and capital structure. It is safe to say that we need a new kind of corporate community that can resolve conflicting values and interests.

\* This paper is based on an article commissioned by the editorial committee of *The Japanese Journal of Labour Studies* for inclusion in the special feature "The Present Situation of the Community Firm" in its September 2017 issue (vol.59, No.686) with additions and amendments in line with the gist of this journal.

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## Notes

1. For a discussion of corporate community and recent changes in Japanese employment and social trends, see Ogawa (2009; 2017).
2. For more on the process of development of white-collar employment practices and systems before World War II, see Sugayama (2011). For more on human resource development and personnel management relations, see Ichihara (2015).
3. Around this time, “corporate continuity” was institutionalized, and workers became called “company employees.” See Yui and Shimada (1996).
4. Regarding the formation of the postwar employment system, see Nita and Hisamoto (2008). For a historical study focusing on heavy industry, see Gordon (1985, 2012).
5. See Yamashita (2016) for a discussion of how the theory and analytical framework of corporate community overlaps with theories of business and society. Regarding the low degree of job satisfaction of Japanese workers seen in comparisons between Japan and the US, see Lincoln and Kalleberg (1990), and for a discussion of the “company man” work style, see Tao (1998).

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