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JAPANESE BUSINESS POLICY: THE CASH FLOW TRIANGLE
an exercise in sociological demystification

C.W. Vroom
F.J.A.M. Hoes
Sometimes I think that if Japan didn't exist, it would have to be invented.

J.Woronoff (1)

JAPANESE BUSINESS POLICY: THE CASH FLOW TRIANGLE

an exercise in sociological demystification

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1. Introduction

It should be considered a blessing from above that at least one country in the world shows how to solve the contemporary social and economic problems. In times of crisis people are looking for prophets who not only castigate, but also show the way into a happier future. That is possibly a partial explanation for the success of publications about the most recent miracle: Japan (2). The excellent qualities of a well-oiled social machinery are highly praised in this body of literature: in Japan no essential differences of opinion are existing as far as societal goals and means are concerned. Especially when compared to the continuous clashes of interest in most Western economies, Japan seems to be at the same time a place of heavenly rest and frenetic zeal, of consensus and readiness to sacrifice. These are qualities, which Western societies apparently have lost. A situation has been created in Japan, in which traditional values and solidarity are blended with modern ways of doing business. The successfulness of this particular blend is well known all over the world.

The concept of Japan Inc. is the strongest expression of this state of mind. Some people are interpreting this concept in a reproaching way: they feel hampered by the untransparent relations between government and business. The majority of Japan observers, however, tends to see Japan Inc. as an alternative for the dispersed way in which industrial policies in the West are developed and implemented (if any exist, of course).

How can Japan Inc. be described? The Japanese government is able
to control the economic process, in cooperation with the large industrial companies and, to a lesser extent, with the national employers federations. It seems that these parties are partners in one and the same superorganization. Carefully considered strategies (3) are designed by MITI (the Ministry of International Trade and Industry) in a continuous dialogue with business. These strategies are based on professionally executed trend reports, to which innovation of products and of production technologies is central. Financial means are centrally distributed by way of investment credits and government subsidies. All activities take place in a well orchestrated effort to increase the export of Japan.

The most important employees of this Japan Inc. are:
- the government, especially the Ministry of Finance and the MITI, while the Office of the Prime Minister and the Economic Planning Agency are playing their role as well;
- the large companies, which have originated from the former zaibatsu's (today also known as keiretsu's, like Mitsui, Mitsubishi and Sumitomo) and the affiliated banks and research institutes;
- the national employers federations, like Nikkeiren and Keidanren;
- the Liberal Democratic Party, which controls the Japanese political scene for more than 30 years now, and which relates clearly with its different factions to business interests;
- according to some also the national labor unions, which sometimes in antithesis (during the 'shunto', the spring offensive, struggling for the improvement of labour conditions), but mostly in a fundamentally cooperative way influence national economic policies;
- the Sogo Sosha (trading companies), the world's most efficient marketing channels, although their influence on the large companies seems to be waning nowadays (4).

This image of Japan should be taken as a fiction. In the first place, many facts contradict this imagery. How come the export of VTR's and cars to the EEC did not decrease, notwithstanding promises by premier Suzuki in 1980 and 1981? How come Nissan and Toyota were not prepared to restrict voluntarily their exports to the USA in the same period? How come even Japanese did not expect the cooperation between electronics companies and the government in order to create a post-IBM-era to become successful (5)?

The myth of Japan Inc., or the myth of a fully coordinated design of industrial strategies, has to be rejected also for a second reason. This myth has been brought into life by scientist, who were impressed by the loyalty of the Japanese to their working group and the long consultation procedures in
Japanese companies. It has been nurtured by expatriates in Japan, who tended to make a rather overoptimistic comparison of the Japanese system with their earlier experiences. Within Japanese companies loyalty and consultation usually produced consensus. It was supposed therefore that consultations between companies and between business and government would produce the same outcome. That hypothesis forms the cornerstone for the development of the myth of Japan Inc.

In this article we want to demonstrate that high level guidance is not a necessary condition for the explanation of the Japanese 'miracle'. The Japanese implement rather straightforwardly a number of principles from business economics, coupled with a basic interest in people. These principles could be interpreted as 'logiques d'action' (6), logics of action which are peculiar to the way the Japanese organize their companies and enter world markets with their products. The combination of these logics forms a sufficient explanation for the economic success of Japanese companies at one hand, and for the coming into existence of the Japan Inc. myth at the other.

2. The main logic of action behind the business policy of Japanese companies: the cash flow triangle

Much has already been written on the differences between Japanese and Western business companies. These differences tend to be greatly exaggerated. Japanese companies are at least strange, according to some, or even exotic. Our position is that Japanese companies are not so much strange, but just different. This difference is above all illustrated by their business policy.

Even Japanese companies have to have financial means at their disposal in order to pay wages, invest in production machinery etc. However, contrary to Western business policy, Japanese companies are not primarily profit-oriented. A Japanese is profit-conscious, but he is not profit-minded in the sense that profit is an objective in itself (7). Japanese companies are primarily oriented on the maximization of cash flow. Among others, cash flow is maximized by the strict implementation of some well-known business principles: the reduction of production and distribution costs, accelerated depreciation schemes etc. These actions tend to increase also labor productivity. Combined with a high quality level of manufactured products, this business policy provides an excellent starting point for acquiring large market shares. These three factors, cash flow, labor productivity and market share form the central logics behind the business policy of Japanese companies (8).
Schematically, one could represent the main logic in a triangle.

Scheme 1:

Next, three organizational factors could be distinguished, which tend to reinforce this business policy. These are:
- a gradual replacement of long range planning methods by newer types of strategic analysis and planning;
- very effective socialization mechanisms within companies;
- the overriding importance of organizational information processing.

In the next sections we will discuss successively these factors.

3. Cash flow improvement: production factors

3.1. Market share orientation

Japanese companies are continuously looking for possibilities to increase their market share. A variety of reasons could explain this attitude. Cash flow improvement is among the most important. Increasing sales generate capital which can be invested in more efficient production means and in new products, of which the market share should be increased as fast as possible, which on its turn etc. Japan seems to be a typical example of such a strategy. To increase the market share of a company requires a long term perspective. It requires also the readiness to start carefully in the beginning and to be content with modest profits or even losses, because introductory sales prices should be low. For at the very moment one reaches a certain market penetration, one can improve his cash flow by economies of scale in production and distribution (9). The original aim will so be reached, but only at a later stage. Moreover, this practice makes successfully use of the learning experiences in manufacturing, as dealt with in the theory of the learning curve principle. Most Japanese companies seem to apply this theory rather strictly.

Western companies start from a different point of view. Profit orientation is central. Moreover, the time perspective in most Western companies is much shorter. The criterion for success differs therefore too: return on investment on the shortest possible run. Comparatively the West tends to look backwards and not ahead.
3.2. Production and distribution cost reduction

As has been said before, Japanese companies try to maximize their cash flow. One of the central instruments is the reduction of production and distribution costs. Mikami e.g. states in a recent publication of the Japan Management Association (10): Japanese business men and top ranking company officials always place priority on two critical issues:

a. promotion of increased productivity and rationalization;

b. appropriate personnel and labor management.

In other words, this policy forms a rather sound business strategy for conquering markets. Mikami states also (11):

"Stagnation of a company's labor productivity lowers the profits as well as its competitiveness and this weakens a country's economic growth, fuels inflation and lowers its international standing. Therefore, productivity may be the best measure of the vitality of a company or a country".

The continuous improvement of productivity in Japan is not a recent phenomenon. It forms the core of business policy since the middle of the sixties. The quality circle movement is one of the interesting manifestations of this policy. In the West, attention to productivity has decreased since the beginning of the seventies (cf. scheme 2). According to Dunlop (12), a new and intensive interest in the increase of productivity is one of the most important conditions in order to revitalize the Western industry.

Scheme 2:
Production costs could be reduced in various ways. One of them is the replacement of older generations of production equipment by newer ones with higher productivity. Higher labor productivity decreases production costs, which on their turn could stimulate sales, which generate more funds to pay for increased capital costs and to set aside money for the development of new products. Besides, the situation in which Japanese companies controlled only a minor part of their balance capital (10 to 20 %) and borrowed the remainder form banks, is no longer true, at least for the larger corporations. The relation between owned and borrowed capital tends to grow to the 50/50 range. Japanese companies control enough reserve capital nowadays to be able to finance innovations.

The increase of labor productivity is normally linked to a higher degree of automation. Demand for labor then decreases. In the large corporations, that decrease does not lead to the dismissal of workers (cf. the system of lifelong employment). New jobs are created in the same conglomerate (13). That process strengthens also the tendency to open up new markets with new products. For, if one cannot fire people, it is worthwhile to look for other opportunities to employ them profitable. The hiring of young, new employees, however, tends to decrease. Partly, employees move towards the subcontracting sector or to the service sector. Wages and productivity are lower there. But these sectors provide also more chances for entrepreneurship and for job opportunities. In another article we will deal with these developments, which to our understanding are heavily neglected in the study of the Japanese social and economic processes.

A second possibility to reduce total production costs is the attention paid to product quality improvement. Defects should be prevented as much as possible during the production process itself: that is the cheapest solution of the quality problem. That is one of the most important motives behind the quality
circle movement in Japan. EVERYBODY in the company is convinced of the usefulness of this policy. That promotes the easy introduction of quality control circles and the implementation of suggestions made by such groups. The voluntary character of Q.C. circles forms no problem whatsoever in Japan, because employees themselves already think in strategic terms (cf. section 4.3).

The reduction of distribution costs seems also a viable strategy for Japanese companies, but as far as we can see, only overseas. In Japan itself, the distribution system is complex, multilayered and inefficient. The logic of action behind the preservation of this distribution system will be dealt elsewhere.

3.3. Tax deductible depreciation schemes

Japanese manufacturing companies consistently depreciate their production facilities at a faster pace than their American and European counterparts.

Scheme 3:

Source: IPS Conference, Tokyo, May 1983.
The consequence of such a continuous policy is that the average age of production machinery and factories in Japan is rather low (14). In the USA, the average age is approximately 20 years, in Western Germany approx. 12 years, and in Japan approx. 10 years. Recent generations of production facilities are normally characterized by increased productivity and quality. Their products provide the opportunity to reach a stronger market position. The increased amount of sales creates more cash flow, as has been discussed above. One of the reasons behind this accelerated depreciation and replacement policy could be the possibility of getting tax deductions. Till now we have found only one indication on this point (15). Research on tax regulations and their consequences is continuing.

3.4. Division of the economy into two sectors

It has sufficiently been pointed out that the Japanese economy, especially in the manufacturing field, is divided into two sectors (16). Traditionally, the first one consists of the large, zaibatsu-originating companies, like e.g. Mitsubishi and Sumitomo, and the pre- and postwar 'modern' ones, like Hitachi, Nissan, Toyota, Honda, YKK, Fuji Photo Film etc. The second one is made up of the small subcontracting and the very small sub-subcontracting firms. Only workers in the first sector are enjoying the benefits of relatively high seniority-based wages and lifetime employment. Wages in the second sector are usually only 60 to 70% of those in the first. Especially differences between middle-aged and older workers in both sectors are impressive. The wage difference for younger workers (20 to 35) is much smaller or even non-existent. The expectation is that these differences will tend to decrease. In the second sector no or much less job security is provided. The proportion of female and older ("55) workers is much higher than in the first sector. Business failures are also concentrated in this sector (17).

The relatively low production costs of the second sector provide an interesting opportunity for first sector companies to lower total manufacturing and inventory costs. Moreover, this system enables first sector companies to use second sector firms as a kind of buffer in difficult times. If sales of the main
industries decline, both the number and volume of subcontracting agreements decline also. That explains at least partially the high level of business failures in this sector. Competition between subcontractors is very keen, which helps to keep cost levels for the main assembling industries effectively low.

This represents a rough sketch of the main processes in the second sector. Some change is underway, however. Research and development expenditures in the second sector have increased strongly during the last few years. The character of the second sector is starting to change: from subcontractors of components to subcontractors of knowledge. Not only manufacturing work is subcontracted, but also development. As a consequence, a systematic policy of cost reduction is also found in this sector, which on its turn contributes to a lower cost price of the final product.

The second sector is characterized by a high degree of specialization. The number of subcontractors of one single, large company is amazingly high. Nissan e.g. counts them in 10,000-nds. The network of assembling companies and subcontractors is much more refined and efficient than the Western counterpart. The assembly process of the large companies and the structure of the network of subcontractors are closely knitted. Subcontractors determine their production volume accurately with regard to the demand of the large assembling company. Inventory costs are therefore low; the quality level is very high (18).

These policies could be interpreted as a rational way of keeping total production costs down. Relatively low productions costs enable companies to get a firmer hold on the market. Higher sales generate more income. Because shareholders do not request for dividend(19), the company is able to plough the money back into its modernization. So the company prepares itself even better for future market opportunities (20).

4. Cash flow improvement: organizational factors

In the preceding section, the emphasis was on production policy, which directly related to the triangle of labor productivity, market opportunities and cash flow. Some other mechanisms are present in Japan, which are influencing cash flow improvement indirectly. One should interpret these factors as contributing to an organizational and social climate in which the above-mentioned triangle is effective.

4.1. Replacement of longe range planning by strategic management
Up till the end of the last decade, most Japanese companies made use of a rather simple system of long range planning. Demand for Japanese products was continuously increasing, both at the home market and abroad. In order to meet demand, companies made sale projections, based on historical data. Budget appropriations were simply derived from these sales projections.

Heavy competition, however, changes in consumer preferences, locally as well as abroad, and rapidly changing technologies urged most companies to take their future no longer for granted. Simply producing more of the same was no longer the best way of investing surplus money. The first books and articles in Japanese on strategic management were published at the end of the seventies (21). The concepts of portfolio analysis, opportunities and threats, strong and weak points became part of the Japanese business mind (22). The essential step was made from long range planning, as an extrapolation from the past into the future, to strategic management, as starting at an expected future situation of the business and then looking backwards to the present.

But as usual, the Japanese adapted this theory to their specific needs. Research by Kono and more recently by Kagoro (23) shows a distinct difference in emphasis between Japanese and American perceptions of corporate goals.

Scheme 3:

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<th>Major Corporate Targets (Japan vs. USA)</th>
<th>USA</th>
<th>Japan</th>
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<tr>
<td>Investment Income Rate</td>
<td>2.43</td>
<td>1.24</td>
</tr>
<tr>
<td>Raising Stock Value</td>
<td>1.47</td>
<td>0.02</td>
</tr>
<tr>
<td>Market Share</td>
<td>0.73</td>
<td>0.45</td>
</tr>
<tr>
<td>Improvement of Product Portfolio</td>
<td>0.50</td>
<td>0.08</td>
</tr>
<tr>
<td>Streamlining of Production and Physical Distribution Systems</td>
<td>0.46</td>
<td>0.71</td>
</tr>
<tr>
<td>Ratio of Net Worth to Total Assets</td>
<td>0.98</td>
<td>0.50</td>
</tr>
<tr>
<td>Ratio of New Products to Total Products</td>
<td>0.21</td>
<td>0.06</td>
</tr>
<tr>
<td>Improvement of Corporate Image</td>
<td>0.05</td>
<td>0.20</td>
</tr>
<tr>
<td>Improvement of Working Conditions</td>
<td>0.04</td>
<td>0.09</td>
</tr>
</tbody>
</table>

Source: Comparison of Strategy & Organization ~ U.S. Business vs. Japanese Business ~ Edited by Tadao Kagoro, Associate Professor of Kobe University
- Object of survey: (USA) 227 best companies in the ranking of 2001 Fortune magazine
- Object of survey: (Japan) 291 listed companies
- Time of survey: 1981
- Remarks: The above figures were calculated by giving 3 points to first choice, 2 points to second choice, 1 point to third choice and 0 points to others in the responses to the questionnaire and then averaging them.
U.S. companies consider return on investment and stockholder interests as the most important target. The Japanese are thinking that increasing one's market share is the cornerstone for a sound business strategy. It is also remarkable that U.S. companies are showing a high degree of agreement on what they consider to be the most important business objectives. For Japanese companies a larger variety of objectives is equally important, with particular emphasis on the rationalization of production and distribution as well as on product innovation. One could state that U.S. companies are Wall Street oriented, and their Japanese colleagues to what could be called 'Market Street'.

Moreover this interpretation of the theory of strategic management is utilized in a specific Japanese organizational culture of group-orientedness and the organization-wide concern for an undisturbed flow of information. These subjects will be discussed in the next two sections.

4.2. Company socialization mechanisms

Japanese people are typically group-oriented (24). Japanese people derive most of their identity from group activities and consider loyalty to the group as one of the essential building blocks of society. Therefore, socialization of new 'company members' is of central importance for management (25). People are hired as a group, trained as a group, sometimes even promoted as a group. Vertical group cohesion is taken care of by 'oyabun-kobun' relations, the mentorship of older for younger employees. Whenever we asked Japanese company officials for a description of the 'typical Japanese management style', the answer concentrated around two points:

a. market share improvement and product innovation;
b. personnel/labor management practices, which are NOT emphasizing class differentials.

The careful and extended education of personnel - supported by the lifelong employment practice - in formal and informal settings (like the evening drinking rituals, company holidays etc.) concatenates the minds of the Japanese employees. Therefore, a logical link could be constructed between personnel and market policies. If company personnel has 'learned' to be dedicated (because that type of behavior is constantly rewarded), production costs will tend to decrease. The triangle of cash flow generation is starting then again. A typical case in point is the 'Circle of Goodness' of Yoshino, the founder of YKK (26).
However, this representation of the Japanese tends to be misunderstood. It does not imply, e.g., that Japan should be considered as one, vast, coordinated group. Even a superficial look into the history of this chain of islands is sufficient proof of the continuous struggle between factions, families and feudal warlords. During the modernization period in Japanese history, starting with the Meiji revolution halfway the last century, this struggle has been transformed into fierce intra- and inter-company competition. On the average, concentration of the Japanese industry is rather low. Consequentially, many companies are competing for an advantageous market share. As a result of this, the number of bankruptcies in Japan is estimated to be two to three times as high as in the USA (27).

So one could conclude that there has not to be such thing as Japan Inc., based on an extrapolation of the typical Japanese group-orientedness. (Such developments are only to be expected in times of extreme external threats, which is a sociologically well-known phenomenon). Companies (and other social groupings) are constantly trying to bring home to all participating members the necessity to coordinate their organizational activities. The superficial observer could therefore be persuaded into believing in the real existence of Japan Inc. We are holding the position that Japan Inc. is an interesting, but not a necessary condition for explaining the success of the Japanese economy.

If the main objective of a company is to increase its cash flow, then the strong group-orientedness of the Japanese provides an useful asset for company management in reaching that goal. But losses at a societal level are not accounted for. In that sense the Japanese system could also be characterized as a specific kind of group-egoism (28).

4.3. Information as a critical organizational issue

A remarkable exchange of information exists within Japan and within Japanese companies. Japanese are eager to learn. Newspaper circulation e.g. is the highest in the world. Information is readily accessible. Somewhat amazing perhaps to the Western visitor, people in various types of organizations are ready to present documents on the questions raised. Non-business-specific information is given away without any kind of suspicion.

This exchange of information is institutionalized at the level of society at large, and at the individual company level. JETRO e.g., the Japanese External Trade Organization, a part of MITI, acts as a kind of industrial and commercial data base. Its
reports are available for the Japanese but also for foreigners. The same holds true for organizations as the Japan Productivity Center or the Japan Management Association. There is no problem in getting the latest figures and forecasts about the behavior of Japanese consumers or, for that matter, of business investment opportunities in Indonesia. Companies themselves are also playing an important role in this respect. It is considered to be quite normal if companies exchange non-specific information to e.g. newcomers in a certain field, of course only if the newcomer is able to approach his sources in the right way.

Within companies, business-specific information is circulated in the same way. Just because of the strong group loyalty and the lifelong employment system, there is almost no danger of breaking secrecy. The different meaning of hierarchy plays also an important role in this respect.

Hierarchical rank in most Western companies could ideal-typically be described as a position, reached by its incumbent on the basis of personal ACHIEVEMENT. In Japanese companies, achievement explains only part of the career mobility. Promotion of people is based on the length of their service and their abilities, in that order. Therefore, one could interpret hierarchical rank in a Japanese organization as a position, still mainly reached by ASRIPTION. As long as formal respect for seniority is one of the cultural backbones of Japanese society, it will stabilize interpersonal relations more intensively than is the case in Western companies. The relative stability of interpersonal relations seems to be a minimal condition for a more liberal exchange of information. The relations between inferior and superior in Japan are more open (but still formal and paternalistic, as is exemplified in the 'oyabun-kobun' relationship), because control of information is of less importance in securing individual careers. One could describe this hierarchical relation in terms of a teacher-student relationship. Western relations tend to have more in common with a top-down command structure.

Kagono and Itami among others emphasize the sharing of information. As a consequence, everybody in the company is not only well informed about its policy, but he is at the same time socialized into its main values. They state: Common values and information among the members of the organization can contribute to a sense of identity with the organization and a source of psychological energy, but can work negatively in relation to business results when they only end up in emotional self-satisfaction. The cultivation of some tension may
be necessary to maintain the alertness to the outside world. These two factors work complementarily to influence business performance positively. Such complementary relation between the factors is not seen in U.S. companies; there cultivation of tension works negatively on performance" (29).

If everybody in a company has a relatively high level of information at his or her disposal, then everybody could be posted up in the main business strategies and in the main issues of the company. As long as production-cost reduction behavior is rewarded, people will do their utmost to scrutinize every detail of operations for rationalization. That explains an important part of the success of suggestion schemes and quality control circles in Japan. The attention, paid to information exchange, relates therefore indirectly to the improvement of the company cash flow. The myth of Japan Inc. is not a necessary condition to explain this side of the typical Japanese business behavior. The combination of some peculiar logics of action seems to be sufficient.

5. Conclusion

In this article we discussed an alternative explanation of some important aspects of business policy in Japan. We tried to demistify some commonly accepted myths on Japan. A few production and a few organization oriented logics of action were hypothesized in order to give an acceptable answer to the question how Japanese industrial strategies are defined. We are now able to expand our original triangle.

Scheme 5:

```
+ cash flow

+ market share

+ strategic management

+ socialization

+ labor productivity

+ information
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This conclusion has consequences for the development of strategic management theory as well as for the way how to deal with the Japanese challenge.
5.1. Conclusions with regard to the development of strategic management theory

One could state that Western ideas on strategic management theory are leading towards an interpretation of strategy as a technical variable, a tool, designed to control the production process in the light of market demands. Management defines product-market combinations, based on marketing, organizational and technological know-how (30). Decisions are evaluated against criteria, which are derived from an acceptable level of return on investments. Access to the mainstream of information is limited to management itself and the supportive staff level. The production organization is apparently not playing a role of any importance in this respect.

In Japanese companies, strategic management is essentially based on the same parameters as in the West. But some important differences in emphasis should be underlined. Strategic management in Japan is interpreted as part of the total management and organization culture. Strategic management and its techniques are used as instruments to produce a common culture. Everybody in the company should be informed about and therefore be able to contribute to the overall strategy of the firm. People discuss strategic issues in their work groups at various levels. The company strategy acts as a giant equalizer of differing individual or group opinions. Therefore, one should not be surprised if even low-ranking employees are making suggestions to improve production processes with explicit reference to the company strategy. The employee, who is posted up to the company strategy and perceives the relation between his interests (salary, job security etc.) and those of the company, will most certainly be a motivated worker.

The Japanese contribution to strategic management theory is not a technical perfection of coordination instruments, culminating in a perfectly efficient and effective Japan Inc. It is the recognition that organizations, even business companies, are primarily made of people. Company strategy development could be used in order to unite typical business objectives (as e.g. cash flow improvement) with human objectives of socially and individually meaningful activities.

5.2. The Japanese challenge

The contribution of the Japanese experience to the theory of strategic management is certainly not the only one. It is possibly even not the most important one. A rigorous cash flow improvement policy can be based on various mechanisms, designed for production cost reduction and successive market share increase. Supported by some typically Japanese characteristics,
as group loyalty, liberal information exchange and by the gradually more apt application of strategic management theory, the Japanese challenge to the Western world is nowhere near finished. Japan is now defining the rules of the economic game. That is the prerogative of the most efficient competitor in a given market. At least for Europe a serious threat is posed: the gradual shift in preponderance from the Atlantic towards the Pacific basin. According to our opinion, Europe should not only make a stand up to Japan in purely economic or commercial terms. The previous discussion was also meant to promote a serious analysis of the strong and weak points of European business companies as human organizations.
NOTES

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5. M. Moritani, Getting The Best For The Least, JAPANESE TECHNOLOGY, Tokyo, 1982, 60.
6. L. Karpik, Les politiques et les logiques d'action de la grande entreprise, SOCIOLOGIE DU TRAVAIL, 8, 1972, 82-105.
13. Cf. the Nissan agreement of 1982: the management of Nissan guaranteed its workers that nobody would be fired because of automation; therefore, management should employ these workers elsewhere in the company.
18. An elaborated description of these phenomena can be found in: SMALL BUSINESS IN JAPAN, UNDERPINNINGS OF ECONOMIC VITALITY, Ministry of Foreign Affairs, Tokyo, 1982.
19. P.F. Drucker, o.c.

22. A typical centre of excellence is Hitotsubashi University in Tokyo, a business school, by which much attention is paid to research in the field of strategic management and to its popularization. H. Itami (21) is a member of the faculty.


29. T. Kagono et al., o.c., 202-203.
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