Alfred Chandler’s Model of Business Enterprise Structure and the Japanese-Style Enterprise System: Are They Compatible?

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INTRODUCTION

Alfred Chandler’s model of modern business enterprise structure was constructed based on conditions in the United States. Naturally, it reflects strongly the particular historical development of the American economy and society. If that is the case, how well does it fit the situation in Japan? If it fits well, does this imply that the economic and social characteristics in the United States and Japan are similar? If the fit is poor, is the model not effective in explaining the conditions in Japan? Or, is it more effective in pointing out the contrast between Japan and the United States?

Within the community of business history researchers, whether Chandler’s model is a good fit for Japan has been a topic of lively debates for several decades. The logic behind such discussion is that if the model is a good fit, then Chandler’s model is effective in the Japanese case. In other words, the model is universal. On the other

hand, if the model is a poor fit, then the model is specific to the United States, and a different model is needed to explain the situation in Japan. However, an alternative interpretation is also possible. This line of reasoning considers Chandler’s model, while based on the historical particulars in the United States, as one generalizable hypothesis, or, in the words of Max Weber, an ideal type, of managerial development worldwide. From this perspective, it is possible to consider alternative hypotheses, such as a hypothesis based on network formation. In other words, this perspective sees Chandler’s model as one of several possible hypotheses that are persuasive. The author’s personal opinion is that Chandler’s model comprises a generalizable hypothesis. It explains the Japanese situation quite well, as does the situation in Europe. However, using a different perspective, such as networks, it is possible to construct an alternative explanation.

Outside of the United States, discussion of Chandler’s model is quite active in Japan in comparison to European countries. This level of activity arises perhaps from Japanese researchers’ interest in comparisons between Japan and the United States, or more generally East and West, or from the actual compatibility of Japanese and American business enterprise systems in the real world. The author has, in the past, written about Chandler’s model. However, the author’s primary concerns are not whether Chandler’s model applies only in the United States or how well it fits the Japanese situation. Rather, the focus is on how persuasive Chandler’s model can be as a generalizable hypothesis to explain the worldwide development of management comprehensively. The purpose of this paper is to locate the Japanese-style enterprise system within Chandler’s model from this perspective.


1. WHAT IS CHANDLER’S MODEL?

Chandler’s main argument can be summarized as follows. In the United States around the turn of the twentieth century, a nationally integrated market was established. Businesses favored a vertically integrated strategy to meet the needs of this market, and implemented a centralized functionally departmentalized structure (U-Form). Then, in the early twentieth century, especially in the 1920s, the stratification or segmentation of the market and the development of new markets led to the adoption of a product diversification strategy and the development of the multi-divisional form (M-Form) to implement this strategy efficiently. The adoption of diversification strategy and the multi-divisional form thus became the golden rule for the success. The general principle that follows from this is that organizational structure follows strategy. In parallel to this development of strategy and management structure such as M-form within the firm, there was the development of corporate structure at the firm level, such as entrepreneurial firms and managerial firms. As a result of the interactive development of both these management structure and corporate structure, the separation of ownership and management led to the development of the cadre of professional managers and managerial hierarchy.

However, the focus of Chandler’s main argument, as summarized above, has shifted in subtle ways. While his early works, such as Strategy and Structure and The Visible Hand, have emphasized the relationship between business strategy and organizational structure that resulted from economies of scale and economies of integration, his later works such as Scale and Scope emphasize economies of scope and organizational capabilities. In particular, his 1992 article “What is a Firm? A Historical Perspective” provides a negative evaluation of

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4. In addition to the U-Form and the M-Form mentioned above, there are other forms such as S-Form, or single unit form, and H-Form, or holding company.
neoclassical economics and agency theory, some criticisms of transaction cost economics, and concludes by agreeing with Nelson and Winter’s theory9 of evolutionary economic change. In the end, he views organizational capabilities as an important factor.10

In addition, the role of economies of scope has increased in importance as “dynamic economy of scope,” including research and development to manufacturing, distribution and marketing. In these ways, Chandler’s arguments have shifted emphases in subtle ways.

II. INTERNATIONAL COMPARISON IN CHANDLER’S MODEL

What is the meaning of international comparisons to Chandler’s model, which was developed based on the American situation? Chandler himself has written a number of works on international comparisons, beginning with his 1975 article.11 His book Scale and Scope12 is a large tome that attempts to deal with the issue of international comparisons directly. However, this work considers only the United States, Britain, and Germany, and does not deal with Japan. Using this and other works, this section seeks to clarify how Chandler himself thought of Japan and other nations.

Chandler’s basic thesis is that as a general principle of managerial development, systems of management throughout the world will eventually develop into managerial capitalism, although the paths through which this development takes place and the particular stages of development may differ from country to country. According to Chandler, large-scale modern business enterprises were well established by the First World War in the United States and Germany, during the


12. Chandler, Scale and Scope.
1920s and 30s in Britain, and after World War II in France. However, their organizational structures differed by country: in the United States it was the U-Form; in Germany, cartels; in Britain, a loose holding company (H-Form) without central coordination; and in France, a financially integrated industry group. From a different perspective, the path to managerial capitalism took different routes in each country: in the United States, it occurred rapidly through vertical integration; in Britain, it was gradual due to the persistence of familial capitalism; in Germany, it was financial capitalism; and in Japan, it was group enterprise [zaibatsu] capitalism. Moreover, with respect to the development of managerial hierarchy, Chandler argues that it was successful in the United States and Germany but not in Britain, and was more efficient in Japan. Put succinctly, Japan is an ideal case for Chandler’s model.13

These arguments focus mostly on conditions prior to World War II. For Chandler, administrative coordination is more important than coordination through the market. In Germany, cartels were not loose cartels as in the United States or Britain, but were very tightly organized and served in fact as administrative coordination. In interpreting the Japanese system, Chandler sees the prewar zaibatsu system as efficient. The author had an opportunity to ask Chandler directly about the basis of his conclusion on the occasion of Chandler’s visit to Japan. When asked whether it was appropriate to consider the Japanese zaibatsu as a tight H-Form (holding company) with a centralized coordinating unit in contrast to the typical American or English loosely structured H-Form, Chandler replied that it was “a good idea.”14 Thus, from Chandler’s perspective, the fundamental development process of modern capitalism


is not the changes in organizational form but the transition from coordination by market (the invisible hand) to coordination by administration including inter-organizational coordination (the visible hand). It should be noted here that Chandler’s international comparisons do not include Italy, and this omission becomes problematic in considering small and medium enterprise networks, such as works of Piore and Sabel\textsuperscript{15} or Sabel and Zeitlin.\textsuperscript{16}

\section*{III. JAPANESE-STYLE ENTERPRISE SYSTEM AND CHANDLER’S MODEL}

Then how is the so-called Japanese-style enterprise system conceptualized within Chandler’s model? In considering this question, it is important to remember that Chandler’s model itself has changed in piecemeal ways over the years; that Japanese management system has changed drastically over time; and that American capitalism has changed as well. In comparison to the prewar years, the Japanese-style enterprise system today is substantially different in that the present system began to develop in the 1950s, was firmly established in the 1980s, and then transformed greatly yet again in the 1990s. American capitalism, too, has changed strikingly from the 1950s to the 1980s. These historical changes need to be taken into consideration when examining the Japanese enterprise system’s position in Chandler’s model.

Chandler’s argument is composed of four factors: market, strategy, management structure (e.g., M-Form), and corporate structure (e.g., managerial firm). (See Figure 1 for the schematic description of the relationships between these four factors.) One of the common critiques of Chandler is that his model ignores, or treats as a black box, human resource management (labor markets) and financial management (capital markets). Although Chandler does not ignore these issues completely, he does not discuss human resource management or financial management in any detail.\textsuperscript{17} He only points out that as

\begin{itemize}
\item \textsuperscript{16} Charles F. Sabel and Jonathan Zeitlin, “Neither Modularity nor Relational Contracting: Inter-Firm Collaboration in the New Economy,” \textit{Enterprise and Society} 5, no. 3 (September 2004): 388-403.
\item \textsuperscript{17} Richard Sylla, “Chandler on High Technology Industries from the 1880s to the
managerial enterprises develop, employee tenure tends to increase (i.e., development of internal labor markets), and that as professional managers consolidate their power, reliance on providers of capital, such as J. P. Morgan and Deutsche Bank, decrease (i.e., development of internal capital markets). However, he does not discuss in any detail the issues of managing middle and lower level managers or rank and file employees. Moreover, the discussion of recent changes in the financial market, such as the rise of the institutional investor, is limited at best.

It is precisely in these areas in which Chandler’s argument is weak or nonexistent that the Japanese-style enterprise system displays its most unique features. One of the most important characteristics of the Japanese-style enterprise system, especially the classical Japanese style enterprise system through the 1980s, is personnel management. In terms of capital and financial markets, the Japanese enterprise system is characterized by the “main bank” system, in which a firm gets most of its financial service needs coordinated and fulfilled by a single bank designated as its “main bank.” Thus, Chandler’s model and the

18. Chandler, Scale and Scope, 390; Abe “Igirisu ni okeru kindai kigyoshi,” 128.
Japanese enterprise system are quite different in their emphases.

Of course, there are also similarities and compatibilities. Inside the enterprise, the so-called Three Sacred Jewels of Japanese management system are seniority-based wages and promotions, long-term stable employment, and company-based labor unions. From the perspective of internal labor market theory, the Japanese enterprise system, with the exception of company-based labor unions, represents the most advanced in the world in terms of seniority-based promotions and long-term employment. Although not to the extent as in Japan, in the United States through the 1980s, seniority-based promotions and long-term stable employment were prevalent in the large industrial enterprises such as General Motors, IBM, and General Electric, which became the bases of Chandler’s arguments. In that sense, the Japanese human resource management practices probably did not seem foreign to Chandler. Of course, the American labor market today is quite different from that of the 1950s, the period best described by Chandler’s model.

One major point of contrast between the United States and Japan is the production management practices in the Japanese-style enterprise system. Practices such as job rotation (development of multi-skilled labor), QC circle activities (participatory management), and bottom-up decision making process are unique to the Japanese system, but Chandler does not seem to have examined these practices. Another characteristic of the Japanese-style enterprise system is the narrowly focused diversification; in contrast, the American system is characterized by wide ranging diversification. However, the latter often leads to the development of conglomerates through mergers and acquisitions. Since Chandler emphasizes three-pronged investment within the firm and investment closely related to the core business of the firm, he is critical of the American development and more favorable to

20. It should be noted here that James Abegglen was the first to point to the “Three Sacred Jewels” of Japanese management as features quite different from the western management style; however, his evaluation has turned 180 degrees between 1958 and 1973 from negative to positive. James C. Abegglen, The Japanese Factory: Aspects of Its Social Organization (Glencoe, Ill.: The Free Press, 1958); Jēmusu C. Abeguren, Nihon no keiei trans. Kuniyoshi Urabe (Tokyo: Daiyamondosha, 1958); Jēmusu C. Abeguren, Nihon no keiei kara nani wo manabuka: Shimpan nihon no keiei trans. Kuniyoshi Urabe and Yoshiaki Mori (Tokyo: Daiyamondosha, 1974).
the Japanese. On this point, too, the Japanese case follows the logic of Chandler’s managerial coordination more closely than the American case, and it can be argued that this difference may have led to the rise of Japanese companies and the corresponding fall of American companies.21

With respect to the establishment of the managerial enterprise, which is a major milestone in Chandler’s model of managerial development, in the United States, the separation of ownership and management and the consequent rise of the professional managerial class took place gradually. In contrast, in Japan, some traditional practices, such as management of large merchant houses by house managers (bantō) and succession by marriage to daughters when no male heirs were present were conducive to the development of professional managers. However, the purge of owner-managers after World War II in the process of zaibatsu dissolution contributed most directly to the development of the most complete form of managerial capitalism. In Britain, the tradition of the family firm persisted, as in Germany and in France. Even in comparison to the United States, the extent of separation between ownership and management is greater in Japan, as many researchers have pointed out. As a result, a professional managerial class hired immediately upon graduation from college and promoted internally developed in Japan. In this respect, as well, the Japanese case most closely follows the Chandlerian model.

On the other hand, with respect to inter-organizational relationships, the main feature of the Japanese-style enterprise system is the presence of enterprise groups, or keiretsu, in contrast to the prevalence of the M-Form in the United States. There are two types of keiretsu, commonly characterized as horizontal and vertical. The vertical keiretsu is often compared to the M-Form, a characteristic feature of Chandler’s model. In comparison to the United States, the establishment of the M-Form was delayed in Japan, but in practice, the use of corporate networks (N-
Form) in the form of keiretsu effectively accomplished the tasks of administrative coordination. If one considers both the M-Form and the N-Form as different ways of implementing administrative coordination, then the gap between Chandler’s model and the Japanese-style enterprise system is quite small. For instance, in certain manufacturing sectors such as the automobile industry, the so-called “make or buy” problem is often discussed. If one considers the purchases within a vertical keiretsu such as the Toyota group as internally produced (at the group level) and calculates an effective internal production rate that includes such intra-group purchases, then it is possible to interpret the vertical keiretsu as a form of administrative coordination in Chandler’s sense. In other words, the difference between the vertical keiretsu and M-Form is not as large as it seems.22

As for the horizontal keiretsu, such as those of Mitsui, Mitsubishi, and Sumitomo groups, a lively discussion has taken place inside and outside Japan. As previously discussed, it is probably appropriate to interpret the prewar zaibatsu as a tightly structured H-Form. However, the postwar enterprise groups have garnered the attention of researchers both as a unique feature of Japanese capitalism and as a symbol of group enterprise capitalism. Whether these enterprise groups really formed the basis of the high rates of performance of Japanese companies has been hotly debated since the 1980s when the Japanese-style enterprise system was highly praised. However, as groups consolidated in the 1990s from six groups to three, and as the Mitsui

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22. In the 1980s, the internal production rate at General Motors was 70 per cent, while that of Toyota was 30 per cent, and researchers pointed to these facts as evidence of significant differences between the US and Japan. However, if the effective internal production rate, which includes production within the group, were used the rates are likely to be similar.

It should also be noted here that the N-Form, or the network, is a wide-ranging concept. Examples of networks include vertical keiretsu such as Toyota’s, or horizontal keiretsu such as Mitsubishi and Sumitomo, as well as relatively independent, horizontal regional networks of firms, such as Ohta Ward, East Osaka, Silicon Valley, or Third Italy. Thus, it is possible to identify at least three types of networks, or N-Forms. Of these types, the third type has garnered the most attention in recent years. Franco Amatori has used the term “flexible capitalism” to describe the situation in Italy; Franco Amatori, “Italy: The Tormented Rise of Organizational Capabilities between Government and Families,” in Big Business and the Wealth of Nations ed. Alfred D. Chandler, Jr., Franco Amatori, and Takashi Hikino (Cambridge: Cambridge University Press, 1997), 251.
and Sumitomo groups continue to explore consolidation, thereby further reducing the number of groups to two, it is now doubtful that the horizontal enterprise groups are a major feature of the Japanese-style enterprise system today.

Another phenomenon similar to the horizontal keiretsu is the main bank system. As mentioned previously, Chandler does not analyze finance adequately. In the United States, the main features of the financial market for industrial enterprises include access to securities markets through investment banks and provision of short-term credit through commercial banks. In contrast, Japanese industrial financing is based not on the capital market, such as securities, but on the money market, such as bank loans. What advantages and disadvantages such a system provides is not clear. However, since the 1990s, the main bank system is effectively being phased out, and the major functions of the main bank system, such as the acquisition of social prestige through transacting with a powerful bank or the ability to avoid bankruptcy, have weakened. Thus, the main bank system, too, is no longer a significant feature of the Japanese-style enterprise system. The relationship with the bank has been transformed from the main bank with these unique extra-financial features to simply a primary bank that provides short-term credit and sometimes, effectively, long-term credit. However, since Chandler’s model does not include a framework to analyze issues related to capital and finance, so any discussion of the role of banks is out of place. This lack of attention to finance, as Sylla points out, is a significant weakness of Chandler’s model.23

The most significant problem with Chandler’s model that has come to the forefront in recent years is the independent horizontal network. In Japan in the 1980s, some scholars argued that one significant factor behind the superb performance of the Japanese-style enterprise system was local networks such as Ohta Ward in Tokyo and East Osaka.24


24. Mitsuhiro Seki, Chiiki keizai to chūshō kigyō [Local Economy and Small and Medium Enterprises] (Tokyo: Chukuma Shobō, 1995); Koichi Okada and Etsuo Abe,
Around the same time these regions were “discovered” in Japan, scholars such as Piore and Sabel,25 Sabel and Zeitlin,26 and Scranton27 began to argue the importance of local networks. Some examples of such networks include the Third Italy, Nordrhein-Westfalen (Germany), Württemberg (Germany), Cambridge (England), Silicon Valley (California), the Route-128 corridor (Boston), the Research Triangle (North Carolina), Austin (Texas), and Dallas (Texas). These scholars argue that in these areas, although some new ventures and start-ups eventually became large enterprises, in most cases, entrepreneurs with new and creative ideas competed to better each other, received the benefits of being located within a network (external economy), and became the underlying driving force behind the economic development of the respective nations. Some researchers argue further that even from the second Industrial Revolution, these small and medium enterprise networks (N-Form) were as important as, or more important than, the large industrial enterprise.28

Chandler’s main concern clearly was to explain why large business enterprises appeared at the end of the nineteenth century, became the driving force of economic development, and continues to this day. His domain does not include small and medium enterprises and their networks. However, as new companies such as Intel, Microsoft, Google, and Dell become the center of American economy, the value of a model such as Chandler’s that does not include an adequate framework to analyze them will fall. Chandler continues to argue that the growth and success of companies such as Microsoft, Intel, and Dell, are due to the fact that they grew into large enterprises through three-pronged investment; thus, these companies are proof that the model is correct rather than exceptions.29 However, this refutation by Chandler

26. Sabel and Zeitlin, “Neither Modularity nor Relational Contracting.”
28. Ibid.
has not adequately satisfied other researchers. Thus, we conclude that Chandler’s model was a good fit for the second Industrial Revolution, where the emphasis was on large-scale, heavy industries, and a poor fit for the third Industrial Revolution (the Electronics Revolution), with the emphasis on the small-scale. The Japanese-style enterprise system utilized its characteristic features and succeeded during the second Industrial Revolution and its extended aftermath; in this sense, it was the most excellent candidate for Chandler’s model. However, in the transition to the third Industrial Revolution, the American enterprises, which previously had been labeled as dropouts, were resurrected in the 1990s through the use of small and medium enterprise networks. On the other hand, the Japanese-style enterprise system became incompatible in terms of both its technology and its market environment, and suddenly turned into a misfit.

IV. CHARACTERISTICS OF THE REMAINING JAPANESE-STYLE ENTERPRISE SYSTEM

There are two other characteristics of the Japanese-style enterprise system that need to be discussed. The first is the relationship between Japanese enterprises and the government, which has been called, sometimes disparagingly, as “Japan, Inc.” The relationship between the Japanese enterprises and the government has been close, especially in the areas of industrial policy, trade policy, and anti-trust. For Chandler, government was never the driving force behind development, and only industrial enterprises ultimately were its source. Government, according to Chandler, only distorted, enhanced, or hindered development, and government-industry relations were not his central concern. The author has no recollection of Chandler commenting on Chalmers Johnson’s *MITI and the Japanese Miracle*.

industrial policy will succeed if it enhances competition among enterprises and fail if it suppresses competition.\textsuperscript{31} In this sense, the role of industrial policy, although an important feature of the Japanese system, does not invalidate Chandler’s model.

It should be noted here that Chandler credits anti-trust regulations as having a direct impact on the pattern of managerial development. On the one hand, anti-trust regulations hampered the development of enterprises significantly. On the other hand, strict anti-trust regulations induced the development of the M-Form, rather than the cartel or the holding company, as the basic route for the development of the large industrial enterprise and made it the “end point” for this time period. This is known as the Chandlerian Paradox. Chandler believed that in the end, the M-Form would prevail throughout the world, so it is the end point of the developmental process.\textsuperscript{32} That the M-Form was adopted early in the United States was due in part to the anti-trust regulations; in Britain, where anti-trust regulations did not exist, holding companies and cartels became prevalent, and in Germany, the Cartel Court served to enhance its development.

The second major feature of the Japanese-style enterprise system is the Japanese management culture, such as loyalty to the company. The


32. In response to this term “end point” that was used by Lamoreaux, \textit{et al.}, Chandler has responded very negatively, using the word “absurd” to describe this characterization. See Lamoreaux, Raff, and Termin, “Economic Theory,” 37-66; Chandler, “Commercializing High-Technology Industries,” 595. In fact, Chandler has never described the current state as “the final stage in an evolutionary process,” or an end point. In this sense, Chandler’s reaction makes sense; however, in Chandler’s earlier works, such as \textit{The Visible Hand}, the M-Form can be interpreted as the end point to which all forms converge. But in fact, before the world converged to the M-Form, the N-Form gained power. Thus, a more accurate characterization might be the present-day end point. As Lamoreaux \textit{et al.} point out, Chandler worked diligently to analyze the condition since the 1980s, in which more specialized firms and vertically divided firms became prevalent, but he was unable to develop a convincing explanation. Thus, Lamoreaux \textit{et al.} are correct in pointing out the deficiencies of the Chandlerian model in the 1980s but calling it the end point is perhaps too zealous. See Lamoreaux, Raff, and Termin, “Economic Theory”; Chandler, “Commercializing High Technology”; Thomas K. McCraw, “Alfred Chandler: His Vision and Achievement” \textit{Business History Review} 82, no. 2 (Summer 2008): 224.
institutional structure, or hardware, of Japanese-style enterprise system could not have functioned effectively without the support of ideas such as putting the interest of the company before the individual and paternalistic treatment of the employees. Management culture, as software, built camaraderie among the regular employees of the enterprise, and developed practices and ideas such as long-term employment, acceptance of slow and gradual promotion ladders and long work hours, sense of responsibility toward the workplace and team members, and the sense that the company belongs to the public. These practices, however, are coupled with the distressing conditions of the non-regular employees, such as temporary workers, contract workers, short-term employees, and part-time workers. Examination of employees’ perspectives on work or workers’ consciousness in international comparison is far from Chandler’s domain, but such examination is sorely needed.

CONCLUSION

So what role does Japan play in understanding Chandler’s model? As this article has shown, the Japanese-style enterprise system fit Chandler’s model extremely well. Chandler regarded it highly as its development closely followed the logic of his argument. However, the model does not include in its framework human resource management, financial management, government relations and management culture. These deficiencies in the model pointed out the departures of the Japanese-style enterprise system from certain aspects of Chandler’s model. In addition, the model cannot transcend the time period on which it is based. As the electronics revolution progressed, both the technology and the market environment changed fundamentally, and the

33. Of course, the Japanese do not put the group before the individual in every aspect of life; it is clear that some self-centered motivation, such as desire for promotion, underlay such behavior. It is more natural to think that one works overtime without pay not to serve the company but because one’s future promotion depends on it. On how genes, and therefore people, behave in self-centered ways, see Etsuo Abe, “Shinka no gainen to keieishi [Business History and the Concept of Evolution]” Shinka no keieishi: Hito to soshikino furushibirit [The Business History of Evolution: Flexibility in People and Organizations] ed. Takeo Kikkawa and Masakazu Shimada (Tokyo: Yūhikaku, 2008), 13-39.
appropriateness of the model declined substantially. However, it is the author’s opinion that the model did not lose its effectiveness completely. The independent small and medium enterprise networks and the large-scale enterprises will continue to exist side by side. In addition, the vertical keiretsu may be considered not so much an independent network, but a form of union of a large enterprise and a small and medium enterprise network. Coexistence and mutual dependence of large enterprises and its supporting nexus of small and medium enterprises, as exemplified by the vertical keiretsu, will continue in the future.

Although the Japanese-style enterprise system was the paragon of the Chandler model in the 1970s and 80s, the 1990s saw a precipitous decline in its relative position in the world. Thus, the relative position of the United States and Japan was reversed, but how this change is interpreted is yet to be determined. In examining Chandler’s last paper, published in 2006, it seems that he was surprised that Sony, a company whose development closely followed Chandler’s model, had selected as its CEO Howard Stringer, a British-born naturalized American.34 However, the dramatic changes that took place in the 1990s and the 2000s were beyond the imagination of most people, and Chandler, apparently, was not exempt. Chandler had advanced his own theory from growth and survival through diversification and M-Form, as he argued in Strategy and Structure and The Visible Hand, to three-pronged investment and organizational capabilities in Scale and Scope, and further to his latest theory emphasizing learning, virtuous strategy, and dynamic economy of scope. Even taking into account these advances in his theory, it does not seem possible to account for all the dramatic changes in recent years.

It should be noted that one of the reasons that Chandler was interested in Japan was his strong concern for international comparisons. While many American scholars tend to be parochial in their focus, it is clear that globalization does not mean merely Americanization. While worldwide homogenization proceeds inevitably, this process also highlights the uniqueness of each nation. For now, the future of the Japanese-style enterprise system seems to be the coexistence of M-Form and N-Form as the near-term end point.