

Primena nove ekonomske politike daleko zaostaje za teoretskim promenama. Najznačajnija promena u ekonomskom sistemu je stvaranje većeg broja preduzeća sa proširenom autonomijom i pravom na zadržavanje dela dobiti. Analiza rezultata koje postižu ova pokusna preduzeća pokazuje da se njihovo poslovanje veoma brzo poboljšalo, iako to svakako ne može biti pripisano jedino uvođenju samoupravljanja. Ovi rezultati veoma su slični onima u SSSR-u neposredno posle privredne reforme 1965. godine. U Kini je takođe došlo do delimičnog uvođenja nekih od elemenata konkurencije između preduzeća, tržišnih odnosa i ukidanja kontrole cena. Isto tako, došlo je, posle 1978. godine, do porasta u stepenu formalne demokratije unutar preduzeća, što se ogleda u preduzetim koracima za izbore rukovodilaca preduzeća i davanju veće uloge izabranim radničkim savetima. Ipak, problemi koji prate takvu politiku pojavljuju se i u Kini: inflacija, nejednakost, uskraćivanje informacija i nedostatak usklađenosti sa sistemom cena.

Na kraju, u članku se razmatra dalji mogući razvoj. On će u najvećoj meri biti determinisan političkim faktorima. Pored toga, nasuprot SSSR-u i većini Istočno-evropskih zemalja, ekonomske reforme će najverovatnije biti proširene posle 1982. godine. Značaj tih promena, kao i veza između reforme i demokratije unutar preduzeća, zavisice od načina na koji će politički i drugi konflikti biti razrešeni.

## EXPERIMENTS IN SELF-MANAGEMENT IN JAPAN

Akihiro ISHIKAWA\*

## INTRODUCTION

*Increasing Interest in Self-management*

Interest in self-management in Japan began to increase towards the end of the 1960's, when many socio-economic problems became obvious in the rapid growth of the Japanese economy.

Interest was shown first of all from the standpoint of the labour movement and the socialist movement.

Immediately after the Second World War, there were more than a few factories and enterprises which the workers controlled or managed by themselves, but towards the end of the 1940's, workers' control or workers' management mostly failed with the revival of employers' power. Then, during the 1950's, management endeavoured to attain industrial peace for the purpose of rationalization, innovation and higher productivity. The labour movement aimed at organizing an anti-rationalization struggle, but generally speaking it did not succeed and many of the trade unions, especially among the big businesses, opted for joint consultation with management. In the 1960's, especially the second half, new situations occurred: workers' indifference to their unions and increasing feelings of alienation resulting from new technology. Their income became higher but they were dissatisfied at work. At that time a new type of labour movement, different from the existing one that had been engaged mainly in economic problems, began to emerge: the self-management movement. Some of its supporters were influenced by the French idea of "the new working class" as well as by the trends of the French Socialist Party; others sought workers' control in the sense of Marxism-Leninism. This trend operated in tandem with critical attitudes toward the Soviet system among Japanese socialists in the 70's. It seems that their views were more "imports" from abroad (France, Yugoslavia or Gramsci's writings) than outgrowths from the realities of Japanese society. But

\* Department of Sociology, Chuo University, Tokyo.

some of them paid a lot of attention to and held high expectations for the workers' self-management experiments in failed medium-or small-scale enterprises which have emerged recently.

The same situations which stimulated the labour movement and the socialists to the idea of self-management also generated interest among the management of Japanese enterprises, from the standpoint of the administration of work morale and productivity.

Resulting from high economic growth in the second half of the 1950's and the entire 1960's, many business organizations became gigantic and had to face negative bureaucratic phenomena. Management had to take measures to remedy frequent labour turnover, stagnant morale and so on. In this context they set up some "self-management groups" on the shop level to integrate employees within the enterprise and the workshop and to enhance their morale, giving the workers some rather autonomous spheres of decision-making and activities. The ideology relevant to it is consistent with "humanization of work", "liberation from alienation", "respect for self-sufficiency", etc., and in practice is often supported by the "behavioral sciences". It is being implemented not only in big enterprises but also among medium-or small-scale businesses.

Interest appeared thirdly outside of the labour movement and socialist movement, and outside of business. It flowed from the orientation toward a "utopian community".

In the second half of the 1960's psychological and ideological tendencies were displayed mainly among the younger generation against integration by technocracy and were oriented towards a communal society. Some of the tendencies became crystallized in collective movements and communities were formed. In such situations, the "utopian community" experiments which had been carried out by older generations were re-examined and this subject has now become one of the most fashionable topics of journalism.

Each of the above-mentioned interests in self-management has been raised separately in different contexts, but it must be said that they are variations of experiments attempting to overcome the difficulties of contemporary society in Japan. The experiments were carried out in the '70's and are still ongoing. It might be significant to inquire empirically into their structure, function and dynamics.

Among them we can find four types of self-management: 1. independent production activities by trade unions in failed enterprises, 2. ownership and management by the workers themselves in medium-or small-scale enterprises, 3. autonomous small group activities on the shop level within big enterprises, 4. the "utopian community". Their actualities will be mentioned below.

## I. TYPE 1

### Independent productive activities by trade unions in failed enterprises

In the last several years, a high number of bankruptcies among medium-and small-scale businesses has been recorded: 15, 641 cases in 1976, 18, 471 in 1977, 15, 875 in 1978 and 16, 030 in 1979. In most cases, workers do not have their own unions, and under bankruptcy they are often compelled to get out without receiving any money, sometimes not even the wages for their work before the occurrence of bankruptcy. In the case that they have a union, workers sometimes claim their unpaid wages and retirement or discharge allowances; conflicts often take place there between the union and the other creditors who are former business or financial connections. When the union does get some positive results (often through a trial), its activities come to an end; and after receiving their money, the workers disperse. This is what usually happens.

However, another situation has recently emerged. The workers do not only claim their right to unpaid wages and allowances, but they begin to organize activities for the rehabilitation of their enterprise.

One of the most famous cases is the workers' self-management of PETRI, a camera manufacturing company. The company went bankrupt in the Autumn of 1977. Just before it happened, the union succeeded in concluding a convention with the owner-management that the buildings, equipment and stocks be transferred to the union and be used by it, if the management failed. After bankruptcy, all of the managers left the company and many of the workers retired as well. The number of workers decreased from 660 to 170. Those who remained (most of them were rank-and-file blue-collar workers) began to produce by themselves and even to develop a new type of camera. The cameras which they produce are distributed to various trade unions who help them sell their products to union members. The income of each worker is now lower than before, but a minimum income is guaranteed. They have built a nursery school at the factory site. The union organization is at the same time the management organization. There is no rigid, fixed division of labour, either vertically or horizontally. They have not yet grasped a general market outside of the distribution channel through other sympathetic unions, but they are beginning to feel the necessity to develop a market. Their aim is the reconstruction of their company rather than re-establishment of the former owner-management.<sup>1</sup>

We can find similar cases in other enterprises. For example: PARAMOUNT, a shoe manufacturing company; CHÖBUNSHA, a publisher; VAN, a wholesale clothing company, etc. These firms are located in Tokyo, including PETRI, but similar examples are found in other cities, too.

<sup>1</sup> PETRI succeeded in registering as a new company in August 1980.

Of course, we can also find enterprises which the workers themselves have reconstructed successfully. FUJIYA SEIKA, a chocolate manufacturing company, may be given as one example. FUJIYA failed in the Autumn of 1977, and then the trade union occupied the factory to begin their own production activities. The union came to an agreement with the former owner-manager concerning the right to use the site and the factory equipment as well as the right to sell its commodities. One dealer was sympathetic to the union and helped its business. Production and business went well. On the basis of their achievements, the union set up a new company under the name of FUJIYA SEIKA. It has no union organization. The workers share the capital, and all management positions are open to them. The level of salary is considerably higher than that of employees in other enterprises of similar scale and the differentiation of salary in FUJIYA is very small (the top is only three times as high as the bottom). The directorate is composed of five persons, three of whom were union leaders and two of whom were in the middle-management of the former FUJIYA. A rigid vertical as well as horizontal division of labour has already been formed. Also, there is now a strict distinction between the ordinary workers (the former union members and now the capital shareholders) and the extraordinary employees (mainly part-time workers).

In this case, we see that when independent production activities achieved their goal and the business began to go well, some sense of self-management was gradually lost. In the first stage of self-management in FUJIYA, there was no hierarchical differentiation among the workers who banded together and kept their morale high and hot. The workers in PETRI and other similar enterprises experienced the same objective and subjective situations, too. But in the second stage, where self-management had developed to some extent, management and labour began to differentiate; and in the third stage, management became independent while the rank-and-file workers became rather indifferent to it. This led to the growth of a new hierarchy.

There also exists a completely different self-management situation though it has a long history. We can raise the case of the fishermen's cooperative in Amami Oshima, an island located between Kyūshū and Okinawa. After bankruptcy of a fishing company, the workers (fishermen) contributed money toward purchasing their own ship in order to organize a cooperative. This occurred in the early 1920's, so the cooperative has a history of more than half a century. Nevertheless, it is still a living example of the principles determined at its birth: equality of contributing money, equality of the work burden and equality of distribution. The investment has become a heritage and now the second and third generations of the founders are working there. They live in a small village, their life style and mentality are homogeneous and there are very small socio-economic differentiations in their community. Such environmental conditions seem to support their self-management on the principle of absolute equalities. These

conditions are very different from those of the cities so it may be said that this case is a very unique example in a highly industrialized and urbanized society.

## II. TYPE 2

### Worker's Ownership and Self-management in Medium- or Small-scale Enterprises

In contrast to the self-management of failed enterprises whose economic environments are adverse, this type is surrounded by good economic conditions. These enterprises are in high growth so management seeks the stabilization of manpower and high productivity.

In order to attain this, some of the owner-managers of small- or medium-scale enterprises have tried to share the capital with their workers and allow them the rights of management.

KŌMIYA, a cake manufacturer, is a typical case. It was founded in Tokyo in 1953, when the management worried about frequent labour turnover among skilled workers. In order to stabilize them within the enterprise, the owner-manager shared the capital with his employees in 1954 and established a system whereby he had to explain the business situation and policies to a monthly workers' meeting and come to an agreement with them. At first, the workers were suspicious but later they began to develop an awareness of belonging to their enterprise. Their morale and productivity increased. They worked by themselves for about 14 hours a day and the number of establishments grew so that fourteen were founded by 1970. The income of the workers was much higher than that of employees in other similar enterprises. Directors were elected by a ballot work in which every worker participated, and the representative director was elected at a meeting of the directors. The difference in income among them was small (between the top and the bottom, only one to three). In each establishment there was autonomy of management and the representative director had a coordinating board above him. The company was in good economic condition during the 1960's and at the beginning of the 1970's, but at the same time the business became larger and the workers were preoccupied by their awareness of being "employees". The administration of personnel management became functionally independent. It became necessary to have an independent administration and management, and at last, in 1974, each establishment was made an independent enterprise. However, the measures of self-management came to a halt, and then only the owners of capital became directors. Worker's meetings are not held now. This may be considered the ruin of self-management due to new internal conditions and adaptation to an economic environment where competition has become severe.

In the above case, we can see that convenient economic conditions have worked well for self-management, but under severe conditions it was terminated. Self-management in this case may be seen as a way for the enterprise to adapt to its environment, given from management

to workers, so that the latter did not even protest when self-management, was abolished. This self-management was "given" to the workers, not one they established themselves.

In another case, HIKOBANBAN, a restaurant, had a plan to set up a new shop in the suburbs of Tokyo but it was faced with the difficulty of getting personnel. Then one of the managers proposed that they find an active students' club and entrust the management activities of the new shop to the students. This was done but the students soon began to use part-time employees as wage workers. They were interested in self-management but had no knowledge of its working or ideology. In any case, the management of HIKOBANBAN succeeded in absorbing the energy and initiative of the students. In this case, however, the students were not owners.

### III. TYPE 3

#### Autonomous Small Group Activities on the Shop Level within Big Enterprises

In the 1960's, after big investments, the managements of big businesses were faced with the problem of finding new personnel administration methods in order to help integration in the workshop and to motivate workers under new technological and organizational conditions. Also, the workers, especially the young ones, wanted to realize their abilities and develop their knowledge and skills in the workshop. A new type of personnel management appeared which urged the workers to form more-or-less voluntary small groups and carry out by themselves tasks involved in improving their work and workshop.

At first, it started out as a form of QC CIRCLE ACTIVITIES (QC means QUALITY CONTROL). That was in 1962. Then ZD MOVEMENT began. (ZD means ZERO DEFECTS). They very rapidly penetrated into a number of workshops in big and medium-scale enterprises. The workers' response to them has been positive, and trade unions have not been against them. Managers' organizations set up above individual enterprises have encouraged such small group activities. For example, the Japan Iron & Steel Federation set up its own JISHU KANRI Committee in 1969 to promote JK ACTIVITIES. JK is JISHU KANRI, which means self-management in Japanese. JK ACTIVITIES is a general term for small group activities such as QC CIRCLE ACTIVITIES and the ZD MOVEMENT, which are carried out on the shop level. According to the definition given by the Committee of the Japan Iron & Steel Federation, JK ACTIVITIES are "activities in which the workers within the same shop or at the same job establish a small group, elect a leader among themselves, hold discussions with him, set up their aims by themselves and endeavor to attain them". The result of a survey carried out by the Productivity Labour Management Council in 1977 shows that 68 per cent of the big businesses have such small group activities.

A survey of 124 groups in 6 enterprises made by the Human Development Centre points out some aspects of the activities' actual work. The opportunity to start these activities in many cases was given by management and the initiative was taken by supervisors (in more than 80 percent of the cases). The subjects of the activities are decided mainly in consultation with supervisors (in 63 per cent of the cases a supervisor points out the general orientation and then a small group decides by itself; in 18 per cent a group decides along with a supervisor). But there is no group in which the subject is given only by the supervisor. The most frequent subject concerns matters of efficiency, then of quality. In some cases, issues of safety are dealt with often. Meetings are held once a month in 56 per cent of the cases, twice or three times a month in 24 per cent and once a week in 10 per cent. In 75 per cent of the cases all members usually attend the meeting. In 46 per cent of them everyone expresses his opinion at the meeting, in 27 per cent most of the attendants do it, and in 19 per cent about half of them. In 39 per cent the leader is elected by voting, in 9 per cent the members rotate the leader, but in 21 per cent the supervisor becomes the leader and in 25 per cent the supervisor appoints the leader. However, 51 per cent of all members have leadership experience. Most of the members recognize the possibilities for elevating their level of skills, acquiring knowledge of their work, improving leadership, leveling-up work efficiency and enhancing work morale.

It may be said that such small group activities on the shop level do not belong to workers' self-management in the authentic sense of the word, and in fact they might be seen as an instrument of manipulation. However, at the same time it can be recognized that, though in the beginning stage the initiative was given from above and the activities were mostly limited to production matters, they are progressing rather independently and the workers are satisfied with them.

Still, it is now evident that a harsh economic environment exerts some negative effects on independent group activities. Surely such activities were tailored by management under good economic conditions, but now management cannot afford to give so much independence to small groups in the shop. We notice the tendencies of supervisors to intervene actively in small group activities, grasp a strong leadership and manipulate workers for the short-term interest of the enterprise. The small groups by themselves have no power to resist these measures and tendencies.

### IV. TYPE 4

#### "Utopian Community"

In the processes of modernization, there have been more than a few experiments to set up "intentional communities" or "utopian communities", to have human solidarity confront individualization, the mechanization of human relations, technocratization and bureaucratization. A journal, "CHIKI KAIHATSU" (Regional Development), (No. 5,

1977) asked 40 of those communities to fill out questionnaires in order to observe their situations, but there must be many more. There are, of course, "communities" of only consumption or hippie groups, but we can also find some which carry out common socio-economic activities through self-management.

Some of them were born in the new left movement at the end of the 1960's and at the beginning of the 1970's, but there are also other "communities" which have long traditions and histories. As examples we can cite ITTOEN (in Kyoto), SHINKYO DOJIN (in Nara), OYAMATO AJISAI MURA (in Nara), YAMAGISHI KAI (whose branches are located in various places in Japan), etc. Most of them have similar economic activities based upon agriculture, and their orientations are autarkic; the members are under the heavy influence of some kind of religion, having had very hard lives; not only productive means but also consumption goods are in common hands.

For instance, let us take ITTOEN. It has a site of about 300,000 m<sup>2</sup> and buildings of about 10,000 m<sup>2</sup> containing farms, woods, an agricultural laboratory, a clothing and knitting department, a school and a kindergarten, a building works department, an establishment for printing and publishing, and an entertainment troupe. It has 300 inhabitants, from babies to a 90 year-old. There is no private property and they work without receiving money. Their principle is the idea of making a way of life in which all causes and elements of social and personal conflicts will be eliminated. It originated with a revelation that came to the founder in his trying experiences before the War (he died in 1968 at the age of 97).

For another example, YAMA ISHI KAI is also a typical case. It started in 1953 as an ideological movement for a utopian society of authentic friendship in which any antagonism, conflict and violence would be eliminated. The principle is called "Yamagishism". In 1961, the praxis based upon "Yamagishism" began in various places in Japan, but the scale of each praxis was so small that they were faced with the need to find a large place of adequate scale. Representatives were elected from each location and a relatively large-scale practical experiment was carried out in Tsu city (Mie ken) in 1969. The members comprise 300 persons whose average age is 23 in the new experimental location. It has a site of 7 ha., mainly for agriculture, and it keeps 150,000 hens from which it earns sufficient income to buy the goods from outside which it does not produce by itself. There are such sections as: living (education, nursing, cooking, washing, farming), administration, management (keeping hens and chickens) building, rearing pigs, purchase and sale. Decisions and management are implemented by the consensus of all the members according to the general will of "Yamagishism", and representatives (3 people) are elected bi-annually.

It could be said that such "communities" deny, or operate outside of, the dominant value systems of industrial society, such as individualism, meritocracy, logic of efficiency and so on. Each of the members dropped out of a dominant way of life, actively or passively, and sought a strong human bond where religion or something similar

played an important role. Some ideological indoctrination and religious ceremonies are performed continually in these communities. It is often said that no religion plays an important role in Japanese mental life, but for just that reason some religious movements are revived again and again, from Buddhism or Shintoism, or a combination or both. A person who has been socialized in the values of modern industrial society cannot escape from them and could not endure such a "community" life, even if he happened to participate in it eagerly at first.

## V. COMMENTS

If we characterize each of the four above-mentioned types from the genetic point of view, the first can be called "a compelled self-management" (from bankruptcy), the second type "a given self-management" (by an owner-manager), the third "a promoted self-management" (by the supervisor and management) and the fourth type, "an ideologically-initiated self-management".

In the first type, the workers feel solidarity, exhibit high morale and initiative, and establish equal social and economic relations as well as a flexible organizational structure without hierarchy. However, generally speaking, such phenomena appear in the first phase of their self-management movement, which started from economic motives. After that, although the workers' consciousness is more or less changed in the movement, the initial vitality becomes weaker, a new differentiation of interests occurs between the new management and labour, and the structure loses flexibility and equality. It is not sufficient to look for causes in the fact that the enterprise had to adapt to severe environments (marketing, financial, etc.) for we have seen the example of FUJIYA SEIKA, whose environments are guaranteed by a wholesaler. A fishermen's cooperative in Amami Oshima, though living on a free market, has endured for a long time. There is a homogeneous way of life and consciousness, intimate human contacts and traditional bonds, inside as well as outside the workshop. They have no systematic ideology of self-management or self-government, but rather the mores of their community.

As for the fourth type which is ideologically initiated, it can be successful only if it forms a homogeneous life and thinking style among the members of its community.

It would seem difficult for workers with an urban way of life, living individually and separately from each other outside of their workshop, to continuously maintain self-management relations. Nevertheless, there are needs in workers' psychology to take their own initiatives in the workshop without strict directions from above. Therefore, some measure of self-management positively influences the workers as an incentive to more efficient activities. For this reason the second type, as well as the third, functions well under conditions conducive to economic growth. In the second type, if economic conditions become unfavourable, self-management will be easily given

up. The workers accept it without any resistance. Even though they have no solid philosophy of self-management, they do have some aptitude for it. There is a problem concerning self-management and it would be interesting to find the converging processes and similarities of the final structures and consciousness of both types: the first and the second (the "compelled" and the "given").

The third type is also considered by many managers and executives to be a form of realizing workers' initiatives in a large organization. In the present stage, it is connected with the QWL movement which aims to make the workshop a unit of human life, not only a unit of production. However we notice, for example in the ship-building industry, that the human groups which have been fostered through small-group activities in the workshop must be abandoned because of redundancy. Many workers are compelled to leave their workshop and disperse.

We have observed four types of self-management experiments in present-day Japan. In contemporary situations, each of them has its particular problems and difficulties, but at the same time they seem to have common or similar aspects. Nevertheless, it appears that there are very few attempts to synthesize them in Japan practically, theoretically or ideologically.

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SUMMARY OF THE RESULTS OF THE SECOND INTERNATIONAL CONFERENCE ON SELF-MANAGEMENT AND PARTICIPATION IN LATIN AMERICA AND THE CARIBBEAN (CLA, OFIPLAN, NATIONAL UNIVERSITY OF COSTA RICA AND IICA)

The Second International Conference on Self-Management and Participation in Latin America and the Caribbean was held from 23 to 28 June 1980; about 250 delegates from 25 countries were present.

The organizers of the meeting clearly expressed the aims of the Conference: they wanted it to be a forum for exchanging experiences, for contributing to the examination of factors which enable or disable the implementation of self-management practice, and also to strengthen the mechanisms of permanent coordination and communication among institutions and organizations linked with projects on the development of self-management in various countries of that region.

The meeting was opened by Mr. Rodrigo Carazo Odio, the President of Costa Rica, who said that "participation of people is the best way of overcoming the basic problems that contemporary man has to deal with". Mr. Carazo Odio also said that "the forms of uniting used by a community in order to fully realize itself, are an instrument for the promotion of humanity and people's participation". Director General of the IICA, Dr. José Emilio Arango (the Institution which was host to the Conference and its co-organizer), pointed out that one of the major concerns of the IICA and his own concern had, for more than ten years, been the "promotion and consolidation of farmers' communal enterprises, i.e., enterprises managed by the workers, true communities of free and equal individuals." Dr. Santiago Roca, the President of the Latin-American and Caribbean Council for Self-management (the institution which convened the Conference and brought about collaboration of the IICA, the Office for Planning and Economic Policy (OFIPLAN) the National University of Costa Rica as a co-organizer of the Conference), informed the Conference of his term of office. He had been elected President by the delegates present at the 1st Conference held in Lima in 1977. Dr. Roca gave the outlines of the programme, saying that "self-management enterprises represent the means of individual and collective liberation and realization but at the same time self-management is a wider concept related to an alternative economic, social and political system of an organization in which people participate in their immediate