

Farewell to the Seniority Principle?

Aging Workforces and Corporate Adaptation Strategies

by Harald Conrad

No other industrialized country in the world is currently aging as rapidly as Japan: today those aged 65 years and over make up almost 20% of the entire population. According to demographic predictions, this share will increase to more than 35% in the next 45 years. At the same time the total population will decrease from its current 127 million to approximately 100 million. This demographic shift will have a lasting effect on Japan's culture, politics, society, and economy. For this reason, the DIJ has decided to adopt as its new central research project the study of the effects of these dramatic changes and the possible strategies of dealing with them.

One area in which the aging society has already initiated processes of change is human resources management. Lifetime employment (*shūshin koyō*), seniority-based wages (*nenkō joretsu chingin*) and company unions (*kigyōbetsu kumiai*) are the so-called "three pillars" of the Japanese employment system that are omnipresent in discussions of Japanese management. The aging workforce affects each of these areas. Immediate effects can be seen in wages: since wage levels are dependent on the seniority principle, an increase in the average age of employees leads to an inevitable increase in labor costs. How are Japanese companies dealing with this challenge?

In order to answer this question, it is helpful to examine first the structure of the seniority-based wage system. The concept stresses the high correlation between age (or years of service) with wage levels on the one hand and the position within the company hierarchy on the other. As the ascension of the wage curve with increasing age is in fact much steeper in Japan than other industrialized countries – applying more to white-collar employees than those employed in the blue-collar sector – it is quite an accurate depiction of reality within Japanese companies.

However, we need to consider that there is a relatively wide range of regulations that govern policies related to wages and promotions and that there are also other factors involved in addition to the "age/years of service" determinant. The current systems of remuneration are very complex and as a rule cover a range of wage components. The most important wage component is the basic wage (*kihonkyū*), which is generally composed of an age-related wage (*nenreikyū*), an ability wage (*shokunōkyū*), and a performance wage (*seiseikikyū*). On average, around 60% of wages consist of basic wage, while overtime payments, bonuses and various allowances (family and travel allowances, pension contributions, etc) make up the remainder. Until recently, age and ability-related wage components of the basic wage have had the greatest significance. The age-related wage increases with age or number of years in service, and the ability wage reflects in an abstract manner the qualifications and the position of the employee in the company hierarchy, but not the actual requirements of the job. Since the length of service is often equated with a steady increase of ability – even when qualifications may indeed have become outdated – in reality both the ability wage and the actual age wage rise with increasing seniority. The share of the performance wage in the basic wage is as a rule relatively small and mostly related to the profit situation of the company and not the individual performance of employees.

Japanese companies have always balanced the seniority-based wage with a low age-limit (*teinen*) as a cost regulator. Once this age-limit has been reached older employees' contracts are often extended or renewed but wages are as a rule adjusted downward. Although these employment principles of contract renewal or extension are still quite common, the official age of

retirement within companies, which remained at 55 for many years, was legally raised in 1998 to 60 years. Thus this factor of regulating labor costs is decreasing in importance. Moreover, the responsible Ministry for Health, Labor and Welfare (*Kōseirōdōshō*) is at present working to increase the company retirement age to 65 years.

In the course of 1990s the seniority-based wage has thus become an increasingly contentious issue. According to company surveys, among the greatest problems are the systematic inflexibility toward reducing wages in periods of low demand and the automatic rise in costs due to an aging workforce.

As a result many companies have begun to implement stronger performance-related systems of payment or are currently considering such restructuring. In most cases, companies do not aim for a total overhaul of wage structures – as is often suggested in public debates with the catchword *seikashugi* (performance principle) – but rather for a realignment or the introduction of new factors determining remuneration. Consequently, the factors "performance", "qualification/ability" as well as "function and type of

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job" have gained in significance, while "age/years of service" and "initial training" have lost in importance. Yet, only in very few cases were the latter factors totally removed. Wage systems have thus become even more complex. Worth noting in this development is that the factor "qualification/ability" has risen more strongly in importance than the factor "performance."

In addition we can see that the reformed wage systems have seldom led to stronger wage differentiation among sub-groups of employees. One study carried out by the Japanese Ministry of Health, Labor and Welfare reveals that only 41.3% of those companies that introduced performance-related remuneration systems have announced a corresponding wage differentiation within the company. How can we explain this apparent contradiction? Clearly many companies are encountering some difficulties to reward or sanction the top or bottom performers among their employees. At least 27% of the companies conceded to not increasing the wages of even their best managers. A further 25% reported that wage increases in this group were less than 5%. Reducing wages of less productive employees within the group of non-management employees is even more rare. More than 50% of companies did not cut the wages of the bottom performers within this group.

Many reasons can be cited for this paradoxical development. The highly complex nature of the wage structure with its numerous determining factors dilutes the effects of performance-evaluation results on actual wages. The second and probably most important reason is the negative experiences to date with the evaluation system that serves as the basis for determining wages. Here, 40% of companies examined in the Ministry of Welfare's study reported minor problems and a further 33% encountered considerable problems in implementing their evaluation systems. Managers have difficulty dealing with their roles of evaluating staff due to a lack of experience and inadequate training, and the link between staff evaluations and remuneration may not be transparent within the company. Moreover, many systems gear one-dimensionally toward measurable outputs, while projects with long-term perspectives are little heeded. One excellent case in point is Fujitsu's experiences, widely discussed in the media in the year 2001 as the "Fujitsu shock". The introduction of performance-related wages at Fujitsu resulted in an obvious disregard of long-term but strategically important projects.

Many companies must now recognize that their evaluation systems remain inadequate. Thus they prefer to play down the difference in wages that would result from staff evaluations in order to keep in check latent discontent among employees with this system.

The main question asked by many companies after initial unfavorable experiences is which "performance" should they measure in the first place. Apparently, most companies place higher value on a group-oriented concept of performance that includes levels of input such as employees' qualifications, team ability and course of procedures rather than an individual output-oriented concept.

Thus we can see that companies would like to move away from the seniority-based wage system but at the same time have to make sure that the new wage practices remain compatible with the demands of the Japanese system of production, innovation and intra-company training. Inasmuch as team procedures, on-the-job training and procedures of continuous improvement (*kaizen*) remain typical practices in companies they must be supported by compatible rewards systems. One-sided rewards systems based on individual performance endanger these team-oriented practices and undermine the morale of employees.

In sum, we can clearly see that the aging Japanese workforce has already had an effect on companies' wage systems. The systems currently in place still require considerable adjustment and coordination before they can function satisfactorily and the system of seniority-based wages will lose its still predominant role.

CURRENT RESEARCH

Japan as a Society of "Winners" and "Losers"? – Japan's Society of Social Gaps (*kakusa shakai*)

Following the collapse of Japan's speculative bubble economy, the frequent appearance of the terms "winners" (*kachigumi*) and "losers" (*makegumi*) became increasingly prevalent in the Japanese media. The terms were actually coined to indicate the difference between those corporations of the new

economy that were able to make huge profits and those companies that were not. Public usage of the terms "winners" and "losers" proliferated, and these words are now commonly used in almost all aspects of Japanese society.

The language of competition seems to indicate a growing consciousness of "widening disparities" in Japanese society and is evidence for the breakdown of a discourse that regarded Japan as a socially homogenous middle class society. This discourse on "Japan's great middle class" has without doubt obscured already existing social inequalities as well as gender disparities. What is striking is that especially those who used to be the privileged members of the middle class believe in the reality of a growing gap between "winners" and "losers".

When social scientists discuss this gap they usually describe it as economic or class disparities (Tachibanaki 1998; Satō 2000). In contrast, the Japanese sociologist Masahiro Yamada pointed out that statistics on quantitative income gaps do not necessarily correspond to a person's individual sense of living in poor social conditions. He therefore suggests taking into account qualitative perceptions of disparities (Yamada 2004). According to Yamada, the re-differentiation of Japanese society is especially felt by Japan's younger generation, who feel they have diminished career chances and bad personal options in the future. Thus, Yamada identifies Japan as a "society of expectation gaps" (*kibō kakusa shakai*). The social status of the rapidly increasing male *furitā* workforce (part time employees), for example, should not only be considered in terms of their being worse off financially but also by their poor accumulation of knowledge, low level of social security and a lack of social prestige resulting in reduced potential as marriage partners. The sense of growing social insecurity according to Yamada will negatively influence social values, attitudes and individual behavior, and may threaten Japan's social order. Yamada's critique of Japanese society as a "differential society" (*kakusa shakai*) is quite convincing but its depressing outlook is still indebted to the traditional concept that young men as potential bread-winners should be guaranteed secure jobs and a steady income since without economic stability marriages and thus – a demographic problem – birth rates will decline. The question remains whether much of the negative interpretations of the "new misfits" in Japanese society take into adequate consideration the com-



plexity of individual opinions and motives of the younger generation.

Annette Schad-Seifert has recently joined the DIJ with a research project on actual theoretical approaches toward social disparity. Dr. Schad-Seifert shall examine why many younger Japanese try to ignore social expectations and seek alternative lifestyles by avoiding fulltime traditional employment in a company or getting married. Since the widening social divide is not restricted to the working environment but can be applied to many aspects of society such as households, education and lifestyle choices, these significant societal changes must be analyzed in a broader context of social institutional reorganization and the ongoing process of demographic change.

Quoted literature:

Toshiki Satō (2000): *Fubyōdō shakai Nihon – Sayōnara sochūryū* [Japan's unequal society – A farewell to the great middle class]. Tokyo: Chūō Kōron Shinsha.

Toshiaki Tachibanaki (1998): *Nihon no keizai kakusa – Shotoku to shisan kara kangaeu* [Japan's economic disparities – From the perspective of income and assets]. Tokyo: Iwanami Shoten.

Masahiro Yamada (2004): *Kibō kakusa shakai – 'Makezoku' no zetsubōkan ga Nihon o hikisaku* [Society of expectation gaps – The despair of the 'losers' is tearing up Japan]. Tokyo: Chikuma Shobō.

DIJ EVENTS

International Conference

Centenary International Symposium on the Russo-Japanese War and the Portsmouth Peace Treaty
(Nichinan, Miyazaki, May 19–22, 2005)

Historical commemoration is *en vogue*. In a year when all of Europe is remembering the 60th anniversary of the end of World War II, similar events in other parts of the world tend to receive less attention. The Asian part of the "Second World War", also known as the Pacific War, Asian-Pacific War or Greater East Asian War, also ended 60 years ago, but slightly later, in August. This interval offers us a chance to pause and reexamine issues of commemoration and reflection of other historical events.

The 100 year anniversary of the Russo-Japanese War, as well as the Portsmouth Peace Treaty which ended this imperialist conflict, are occasions to recall the *prehistory* of World War II in East Asia, and reflect on this historical caesura. In Japan, this has been done quite intensively over the past few years, especially in historiography. Today, a flood of publications on the Russo-Japanese War is available in bookshops, including, among others, an anthology by the Russo-Japanese War Association. In May this year this Association organized in cooperation with the DIJ a four-day conference on the Russo-Japanese War in Nichinan, Miyazaki. Nichinan is the hometown of Jutarō Komura, Japan's delegation leader in the negotiations held at Portsmouth in 1905. The town of Nichinan not only offered modern conference facilities at the Jutarō Komura Center but also provided simultaneous interpreting services (Japanese-English) for the conference participants who came from 14 different countries.

Following keynote speeches by Masayoshi Matsumura (President of the Russo-Japanese War Association) and Ian Nish (Professor Emeritus, London School of Economics), altogether 27 speakers and several discussants contributed to 9 panels. In total, more than 200 people participated in the conference which examined the effects of the Russo-Japanese War on Japan's role in the area of international relations, the development of Japan as a colonial power in Korea, the social and economic consequences of war on the Japanese nation and society, as well as efforts to come to terms with the war in Russia, and the development of ethnic movements for independence in the Czarist empire and other parts of Asia.

Japanese and Russian historians agree, as was clearly underlined at the conference, that the Russo-Japanese War was an imperialist war that both sides could have avoided. Nevertheless, lively discussions ensued about the implications of the war for Japan's further development and later Russia-Japan relations. The territorial conflict over the Southern Kurile Islands (the "Northern Territories" in Japanese) which, as a legacy of World War II, remains an unresolved burden, as well as the fact that no peace treaty exists to date between Japan and Russia, underline the necessity to examine further lingering questions on Japan's relations to Russia, particularly from a historical perspective.

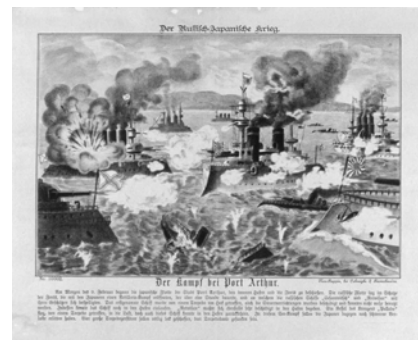
The opening of the DIJ's exhibition "European Views of the Russo-Japanese War 1904/05 – Lithographs, Postcards, Nishikie" (see the following ex-

hibition announcement) coincided with the conference. The exhibition documents the effects of the Russo-Japanese War on European perceptions of Japan with a display of lithographs (*sekihanga*), postcards as well as Japanese woodblock prints (*nishikie*) and lithographs that were exported to Europe. The exhibition, which is one of the DIJ projects for the "Germany in Japan 2005/2006" year, is aimed at a wider audience and seeks to present Japan's national history within a broad framework introducing changes of Europe's images of Japan in present Japan.

Exhibition

European Views of the Russo-Japanese War 1904/05 – Lithographs, Postcards, Nishikie

(Location and dates: Nichinan City, Miyazaki: Obi Castle, Matsuno-no-maru, May 18–June 5, 2005; Inuyama City: Meijimura Museum, June 25–September 25, 2005; Osaka City, Asahi Shinbun: Asahi-Com Hall, October 3–14, 2005; Tokyo, Asahi Shinbun: Asahi Shinbun Gallery, October 29–November 17, 2005)



The battle at Port Arthur

The perception of modern Japan in Europe was decisively influenced by the Japanese victories against China in the war of 1894/95 and in the war against Czarist Russia in 1904/05. It was only through a show of military strength that the far eastern island-kingdom



Russo-Japanese Consultation of Peace



was recognized as an equal in Europe and particularly in Germany, which had greatly contributed to the modernization of the Japanese military. Yet, slogans such as the “yellow peril” or the Hun speech of Emperor Wilhelm II clearly expressed lingering racial resentment toward the emerging global power Japan and East Asia as a whole. In any case, Japan’s victory over the then highly regarded military prowess of the Czar played an overwhelmingly important role in German and European perceptions of Japan.

Within the framework of the “Germany in Japan 2005/2006” year, and coinciding with the 100-year anniversary of the Russo-Japanese War, this exhibition examines the reception of Japan in Germany and Europe 100 years ago and presents European views of Japan to a Japanese audience. The exhibition primarily displays lithographs (Bilderbogen) from the Bilderbogen-Dokumentationszentrum Neuruppin, the largest collection of lithographs in Europe. These kinds of lithographs were the predecessors to illustrated magazines and were a typical mass media of the 19th and early 20th century and circulated, among other things, illustrated news. It was toward the mid 19th century that East Asian affairs began to be reported in these lithographs. Seen from a political as well as socio-cultural perspective they are highly interesting documents of the period, and are ideally suited to presenting to a wider audience the prevailing perception of Asia and the image of Japan in Germany and Europe in one of the most decisively influential periods of Germany-Japan relations. Another part of the exhibition displays European postcards from the period of the Russo-Japanese War, Japanese lithographs (*sekihangas*) and woodblock prints (*nishikie*) as well as other contemporary documents. For further information, please contact Sven Saaler who has recently left the Institute to take up a position as Associate Professor at The University of Tokyo (svensaaler@web.de).

International Conference

Pathways to Innovation: Policies, Products and Processes for Competitive Advantage in a Global Economy
(Tokyo, May 20–21, 2005)

Corporate innovation has been the subject of lively discussion in Japan



Professor Ernst (WHU Otto Beisheim Graduate School of Management)

and Germany for many years. The development and marketing of new products and processes as well as management know-how and its rapid penetration into the economy are crucial for the success of the technological productivity of any country. The income and employment generated by marketing have a significant effect on the productivity of a national economy. Given the increasing pressure of international competition, the readiness of companies to innovate is a decisive factor for a country’s positive performance. This readiness determines export opportunities, productivity improvements and job creation in industrialized countries. The key factor for positive effects on the overall economy appears to be a broad orientation toward innovation in the economy. Competition among several market participants to provide the best solution is vital, especially for those companies wishing to succeed at an international level.

An international conference entitled “Pathways to Innovation: Policies, Products and Processes for Competitive Advantage in a Global Economy” was held at the Nishogakusha University in Tokyo on May 20–21 to examine these factors further. The conference



Professor Masuyama (Chubu University)

was conceived and organized by René Haak (DIJ), Dennis Tachiki (Tamagawa University) and Shigeki Tejima (Nishogakusha University), and supported by the German Embassy in Japan and the Japan Institute for Overseas Investment. At the conference, scholars and

managers from Japan, Germany, the UK and the United States discussed various aspects of the innovation process. The discussions began with a definition of “innovation” as the introduction of new or improved products, production techniques and organizational structures, as well as the discovery of new markets, and the use of new input factors. Historically, East Asian countries and companies tended to adopt innovations from developed countries, but in recent years this region has moved beyond imitation to become a global manufacturing base. Past stud-



Professor Tachiki (Tamagawa University)

ies reveal how this has led to increases in productivity and competitiveness and subsequent economic growth. Following these analytical threads, the main focus of this conference was articulating pathways to innovation. The presentations and discussions clearly revealed that innovation is seen as a cumulative process and gradual lines of processing are dependent on special contextual conditions. At the same time, the overemphasis on discontinuity in association with basic innovation was rejected. Thus, innovation can be understood as an ensemble of lines of processing or as developmental paths. Some speakers pointed out that pathways to innovation develop because companies seek to improve their current technology and apply it to new problems. Hence, future solutions to underlying problems are obviously based on cumulative learning processes.

Discussions at this conference highlighted how scientific progress is one of the key influences on the creation of new innovation. To which degree the potential created by scientific progress is realized depends on several factors: the organizations that function as bridging institutions between pure research and commercial realization; the institutional regulations governing realization in state-owned businesses



Professor Tejima (Nishogakusha University)

and authorities; the innovatory companies and innovatory users; and the inter-firm network used in different science fields (for example, nanotech, biotech etc.). An important determinant in explaining the differences in pathways to innovation is the ability of the innovating company to retain or realize the gains and the new knowledge from its own innovations.



Dr. Ernst (East-West Center)

The speakers from the business side emphasized that market influences and the discovery of new scientific knowledge play a large part in the make-up of new innovation processes. Market influences stimulate or obstruct processes and focus research efforts more firmly on new paradigms. Thus, management understands innovations and pathways to innovation as processes; especially as a reaction to changes in relative prices, demand, and new technological opportunities.

The various panelists at the conference were unanimous that contextual conditions represent more variables that contribute to the development of innovation. These contextual conditions can, for example, create very close relationships between producers and users through which information is exchanged or changes are made to the technological set-up. These close relationships are of key significance to the innovation process. Moreover,

technological bottlenecks and favorable opportunities represent particular country or company-specific contextual conditions. Other contextual variables, which arise in the development of innovation and which were discussed at the conference include: the development of specific infrastructures; the development of complementary technologies; and the setting of specific technical standards that have a positive effect on certain patterns of innovation. These exogenous factors provide the context for understanding how variations in the "intra-firm" paths to innovation affect company performance. The speakers and discussants analyzed the role of policy instruments, economic institutions, and governance structures for innovation processes, and the final session examined whether the pathways to innovation in developed and developing countries have led to economic development. The conference results shall be published at a later date. The conference proceedings are accessible on the DIJ homepage (<http://www.dijtokyo.org>). For further information, please contact René Haak (haak@dijtokyo.org).

Press Conference and Symposium

Dementia – Current Issues in Long-term Care, Medical Care and Legal Support

(Tokyo, June 3, 2005)

Since Germany and Japan are countries with rapidly aging societies, the number of people with dementia is steadily increasing in both countries. This development challenges not only long-term care and health care systems, but also the legal system, e.g., the legal guardianship system.



At the press conference on dementia

Within the framework of the "Germany in Japan 2005/2006" year, the DIJ (Harald Conrad), the Japanese Society for Legal Guardianship Law (Makoto Arai), Eisai Inc. and Pfizer Inc. co-organized a press conference and symposium

devoted to the issue of dementia. The German Embassy in Tokyo and the Japanese Ministry of Health, Labor and Welfare supported the event. While the first press conference and symposium on dementia in June 2004 (see DIJ Newsletter October 2004) focused on the current state of care and legal systems for dementia patients in Germany and Japan, this year's event focused on recent developments in Japan. More than 130 journalists, scientists and members of the general public participated in the event.



At the symposium on dementia

The Japanese Ministry of Health, Labor and Welfare has recently begun promoting a new term for the Japanese word used to denote dementia. The commonly used term *chihō* has, from the meaning of its Chinese characters, a rather depreciative meaning. Thus, the Ministry decided to adopt in its official publications the new term *ninshishō*, which roughly translates as mental disorder. In addition to seeking to promote this new term among the general public, the Ministry has recently opened a new office dealing specifically with dementia issues. These developments illustrate how Japan is seeking to deal with dementia as an important issue. The presentations and discussions at the press conference and symposium reveal that local networks of care managers, doctors, social workers and legal experts are regarded as vital to facilitate efficient care and legal protection of dementia patients. As part of the next reform of the long-term care insurance system in 2005, Japan is planning to establish local support centers with representatives from these different professions to better coordinate the care of dementia patients.

We are currently planning another German-Japanese symposium in March 2006 to facilitate the international exchange of ideas about the challenges and experiences of such integrated care concepts. For further information, please contact Harald Conrad (conrad@dijtokyo.org).



Chiharu Inaba and Sven Saaler (eds.): *European Views of the Russo-Japanese War 1904/05 – Lithographs, Postcards, Nishikie* / 日露戦争百年記念展覧会『ヨーロッパから見た日露戦争—版画新聞、絵葉書、錦絵』Tokyo: German Institute for Japanese Studies, 2005, 119 p., 800¥



Battle between Russians and Japanese

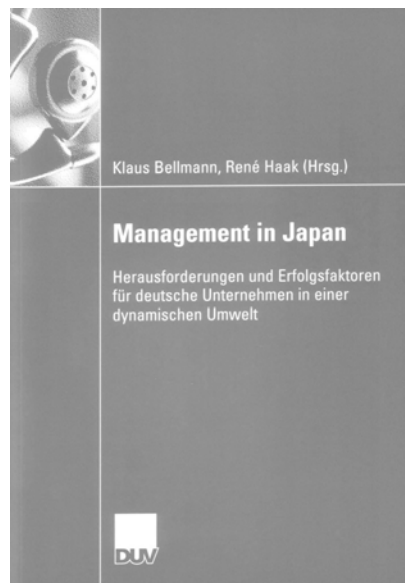
One hundred years ago Japan was in the midst of war, and – by any standards – this was a decisive event. In contrast to the Sino-Japanese War fought ten years earlier, the Russo-Japanese War confirmed Japan's claim to a place amongst the great powers. No other event quite so ignited Japan's craving for power.

The Russo-Japanese War was about Korea and Manchuria, both areas located on the periphery of the Chinese Empire which was no longer in the position to secure its boundary regions against the outside world due to the pressure exerted by Western powers. Japan envisioned a future on the Asian continent. Russia was in search of ice-free naval harbors, and, with the construction of the Manchurian railway, she penetrated as far east as Port Arthur. Conflict seemed to have become inevitable.

We know all this and many other facts. But do we really know what happened back then? And what did people far removed from the front in Europe know of the events of this war, of its reasons, or of the involved parties? The collection of pictures and commentaries in this catalogue that was compiled to mark the exhibition "European Views of the Russo-Japanese War 1904/05 – Lithographs, Postcards, Nishikie" (see DIJ Events) organized by Sven Saaler and Chiharu Inaba offers insights into these questions. The value of these pictures lies not so much in the details they provide of the battle at Port Arthur or the crossing of the Yalu. They harbor for us today a much more interesting message that is as current as ever. They illustrate how we

create an image from events. As an early mass media, the lithographs mediate an image of events to which the viewer was not a witness. From today's perspective the divide between these representations and what "really happened" is all too apparent and yet the pictures concurrently remind us that this divide has not been bridged by the deceptive medium of photography which is used for today's war reporting. Thus, the lithographs teach us not only how the world looked one hundred years ago and how it was perceived then, but to some extent also how we perceive it today.

Klaus Bellmann and René Haak (eds.): *Management in Japan – Herausforderungen und Erfolgsfaktoren für deutsche Unternehmen in einer dynamischen Umwelt*. [Management in Japan – Challenges and Success Factors for German Companies in a Dynamic Environment]. Wiesbaden: Deutscher Universitäts-Verlag, 2005. ISBN 3-8244-0833-3, 334 pp., € 55.90



No company engaged in business on an international scale can today afford to ignore the dynamic economic region of Asia. Japan, as its leading economic nation with the highest gross domestic product and the greatest purchasing power, continues to dominate the markets of the region and set standards and trends beyond Asia. On an international level, Japan is moving forward, not only in management capability and the development of human capital, but also in terms of economic, technological and scientific productivity.

This book discusses issues such as the peculiarities of Japanese business, the changes in the Japanese economic structure, the creation and development of a specifically Japanese corpo-

rate and management culture and of promising strategies for the Japanese market. It offers sound and up-to-date overviews and analyses to managers and practitioners in small, medium-sized and large international companies who deal with Japan as part of their strategic orientation. The book provides new approaches to the subject of management in Japan for academics and students of economics, sociology and Japanese studies.

Contents: Takahiro Shinyo: Grußwort · Ruprecht Vondran: Geleitwort · Imela Hijiya-Kirschner: Vorwort · **Einführung in die Thematik** · Klaus Bellmann und René Haak: Über Strategie, Management und Erfolgsfaktoren im Japangeschäft · Sadanobu Kusaoke: Japanese Economy and Foreign Direct Investment – An Overview · **Teil I: Japan als Wirtschaftsstandort** · Jürgen Maurer: Japans Wirtschaft wiederbelebt · Shunzo Arai und Katharina Bandlow: Japan-Engagement – Perspektiven für deutsche Unternehmen · Ulrich Schüle: Wirtschaftsstandort Japan: Veränderte Rahmenbedingungen für den Markteintritt? · Werner Pascha: Japan als Standort in Asien: Regionale Konfigurationsentscheidungen aus deutscher Sicht · Klaus Bellmann: Produktionsmanagement in dynamischer Umwelt. Die mittelständische Industrie in Deutschland – Chancen und Risiken einer Internationalisierung in Japan · René Haak: Kooperative Internationalisierung – Deutsch-japanische Drittlandskooperationen in China · **Teil II: Unternehmenskultur und Management in Japan** · Susanne Blazejewski und Wolfgang Dorow: Transnationale Unternehmenskulturen: Möglichkeiten und Grenzen der kulturellen Integration einer multinationalen Unternehmens in der Region Asien/Pazifik · Kerstin Teicher: Human Ressource Management deutscher Unternehmen in Japan · Pawel Komender, Dirk Schmidt-Gallas und Frank Himpel: Ein Erfolgsrezept für deutsche Unternehmen in Japan – Optimierung von Pricing-Prozessen · René Haak: Produktionsmanagement in Japan – Wertschöpfungsprozesse im Spannungsfeld von Technologieentwicklung und Arbeitsorganisation · **Teil III: Unternehmerische Erfahrungen** · René Haak: Markteintritts- und Marktbearbeitungsstrategien in Japan – Über Risiken und Chancen · Jürgen Maurer: Lifestyle und Konsum in Japan · Harald Conrad und Vera Gerling: Der japanische „Silbermarkt“ – Marktchancen und Best Practices für deutsche Unternehmen · Ute Roßmann: Anpassungen vertikaler Keiretsu-Strukturen in Japan – Chancen für

deutsche Zulieferer · Andreas Moerke: Japans Automobilzulieferindustrie im Wandel · Dirk Schmidt-Gallas, Dieter Lauzus und Frank Himpel: Versicherungspricing in Japan: Gewinnpotenziale systematisch erschließen

Book Review

Masahiro Yamada: *Parasaito shakai no yukue. Dēta de yomitoku nihon no kazoku* [Locating the parasite society. A data-driven interpretation of the Japanese family]. Tokyo: Chikuma Shinsho, 2004, 187 pp., ¥ 680 plus tax (ISBN 4-480-06195-9).

山田昌弘、『パラサイト社会のゆくえ。データで読み解く日本の家族』、筑摩新書、2004

Takurō Morinaga: '*Kane' ha nakuto-mo ko ha sodatu. Shinpuru jinsei no kyōiku sekkei*. [With or without money, children will grow up. An educational plan for a simple life]. Tokyo: Chuko Shinsho, 2004, 190 pp., ¥ 700 plus tax (ISBN 4-12-150161-6).

森永卓郎『「カネ」はなくとも子は育つ。シンプル人生の教育設計』、中公新書、2004

With his 1999 book "Parasaito shinguru no jidai" [The age of parasite singles], Masahiro Yamada hit a nerve provoking intensive public debate. It sold extremely well and turned *parasaito* into a household word that has figured prominently in discussions about social change in Japan ever since. Takurō Morinaga's "Shinpuru jinsei no keizai sekkei" [An economic plan for a simple life] was similarly successful when it appeared in 2002. Advice for a less copious lifestyle than had become common during the bubble economy was what people were looking for at the time.

Both of these books deal with, and must be read as a reaction to, prolonged economic stagnation and the ensuing developments that are currently turning Japan from the post-World War II egalitarian "middle class society" into a more pluralistic and stratified society. As the process of re-configuring the social contract continues, Yamada and Morinaga are trying to live up to the name they have made for themselves as keen observers and analysts of Japan's society and economy. With the books under review here they take a second shot, Yamada pursuing the theme of parasites and Morinaga that of making plans for a simpler life.

While tackling very different issues, their new books have much in common because their authors have much in common, because they live in the same society, and because they are part two of a successful part one. In their late forties, Yamada and Morinaga belong to a generation of urbane and highly educated academics who rather than confining themselves to a position of disinterested observer prefer to take a stand. They have no qualms crossing the line that divides theoretical analysis from social criticism.

In his earlier book Yamada denounced the young who postpone marriage and continue to live (as "parasites") with their parents evading the responsibilities of building a family of their own. The term "parasite society" in the title of his new book waters down his original notion that a hedonistic generation of fun-loving overly materialistic youths, especially young women, were to blame for what had become one of the most intractable social problems, that is, below-replacement level fertility. He presents a wealth of data about a variety of social ills ranging from rising divorce rates and juvenile delinquency to changing employment practices (*furitā* and *nīto*) and lack of ambition among the young. These tendencies, he argues, all feed into a general feeling of insecurity that since 1998 has swept Japan in the wake of a number of reforms in the spirit of neo-liberalism.

Morinaga is no less outspoken with his criticism of educational pedigreeism. He attacks the educational reforms embraced by the Koizumi government (*yutori no kyōiku* or 'education with a leeway') and takes a stand against elitism. His argument is that the five-day school week and a relaxed curriculum that leaves more room for individual choice have opened the door wider to buying a good education, putting the less well-to-do under ever increasing pressure to spend a lot of money for their children's schooling and thus discouraging young couples from having more than one or two children, if any.

A common theme of the two books is their concern with the demographic problem. A term both authors use repeatedly is *kakusa shakai* or 'differential society' diagnosing as they do widening disparities in education, income, employment and opportunity for social advancement. If these two informative and easily accessible books are any indication, it is high time for others to broach "the age of social disparity."

(Florian Coulmas)

Library

Second Donation to the DIJ Library – Virtual Exhibition of the Bandō Collection



Rudolf Ewert (left) chopping wood (Bandō POW camp)

Through the mediation of the Museum Hameln (Germany) the DIJ Library in March 2005 received a second donation of materials related to the Bandō POW camp. The DIJ would like to express once again our sincere thanks to the donor Rolf Ewert (see also DIJ Newsletter February 2005). Among the highlights of the donation are several photo albums with pictures from Japan, Tsingtao/China and the POW camps Marugame and Bandō. The former owner of these albums, Mr. Ewert's great-uncle Rudolf Ewert, was interned in Marugame and Bandō from 1914 to 1920. The Naruto German House, a museum at the historical site of the POW camp Bandō,



"Exhibition of Graphic Art and Handicrafts" 1918

has greatly assisted in identifying the scenes and places depicted (<http://www.city.naruto.tokushima.jp/germanhouse/about.html>). In addition, the Naruto German House has kindly given us permission to use photos from their own archive for the "Virtual Exhibition of the DIJ's Bandō Collection", for which we would like to express our gratitude.

The electronic exhibition will be presented from October 26, 2005, on <http://bando.dijtokyo.org/> as part of the initiative "Germany in Japan 2005/2006". Visitors can explore the





General view of the Bandō POW camp

POW camp Bandō via a virtual tour of the whole site with barracks, restaurants and the shopping quarter "Tapautau". Other pages focusing on the topics "food" and "theater" provide insights into life at the Bandō POW camp. The extremely positive contacts with the local Japanese are exemplified by various documents such



Visitors at the "Exhibition of Graphic Art and Handicrafts" 1918

as items dealing with the "Exhibition of Graphic Art and Handicrafts" which was organized by the POWs in 1918. The virtual exhibition is bilingual (German and Japanese) to make it accessible to the general public in both countries. In addition to the electronic exhibition there is also a database that provides browse and search functions. The complete collection will be available in digitalized form. We hope that the database in particular will be a helpful tool for further research. The public presentation of the virtual Bandō exhibition will take place on October 26, 2005, and will be held in conjunction with the opening ceremony of the exhibition on German POWs in Japan 1914-1920, which is organized by the OAG Tokyo (<http://www.oag.jp/>).

Other Matters / Outlook

Call for Papers

Japanstudien: Jahrbuch des deutschen Instituts für Japanstudien

Japanstudien is a peer-reviewed journal published annually by the German Institute for Japanese Studies, Tokyo. This journal includes articles on the culture, economy, society and politics of modern Japan as well as Germany-Japan relations. Papers on these topics are welcome from scholars in any academic discipline. Most issues of *Japanstudien* focus on a particular topic. The subject of volume 18, which is expected to be published by autumn 2006, is

How Japan Works

You will find the detailed Call for Papers on the DIJ homepage. For further information, please contact René Haak (haak@dijtokyo.org).

New Advisory Council

In autumn 2004, a periodic change has taken place in the DIJ's Advisory Council. Mr. Jirō Nemoto and Professors Paul Kevenhörster and Werner Pascha were succeeded by three new members: Masahiko Aoki PhD, Professor of Japanese Studies, Stanford University; Dr. Wolfgang Seifert, Professor of Japanology, University of Heidelberg; and Karen Shire PhD, Professor of Sociology, University Duisburg-Essen. They joined Professor Dr. Wolfgang Streeck, Director of the Max Planck Institute for the Study of Societies, Cologne (Head of the Advisory Board); Dr. Christian Kirchner, Professor of German, European and International Civil and Business Law and New Institutional Economics, Humboldt-University Berlin; Dr. Steffi Richter, Professor of Japanology, Leipzig University; Yōichi Shimizu, Liaison Director, The Japan Cultural Institute in Cologne (The Japan Foundation, Munich); Dr. Ruprecht Vondran, Deutsch-Japanischer Wirtschaftskreis, Düsseldorf; and Professor Dr. Ernst-Ludwig Winnacker, President of Deutsche Forschungsgemeinschaft (DFG).

The new advisory council has kindly agreed to act as the editorial board of *Japanstudien*, the DIJ's refereed annual.

DIJ-Forum with Masahiko Aoki



Professor Aoki with DIJ-researchers

On May 26, our new board member Professor Masahiko Aoki delivered a Forum Lecture on the topic of "What is the Corporation? How is it Changing? A German and Japanese Comparison". Prior to his presentation, Professor Aoki took time to get to know the DIJ research fellows and exchange some ideas with them.



Professor Aoki

New DIJ Website

Since June, the Institute has a more user-friendly internet website. Please see for yourself at www.dijtokyo.org.

Donation

In April Hōgyū Kobayashi, a well-known calligrapher and chairman of



the Dokuritsu Shojindan Foundation, graciously presented the DIJ with a calligraphy. The large-sized work (105 x 105 cm) shows the character gō, meaning "excellence". We will look at it as an incentive and do our best to live up to it. Our heartfelt thanks to Mr. Kobayashi!



Hōgyū Kobayashis work „gō“ (excellence)

Workshop

Wirtschaftstag Japan – Herausforderungen und Chancen für deutsche Unternehmen im Japangeschäft

(Mainz, August 29, 2005)

René Haak (DIJ), Klaus Bellmann (Johannes-Gutenberg University Mainz) and Günter Jertz (Chamber of Commerce and Industry Rheinhausen) are jointly organizing a workshop that will focus on "Challenges and Perspectives for German Companies Doing Business in Japan". Further details and the workshop program are available on the DIJ homepage. Please forward all inquiries to René Haak (haak@dijskyo.org).

International Symposium

Changes and Challenges in the Japanese Automotive Industry

(Berlin, September 5–6, 2005)

René Haak (DIJ), Carl-Ernst Forchert (INPRO) and Henning Hetzer (INPRO) are jointly organizing an international symposium in cooperation with Günter Spur (TU Berlin) and Dieter Specht (BTU Cottbus) that will focus on "Changes and Challenges in the Japanese Automotive Industry". Please forward all inquiries to René Haak (haak@dijskyo.org).

International Conference

Demographic Challenges for Human Resource Management and Labor Market Policies – A German-Japanese Comparison –

(Tokyo, October 5–6, 2005)

Harald Conrad (DIJ), Viktoria Heindorf (Japan Center, University of Munich), and Shinichi Warisawa (Tokyo University) are jointly organizing a conference on the demographic challenges for human resources management and labor market policies in Germany and Japan. The first part of the conference examines the implications of aging workforces for labor markets and current developments in age-related labor legislation in both countries. The second part of the conference addresses specific areas of human resources management such as recruitment and placement, training and development, compensation and employment practices, and the evolution of labor relations in Germany and Japan. Please contact Harald Conrad (conrad@dijskyo.org) for further information.

Personnel News

Dr. Harald Dolles resigned from office as DIJ staff council representative on April 7th 2005.

Dr. Andrea Germer was appointed head of the Humanities Section of the DIJ in May 2005. Dr. Germer is currently responsible for the History and Humanities Study Group.

Dr. Sven Saaler, research fellow at the German Institute for Japanese Studies since November 1, 2000, and head of the humanities section since January 1, 2004, has left the Institute to take up a position as Associate Professor at The University of Tokyo (Graduate School of Arts and Sciences, Komaba). During his term at the DIJ Dr. Saaler organized the History & Humanities Study Group and several conferences dealing with modern Japanese history. He will continue to coordinate the exhibition "European Views of the Russo-Japanese War 1904/05 – Lithographs, Postcards, Nishikie" (see DIJ Events), a project that he initiated and which the DIJ is presenting during the "Germany in Japan 2005/2006" year.

Dr. Saaler's research during his term at the DIJ was primarily con-

cerned with the recent debates about Japanese history textbooks, the historical consciousness of the Japanese, and Japanese politics of memory. Following several articles on these topics, he recently published the monograph "Politics, Memory and Public Opinion" (see also DIJ Newsletter February 2005). Collaborating with Dr. Isa Dücke, Dr. Saaler also edited a conference volume on Japan-Korea relations (published in the series Monographs from the German Institute for Japanese Studies, volume 36). The conference organized by the DIJ in cooperation with the Japanese Cultural Institute in Cologne, the Japanese-German Center Berlin (JDZB) and the German Federal Office for Civic Education was initiated before the background of escalating tensions between Japan and Korea.

Within the DIJ's past research focus "Japan in Asia" Dr. Saaler also pursued research on the history of regionalism in East Asia, focusing on the history of the ideology and the movement of Pan-Asianism. Dr. Saaler has published several articles on this topic and in November 2002, he organized a two-day conference ("Pan-Asianism in Modern Japanese History: Colonialism, Regionalism and Borders") with support from the Japan Foundation. The proceedings of the conference, to be co-edited by Victor Koschmann (Cornell University), shall be published by RoutledgeCurzon in the series "Asia's Transformations".

Dr. Annette Schad-Seifert joined the DIJ as a research fellow in social sciences in March 2005. She received her doctorate in Japanese Studies (Social Sciences) at the Free University Berlin with a dissertation on "Sociological Ideas in the Japanese Enlightenment". She received her academic training and held positions at the Free University Berlin, Keiō University, Heinrich-Heine-University (Düsseldorf) and Leipzig University, where she was a lecturer in the Japanese Studies department of the East Asian Institute. Her recent research and teaching activities have focused on cultural studies of modern and contemporary Japanese society and gender studies. In her post-doctoral thesis on "The Cultural History and the Social Discourse of Masculinity in Modern Japan", Dr. Schad-Seifert is examining the connection between social development and the changing gender discourse of masculinity. At the DIJ Dr. Schad-Seifert will contribute to the Institute's research project "Challenges of Demographic Change" with a study entitled "Generational Conflict and New Patterns of



Social Stratification in an Era of Demographic Change”.

Dr. Gabriele Vogt joined Dr. Harald Conrad and Dr. Isa Dücke as co-organizers of the Social Science Study Group in March.

DIJ-Forum

Vera Mackie, Professor, University of Melbourne: “Gendering the Culture of 1960s Japan” (June 16, 2005).

Ito Peng, Professor, University of Toronto: “Postindustrial Pressures, Domestic Politics, and Social Policy Reforms in Japan and Korea” (July 5, 2005).

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