

Changes and Problems in HRM and Labor in Japanese Companies after the Collapse of the American Finance House-Lehman Brothers Holdings Inc.

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Summary

This paper discusses the changes in human resource management and labor in Japanese companies after the economic downturn precipitated by the bankruptcy of Lehman Brothers (Lehman Shock, 2008), and the effect of the Great East Japan Earthquake that followed. It also investigates the rapid shift of Japanese companies towards Asia, while various companies of the prominent emerging nations were actively acquiring Japanese companies. The paper takes into account Japan's non-regular employment and the foreign employee termination/unemployment problem in particular. The paper concludes that the middle-class is collapsing even in Japan, and with an increase in non-regular employees as a result of the changes in human resource management and labor after the Lehman Shock, the selective cut-backs of regular employment and impoverishment of large strata of workers are on the rise. This is a trend that will continue in the future.

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Introduction

Large number of corporate bankruptcies and innumerable unemployment were manifested throughout the world after the collapse of the Lehman Brothers Holdings Inc.²⁾,

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2) Carole Thorney, Steve Jeffery, Beartice Appay (ed.), (2010), *Globalization and Precarious Forms of*

a major finance house in the United States, in September 2008. This blow to the world economy and Japanese economy in particular, is referred to as the “Lehman Shock” in Japan.

The subject of this research is to discuss in detail the transformation in Human Resource Management (HRM) and changes of Japanese labor and foreign workers in the world market after the Lehman Shock and the Great East Japan Earthquake (March 11, 2011). It also questions the capitalist system of the world economy/Japanese economy after the bankruptcy of the Lehman Brothers and the resulting HRM and Labor problems that were exposed due to this change in Japanese companies. Recently, I conducted a study on “Japan’s Foreign Students/ Workers and Employment Problems³⁾” and I have incorporated the employment problems of the foreign workers in this discussion as well.

This research stems from some of my previous investigations. For instance in the case of general trading companies, I conducted a study and analysis of the changes in management/organization/labor of major multinational Japanese companies under global expansion⁴⁾. Later, I explained the way in which large and medium-sized enterprises in Japan introduced HRM, which is a performance-based human resource system, and how this system has changed organizations/labor⁵⁾.

The basis of my research till now has been the “Theory of Labor in Companies” proposed by Dr. Kazuo Ishida, an emeritus professor from Kwansai Gakuin University, Japan. Besides developing “Theory of Labor in Companies”, my research methodology adopts the method of Critical Management Studies (CMS)⁶⁾ present worldwide. CMS emphasizes the inseparable relation between political economy and business administration, and in the context of change of structure and status of the workers based on the division of labor on a global economic level/country economic level/management level, elucidates the effect of international and

Production and Employment: Challenge for Workers and Unions, Edward Elger.

3) Takashi Moriya (ed.), *Japan’s Foreign Student/ Workers and Employment Problems*, KOYO SHOBO Corporation, 2011.

4) Takashi Moriya, *Business Management of General Trading Companies*, Moriyama Shoten, 2001.

5) Takashi Moriya, *Introduction of Result Oriented Approach in Japanese Companies - Transformation of “Cooperative System” inside Companies*, Moriyama Shoten, 2005.

6) Alvesson, M and Willmott, H (eds.), (1992) *Critical Management Studies*. London: Sage, Alvesson, M and Willmott, H (eds) (2003) *Studying Management Critically*. London: Sage, Braverman, H (1974) *Labor and Monopoly Capital: The Degradation of Work in the Twentieth Century*. New York: Monthly Review Press, Fournier, V and Grey, C (2000) *At the Critical Moment*. Human Relations, Parker, M (2002) *Against Management: Organization in the Age of Managerialism*. Oxford: Polity. Grey, C. and Willmott, H.C. (2005), *Critical Management Studies: A Reader*, Oxford University Press

domestic changes of the division of labor within the company on the HRM of large corporate enterprises, and on the structure and status of their workers. Its objective is to enlighten the current impoverishment of Japanese/foreign workers in Japanese companies after the Lehman Shock⁷⁾.

Although there are several international and domestic studies on the changes in HRM of Japanese companies after the Lehman Shock, there are few studies that comprehensively discuss the contradictions of financial capitalism, management strategies of Japanese companies, HRM and Labor. Hence such studies are considered to have academic value⁸⁾.

1. Changes in Corporate Management and Transformation of Labor in Japan Immediately After the Lehman Shock

The Lehman Shock had a huge impact on the economy due to the failure of speculative loans diverted from the actual economy⁹⁾. Immediately after the Lehman Shock, there was an adverse impact on Japan's securities market, which caused the Nikkei average to fall sharply. At one point, the 7000-yen level was broken and it dropped to the level of 1982. Thus, after the Lehman Shock the appreciated yen had an isolated gain with respect to dollar/euro and the Japanese economy fell into utter chaos¹⁰⁾ because of capital investments linked to exports to the U.S./Europe.

Therefore, after the Lehman Shock (September 2008 to 2010), the transformation of labor in Japan and its social problems was seen in the mass lay-offs of temporary/contract workers in particular (known colloquially as the Haken-Giri: lay-off of temporary workers), who were consequent to the rapid growth of non-regular employment after the collapse of the bubble economy. This led to the social problem of large number of temporary workers becoming homeless in December 2012. In other words, the 'Employment Management' of Japanese companies changed significantly to become 'Employment Adjustment'.

The people most affected by the Lehman Shock in the fall were foreign workers in non-regular employment. In Japan, low-skilled foreign workers are legally not permitted.

7) Kazuo Ishida, Tsunenori Yasui, Masaharu Katou (ed.) *Comparison of Corporate Labor in Japan and England*, 1998, Otsukishoten, pp.2-37.

8) Jackson, Keith, *Challenges of HRM in Japan*, Asia Pacific Business Review. Jan 2013, Vol. 19 Issue 1, pp.130-135.

9) Kiyoko Imura, *Outline of Global Financial Crisis*, Keiso Shobo Publishing Co., Ltd., 2010.

10) Kazuo Mizuno, *Large Financial Collapse, End of 'American Financial Empire*, NHK Publishing Inc., 2008, pp.162-180.

However, foreign nationals up to the third generation of Japanese descendants, or those who have resided as long as the Japanese, are accepted and called foreign workers with non-regular employment in Japan¹¹⁾. According to a study conducted by the Ministry of Health, Labor and Welfare on January 16, 2009, the number of foreign workers in Japan was approximately 4,86,000, with more than 30% (i.e. 1,63,000) being temporary/contract workers¹²⁾. Due to the recession, a large number of Japanese descendants in non-regular employment were laid off. As a result, unemployment increased in the Japanese-descendant community mentioned above, and this had a considerable impact on their economic status¹³⁾. In fact, the Brazilian school “Escola Prof Benedito” in Hamamatsu city, Shizuoka Prefecture in Japan, which had a twelve-year history, was forced to shut down in December 2008. With the increase in laid-off Brazilian parents from September 2009, non-payment of monthly tuition fee increased and resulted in a serious shortfall. The school had approximately 180 students at its peak in 2002, but it was not able to resist the wave of layoffs of Brazilian parents after the Lehman Shock¹⁴⁾. In February 2009, it was estimated that due to economic reasons the number of students in 7 Brazilian schools of Gifu Prefecture decreased from the autumn of 2008 by 400 to become 600. Only 29 students among the total dropouts were transferred to public schools, and it was not possible to contact the parents of 194 students among the dropouts. More than 200 students in Gifu Prefecture were not attending schools. More than 3000 people (approximately 40% of foreign workers) were unemployed till the end of January 2009 in Gifu Prefecture¹⁵⁾. According to a study conducted by the Shiga Intercultural Association for Globalization from January 11 to January 18, 2009 on 109 foreign households including 344 children living in the Konan and Nagahama cities under Shiga Prefecture in Japan, it was evident that 101 foreign workers above 16 years of age were unemployed, forced to leave their houses and in a state of abandoning school due to their inability to pay for the tuition¹⁶⁾.

On the other hand, the Japanese government deployed a “Home Country Returning Support Service” for Brazilian nationals of Japanese descent from April 2009. This service

11) Wolfgang Herbert, *Foreign Workers and Law Enforcement in Japan*, Routledge Library Editions: Japan, 2011.

12) “Foreign Temporary/Contract workers one third” Asahi Shimbun, January 17, 2009.

13) “Actual Crisis Hidden in Personnel Cut Human resource Galapagos” Nikkei Business, January 12, 2009 issue, from page no. 22 to 25.

14) “Brazilian School closed by year end”, Mainichi Shimbun, December 5, 2009.

15) “Increase in non-attendance Brazilian school, 400 drop-outs” Asahi Shimbun, February 20, 2009.

16) “40% of Foreigners unemployed” Asahi Shimbun, Shiga Prefecture edition, January 24, 2009.

pays an amount of 3,00,000 yen per person (200,000 yen for dependents) to return to their country. Although many Japanese Brazilians used this service to return to Brazil, the re-entry of returning Japanese Brazilians was not approved by the Japanese government. This policy of the Japanese government to utilize Japanese Brazilians as workers according to convenience, forcing their return when not required and disapproving their re-entry, received global and social criticism. Consequently, the restriction for approving re-entry to Japan was changed to a “minimum of 3 years in principle”¹⁷⁾.

As a result, the number of foreign registrants in the Immigration Bureau, Ministry of Justice, was 2,186,121 by the end of 2009, a fall by approximately 31,000 from 2008. An analysis of country-wise registrants shows that the number of Brazilians reduced by 14.4% from 2008 to 2,67,456 people by the end of 2009; on the contrary, the number of Chinese increased by 3.8% to 6,80,518¹⁸⁾.

The NGO/NPOs proactively supported counseling activities for such predicament of Japanese Brazilians and their families. For example, the International Medical NGO AMADA concluded an agreement with Soja city on June 19, 2009, for coordination and cooperation in Okayama Prefecture and initiated steps to resolve issues of the Brazilian, Chinese, Korean and Vietnamese families living in the city (1,299 people as on April 2009). These issues included child raising and medical treatment, school drop-outs, Japanese language training, etc¹⁹⁾.

According to the “Labor Force Survey”, Japan’s non-regular employment increased by 10 million people from 7.5 million people in 1988 to 17.56 million people in 2010. Further, the proportion of people with non-regular employment was 34.4% in 2010. The overall unemployment rate as per the “Labor Force Survey” was 4.1% in September 2009, and this increased by more than 5% in 2010. The overall unemployment rate was particularly high for young people of 15 to 24 years of age; it reached 11% in May & June 2010²⁰⁾.

In the mass lay-offs of non-regular employees immediately after the Lehman Shock, many Japanese workers in Japanese companies with non-regular employment, especially foreign Japanese descendants, were laid-off. They lost their homes and were forced to return

17) “Re-entry Restrictions for Foreign Japanese descendants” Mainichi Shimbun, May 16, 2009.

18) “Decline in Foreign registrants for the first time in 48 years” Nikkei Inc., Morning edition, July 7, 2010.

19) “Soja Towards Multi-cultural City Entered into agreement with AMADA” Asahi Shimbun, Okayama edition, June 20, 2009.

20) Koji Morioka, *Impoverishing White Collar*, Chikuma Shobo, 2009, pp 15 to 17.

to their countries in case they were foreign nationals. This confirms that the non-regular employment of labor workforce was used as a buffer (cushion) for economic circulation. The expansion of labor with non-regular employment is continuing even today, corresponding to the increasing labor-cost pressures of emerging Asian countries due to the exchange difference of the high yen value. Moreover, the labor environment of regular employees has also become rigid due to the performance-based approach and personnel reduction. These people are losing financial assets and the Japanese middle-class is forced to collapse²¹⁾.

Taking advantage of the criticism of such harsh working conditions, the Democratic Party of Japan had a landslide victory in the general elections on the basis of the issue on prohibition of the dispatch to manufacturing industries, day labors dispatch and registration-type dispatch, and is working on the amendment of the Worker Dispatch Law ambiguities²²⁾. In the “Revised Dispatch Law” enforced in 2012 under the administration of the Democratic Party of Japan, in case of a limited-term employee, the employment has to be changed from temporary to regular employment upon consent from the employee continuously working in the same workplace. However, due to inadequacies in the law, the employer is repeating the renewal of the dispatch period and retaining the employee as a temporary worker²³⁾.

With the Democratic Party of Japan as the ruling party between 2009 and 2012, the percentage of men in the overall non-standard workforce of 2011 was 20.1% and that of women was 54.6%, which is the highest ever proportion of non-regular employment. In terms of age, the increasing number of non-regular employment in the age group 15 to 24 years is prominent. As a result, the percentage of non-regular employment is also increasing under the administration of the Democratic Party of Japan.

2. Acceleration of the Shift of Japanese Companies to Asia after the Lehman Shock

The contradictions in financial capitalism were exposed after the Lehman Shock. The U.S. and EU tightened financial regulations through reforms, and FX (Foreign exchange trade) regulations were tightened in Japan as well. Investment banks like Goldman Sachs and JP

21) Kazuo Mizuno, *Why do people misread the global economy?* Nikkei Inc., 2007, pp.254-272, TRobert Gilpinhe, *Challenge of Global Capitalism: The World Economy in the 21st Century*, Princeton University Press, 2000.

22) Koji Morioka, *The Age of Avaricious Capitalism and its End*, Sakurai Shobo, 2010; Satoshi Nishitani *Jobs with Decent Work Satisfaction as Human Rights*, JUNPOSHA, 2011, pp.130-134.

23) “Exceeding 5 years of service ‘Unlimited employment’: Fear of increasing Employment Termination”, *Yomiuri Shimbun*, August 9, 2012.

Morgan were already dissolved into holding companies and there was a dramatic change in investment banking. Nevertheless, it is still debated whether this transformation has qualitatively changed financial capitalism, which had the investment bank model/financial engineering as its foundation.

In other words, due to the Lehman Shock, apart from the downturn in the consumer economies of the U.S. and EU that were developed with financial capitalism as its foundation, the Obama administration has not carried out adequate legislative reforms for regulating the precise separation between banking and security services as per the Banking Act of 1993. This poses the risk of a financial crisis once again. Although derivative transactions in the main unit are limited to a certain part, it is allowed in the investment company of the subsidiary and the high-risk dealing is also permitted up to a maximum of 3% of the equity capital²⁴⁾. The sharp rise in U.S. stock prices in the year 2013 can be seen as a signal of things to come.

Under such circumstances, Japanese companies were dependent on large consumers of these regions have been forced to make a strategic shift, which is also required when considering the future global diversification of risks²⁵⁾. For example, in case of the automobile industry, which is a key industry of Japan, the percentage of global sales occupied by BRICS in 2007 before the Lehman Shock was 21.8%, and this increased to 33.8% from April to September 2010 after the Lehman Shock. In particular, the automobile sales in China, which was 11.8% in 2007, swelled to 22.8% in 2010 and left behind the U.S. If we look at Toyota region-wise, 71% of its automobile production is done in the developed countries that have a share of only 59% of sales and the business in developed countries was a deficit of 97.7 billion yen from April to September 2010. The deficit of the business in developed countries and BRICS—where the Lehman Shock had just started and a huge decline was followed with a return to the growth trajectory—was covered by profits from developing countries like China etc. and the group's operating profits increased by 32.3 billion yen from April to September 2010. As observed in the case of Toyota, the automobile industry was embracing a contradictory structure of carrying out manufacturing in developed countries with high labor cost and selling in developing countries with cheaper labor due to the delay in recovery of the Western markets and expansion of sales volumes in the emerging markets

24) "The United States to Establish Finance Control Law" Nikkei Inc., July 16, 2010.

25) Yoshiji Suzuki, Kimito Nasuno (eds.) *Study of Manufacturing & Business Administration of Japan Observations from the Factory*, Minerva Shobo, 2009.

of the Japanese automobile giants. The market for developed countries, especially Japan and EU, is shrinking due to the continuing population decline because of declining birth rate and aging population²⁶⁾.

Therefore, to eliminate this contradictory business model of many Japanese manufacturing companies, a shift in production and development bases to emerging countries like China and India is being promoted along with an inclination towards Asia as a major export destination. The American share of total exports in 1986 was 37.1%, but it reduced to 20.1% in 2008, and this was a result of a rise in Asian exports to 48.1% in 2008 from 26.3% in 1986. According to a study conducted by Nikkei Inc., which compiled a trend of 130 Japanese listed companies that have continued to declare region-wise profit for the year ending March 2011, the operating profits of Asia with a continuous economic growth was 1,246.2 billion yen with a 30% increase from the previous term. It was evident from the study that Asia was the center for expansion of profits of major Japanese corporations. Hence, the shift of manufacturing and production bases to Asia by Japanese companies anticipated the expansion of the Asian market. This had a profound impact in making Asia the center for expansion of profit of Japanese companies²⁷⁾.

3. Shift of Japanese Companies to Asia and Acquisition of Japanese Companies by Asian Companies

Asian companies cooperated during the shift of Japanese companies to Asia and accepted more orders from Japanese companies by developing close subcontracting relationships with them. Thailand, which is the base of the Japanese parts manufacturers, became a hub of the Asian shift of Japanese companies²⁸⁾.

Ogiwara was acquired by Thai Summit Group in the spring of 2009 and it is currently a Japan-Thailand undertaking company that produces press dies for automobiles. In Japan, Ogiwara is located in Ota City, Gunma Prefecture, which is the hub of automobile manufacturing companies, and its current president is a Thai national. Ogiwara has consistently manufactured press dies for automobiles since its establishment in 1951 and developed as a car body engineering enterprise. Though Ogiwara was one of the top 4 die

26) "Weekly Toyo Keizai" December 25, 2010, pp. 118 to 119.

27) "Japanese Companies Make Asia Profitable" June 12, 2011.

28) Jujirou Shitaku, Tomofumi Amano (eds.), *Manufacturing Strategy of Manufacturing: Industrial Geography of Asia*, Youhikaku, 2010.

manufacturers in Japan, it was unable to receive the required additional funding from its earlier financing house and requested foreign funding. In spring 2009, it received funding from Thailand by transferring 85% of its shares to a major Thai parts manufacturer²⁹⁾.

Thai-Ogiwara, a subsidiary of Ogiwara, supplies spare parts to Japanese companies in Thailand like Thai-Toyota and has simultaneously established its joint venture with a Pakistani company in Pakistan. It has expanded to India and supplies spare parts to the Japanese automobile companies in India³⁰⁾.

On the contrary, the mergers and acquisitions of Japanese companies with Asian companies have accelerated after the Lehman Shock. The number of such mergers and acquisitions of Japanese companies in Asia with Asian companies in the half-year of 2011 was 40 in China, 22 in South Korea and 17 in Thailand. The manufacturing companies were holding 70% of these mergers and acquisitions when segmented industry-wise. For example, the parent company of Taiho Kogyo, an automobile spare parts manufacturer in Aichi Prefecture, acquired a major Chinese bearing material manufacturer for less than 600 million yen in response to an increase in demand of auto parts in the developing countries of Asia³¹⁾.

The Asian shift of Japanese companies, especially the direct investment by Japanese companies for mergers and acquisition of Asian companies, reduced employment within Japan and further increased the conversion of regular employees to non-regular employees.

4. Changes in the Management of Japanese Companies due to the Great East Japan Earthquake

After the Lehman Shock (Year 2008), though the cause of major impact on the human resource and labor management of Japanese companies was primarily the global financial crisis induced global recession, Yen appreciation and low stock prices, the Great East Japan Earthquake on March 11, 2011, also had a significant secondary impact.

Due to the catastrophic earthquake, rail transport was suspended at 10 places and over 370 Km, 309 fishing harbors were devastated, debris of the disaster location was 22.528 million tons, damages in monetary terms were 3.1 trillion yen for companies listed in the first section of Tokyo Stock Exchange, and recovery costs as per the government estimate

29) Yomiuri Shimbun, August 29, 2012.

30) Based on the interviews carried out by the author with Thai-Ogiwara in August 2008.

31) Sankei Shimbun, March 31, 2012.

could reach 23 trillion yen over the next 10 years³²⁾.

Tohoku and the northern Kanto region that suffered the brunt of the destruction of the Great East Japan Earthquake had a high industrial density of electronic parts/devices/electronic circuits and telecommunication equipment in particular. The damage to the group of companies supported by them had a huge impact on Japan's automobile and electronic equipment manufacturing supply chain. Globalization had a huge effect on the "Electronic parts/devices/Electronic circuit" and "Telecommunication equipment" industrial groups, and as mentioned above developing countries like China and Vietnam were identified as the locations for re-establishing their production bases³³⁾. However, damages to the supply chain of the automobile industry by the Great East Japan Earthquake were rapidly recovered and the automobile giants resumed normal production in July 2011³⁴⁾.

Teikoku Databank carried out a survey of 22,097 companies in the entire country from March 23 to 31, 2011, and received response from 10,747 companies, out of which 77.9% said that they were affected by the Great East Japan Earthquake. Further, the survey revealed that due to the earthquake, demand decreased in 57.6% of companies and demand increased in 19.9% of companies³⁵⁾.

According to the Teikoku Databank survey, the Great East Japan Earthquake had left 154 companies bankrupt as on June 7, 2011. The number of employees of the bankrupt companies was 2954 and 144 (93.5%) companies had "liquidation type" bankruptcy. Region-wise, the bankrupt companies were located in Kanto (64), Tohoku (45), Chubu (20), and Kyushu (15). The type of bankruptcy was "indirect damage type" for 136 companies, which constituted 80% of the total. In May 2011, there was significant increase of 68.8% in corporate bankruptcies in Tohoku district when compared with the figure for the same period of the previous year. Further, the Teikoku Databank survey shows that as many as 32,000 companies were located in the highly damaged Tohoku coastal region. This was just the tip of the iceberg; according to the data of Japanese Bankers Association, the number of dishonored bills from Iwate, Fukushima, and Miyagi prefectures accounted for 1637 companies and the number increased 4.7 times in comparison with the previous year.

In its analysis of "Bankruptcies related to the effects of the Great Hanshin Earthquake",

32) Nikkei Inc. March 11, 2012.

33) "Employment Disaster Spread Across the Country" 'Diamond Weekly' June 4, 2011, pp. 28 to 32.

34) "Automobile Production Recovery, All-out war for 3 months" Nikkei, Inc., June 12, 2011.

35) Refer to <http://www.tdb.co.jp/index.html> June 15, 2011, for Teikoku Databank.

Teikoku Databank identified that the related bankruptcies have a tendency to continue for three years, and the small enterprises—most of which have less than five employees—constitute the majority in the damaged prefectures.

When compared with the Great Hanshin Earthquake (1995), the Great East Japan Earthquake occurred during sluggish economic conditions. The following points need to be highlighted with reference to the Great East Japan Earthquake:

1. The damaged regions are spread across multiple prefectures.
2. A nuclear accident problem has occurred.
3. The problem of power shortage has cropped up.
4. Agriculture has been hit hard by harmful rumors
5. The service industry has experienced a downturn due to increasing consumer restrain/recession
6. Reduced production is estimated due to power insufficiency and unemployment problem due to bankruptcies is considerably larger.

Therefore, during the earthquake disaster reconstruction, the employment of small to medium enterprises and labor is exposed to constant risk.

It may be observed that Japan's earthquake disaster reconstruction is the revival of physical infrastructure through leading construction companies in Japan under the "dignified name" of relief. Also, it can be said that the reconstruction and restoration of the damaged nuclear power plant of Tokyo Electric Power Company Inc. (TEPCO), a corporate giant that provides monopolistic power supply to the Kanto region of Japan, and the reconstruction is being continued in a concealed way at the cost of the revival of small to medium enterprises and employment of workers.

An important difference between the Great East Japan Earthquake and the Great Hanshin Earthquake is the restoration of damages caused by the Fukushima nuclear accident and radiation exposure problems. In particular, there is a serious danger of radioactive exposure in neighboring towns. I would like to point out that "The earthquake disaster reconstruction has exposed Japan's inclination to monopolistic capitalism and is compensated by the sacrifices of the Japanese citizens and labor". Therefore, post-colonialism³⁶⁾ elements are evident in central Japan.

36) Edward Wadie Said, *Orientalism*, Pantheon Books, 1978.

Conclusion

After the Lehman Shock, there was acceleration in the process of shifting the expansion/production/development base of Japanese companies to developing countries such as China and India. This led to the collapse of the middle class, selective cut-backs and expansion of non-regular employment by narrowing down of the regular employment class based on the intensification of a result-oriented approach for the regular employee of large Japanese companies. As a result, even in 2013, employment in Japan is facing one of its worst ever crises. In particular, the recruitment of new graduates in 2012 was extremely low. The Great East Japan Earthquake has further increased unemployment of a large number of young people. As a result of continued high unemployment, after the Lehman Shock, 1.93 million people received Japan's welfare benefits in August 2010. There is increased participation by the NPO's or social enterprises in dealing with poverty issues.

The three major causes of the labor transformation after the Lehman Shock in Japan are (in that order):

1. The global financial crisis that had a significant impact on the economy due to the failure of speculative loans diverted from actual business.
2. The Great East Japan Earthquake, which caused widespread devastation and destroyed several business units across Japan.
3. "Globalization", which was particularly exposed after the Lehman Shock. There was an increased dependency of the Japanese economy and Japanese companies on Asia. The period saw the strengthening of a mutually dependent relationship by increasing expansion in the developing countries of Asia and entry and expansion of companies from Asia.

Although it is said that the "Globalization" started in the 18th century, the real progress was after the 20th century. In a globalized world connected by technology, people working in developed countries need to compete for survival with those working in developing countries³⁷⁾. As a result of globalization, the middle class has collapsed in Japan as well as in the U.S. and labor with non-regular employment is increasing along with selective cut-backs of irregular employees. Impoverishment of many workers is on the rise in both Japan and the U.S. and this trend may well continue in the future.

37) Kenichi Ito, Seishi Nakagawa, Ryuji Hori (eds.), *Whereabouts of Global Standards American Management & Japanese Management*, Minerva Shobo, 2010, pp.253-266.

Japan's anti-poverty policy to redress such impoverishment is a major issue. It is necessary for the large Japanese companies that have shifted their production units overseas to Asia to return to Japan, and this also applies to the Japanese medium-sized companies that have sub-contracting production plants. By controlling the currency-exchange fluctuations, it is necessary to have well-established infrastructure within Japan by ensuring internationally competitive labor wages in Japan and maintaining the domestic aviation/port/automobile network. Although such anti-poverty policies of the country are often considered protectionist, mutual understanding and development is possible by having a mutually profitable relation by structuring international division of labor, improving the prosperous technological strengths, preserving the culture of the respective countries, and mutually increasing tourism/overseas education activities through a process of systematic learning.

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