

Book Reviews

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The Great Transformation of Japanese Capitalism, by Sébastien Lechevalier, ed. London: Routledge, 2014, 204 pp., \$135.00 (ISBN 978-0-415-71766-3)

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Sébastien Lechevalier's book, *The Great Transformation of Japanese Capitalism*, deals with the transformations of Japanese capitalism caused by the neoliberal policies implemented by Japanese governments throughout the last three decades.

By taking an original position from previous research on the transformation of Japanese capitalism, Sébastien Lechevalier's book aims to rethink institutional and organizational changes in Japan in the last 30 years. While recent scholarship attributes Japan's decline to its inability to follow worldwide trends such as growing globalization (Lincoln 2001; Cargill and Sakamoto 2008) and technological innovation (Aoki 2000), Lechevalier argues that Japan's capitalistic transformations came from Japan itself and began well before the economic crisis of the 1990s during the golden age of Japanese economy. Lechevalier points out the role played by a series of neoliberal reforms implemented between the mid-1980s and the early 2000s with a quiet period during the early 1990s. Although neoliberal reforms had been presented as solutions to Japan's economic woes at that time, the reforms had in fact contributed to Japan's economic decline.

Throughout the seven chapters of this book, Arnaud Nanta (chapter five) and Ronald Dore (afterword) provided a multidisciplinary perspective in addition to the Lechevalier's economic analysis. The foreword written by Robert Boyer and the first chapter written by Yves Tiberghien presents a detailed overview of the reforms themselves and follows their implementation process from the mid-1980s up to 2006. The second and third chapters analyze the diversification process of the well-known '*J-firm model*' and the reforms' impact on the coordinated character of Japanese capitalism. The fourth and fifth chapters examine the reform's effects on social contract and educational system, the coordinated character of Japanese capitalism. The final two chapters conclude by discussing the transformation of innovation system and Japan's place in the era of globalization.

If the theoretical framework is economic, its reading may also interest other social scientists, broadly defined. As firms are central to Japanese capitalism, their transformation has had a major impact on the Japanese society. Thirty years ago, the Japanese economic system was dominated by big firms characterized by permanent employment, a seniority-wage system, internal worker unions, and the coordinated spring wage negotiations called *Shunto* (春闘). Workers got specialized training within the firm, then worked there until they retired, and benefited from an extremely codified system of advancement. This type of firm was made possible by a high concentration of capital in big trusts called *keiretsu*. Smaller firms also existed as subcontractors. The model was granted strong political support, as the MITI—Ministry for Industry and External Trade—was precisely appointed

to defend big companies' interests. That model allowed Japan to become one of the most egalitarian countries in the early 1980s. In this respect, Japan was then close to Sweden.

Neoliberal policies emerged for both economic and political reasons and were carried out in two waves, which Lechevalier calls 'the neoliberal moment'.¹ The first one occurred between 1982 and 1987 as Nakasone Yasuhiro was Prime Minister. The second one spanned from the late 1990s until the late 2000s. The thesis of the book is three-fold. (a) Because of those reforms, Japanese capitalism is fundamentally different from what it was 30 years ago. (b) It has not adopted yet the Anglo-Saxon capitalist model. (c) The classical Japanese firm still exists, but among increasingly various other organizational models. Firms belonging to the classical model coexist with firms that are more hybridized both in terms of human management and financing. Sébastien Lechevalier argues that the increasing complexity of Japanese capitalism has brought more inequalities in terms of employment and wages, it has also increased uncertainty and instability in several aspects of social life. For instance, there are a growing number of part-time workers, who do not benefit from standard social welfare usually granted by large companies. Thus, one of the issues addressed in the book concerns the way workers have been adapting to these evolutions.

In Japan, neoliberal reforms had little influence on social welfare, as it was already weak. Yet the consequences on the labor market have been tremendous. Those who have lost most are both young adults and people who were laid off or moved out of the labor market, external mobility not being the norm for Japanese employees. Consequently, the companies' strategies became a major issue. For instance, during the 2008 crisis, Toyota no longer guaranteed employment and dismissed many of their part-time workers. A chapter devoted to the evolution of the social compromise inherited from the postwar period is of peculiar interest for sociologists. It shows how inequalities have escalated over 30 years. Four dimensions of social life are being investigated: the duality of Japanese capitalism, structured by large firms and by their relationship to subcontracting firms; the reproductive sphere (family and gender relations); consumption; social welfare. It is striking to realize to what extent the division of labor within households highlights how the labor market works. In the so-called company-ist model (*kigyō shugi* 企業主義), permanent employment and seniority-wage system protected male wage earners who were responsible for providing the household income. Yet increasing uncertainties have made it more difficult for them to handle their responsibility. At the same time, more and more women have accessed the labor market, but they must now choose between career and family.

Neoliberal reforms have had a major impact beyond the economic world. Yet those consequences are not easy to analyze. On each analyzed theme (firm models, social compromise, education, and innovation system), the author stresses that reforms have had unexpected consequences on each dimension of social life he is investigating. At the end of this book, some changes already mentioned—the increase of inequalities and uncertainty; the difficulties met by families to play their role—seem to be clear. Yet the picture is far from being complete. This is precisely why the book is so enlightening a sociological approach Japan. It opens up promising avenues for research. Some case studies beyond the company world would help to clarify the picture of its links with related social contexts. There ought to be more focus on the family, women's careers within organizations or the increasing role of the higher education system in specialized training. Investigations not only on the firms that have undergone most changes (finance, electronic sector, and automobile) but also on those that have resisted recent changes would be welcome. How have these firms managed to resist and to keep the 1980s characteristics? To what extent have they been affected? The traditional

1. This 'neo-liberal moment' is also the main analysis object for Boltanski and Chiapello in their classic 2007 book entitled, *The New Spirit of Capitalism*.

model of individual careers in traditional Japanese firms is at stake, as the increasing external mobility is bringing more complexity. The employees' awareness of the changes analyzed by Lechevalier, the way they deal with them, the resources they mobilize and the strategies they adopt to cope with uncertainties or, more rarely, to grasp new opportunities, open up promising areas of research for a better understanding of contemporary Japanese society.

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Zenin keiei: Jiritsu bunsan inobēshon kigyō, seikō no honshitsu (The Management by Everyone: The Essence for the Success of Autonomous Distributed Innovation), by Ikujiro Nonaka and Akira Katsumi. NiInobēshon no honshitsu Nikkei Publishing Inc., Tokyo, Japan, 2015, 304 pp., ¥1,800 (ISBN 978-4-532-31984-7)

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Overview

A literal translation of the book title is 'The Management by Everyone'. This is a well-written management book by Nonaka Ikujiro, the guru of Knowledge Management, and Katsumi Akira, a freelance journalist who specializes in economies and management. The two authors collaborated to place the on-the-ground experiences within Japanese companies gathered by Katsumi with the key essences of knowledge management taught by Nonaka. The collaboration of the two authors has already made valuable contributions, most notably three co-authored books entitled, *Innovation no Honshitsu* (Nonaka & Katsumi 2004), *Innovation no Sahou* (Nonaka & Katsumi 2007), and *Innovation no Chie* (Nonaka & Katsumi 2010). This 2015 collaboration is the most recent of their joint publications.

As the title suggests, the central theme of this book on management is concept of 'Management by Everyone (MbE, hereafter)', which was originally described by Matsushita Konosuke, the founder of Panasonic. This is a style of management whereby everyone in the company assumes a specific role in the organization and jointly moves the business forward. The essence of it is in Matsushita's book entitled, *Jissen Keiei Tetsugaku (The Philosophy of Practical Management)* published in 1978 (Matsushita 1978), wherein Nonaka argued that this philosophy is in the DNA of Japanese managers. To elaborate this thinking further, Nonaka quotes the following passage from Matsushita's book to explain the principle of the concept: