BOOK REVIEWS

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This work consists of the main outlines of the general survey portions of Professor Akio Ohkohchi’s lectures in the Business History course taught by him in the Faculty of Economics at Tokyo University, written in a simple, clear style so that even beginners in the course could easily read the materials. Though a handy little book of 210 pages (190 pages of text, 20 pages of bibliography and index), it contains within its covers a huge amount of high-quality scholarship — enough, if enlarged upon properly, to go into the making of at least ten separate books. I must confess at the outset to a great degree of awe at the author’s ability to digest so much knowledge, so capably, into so few pages.

Those of us who are engaged in business history research are usually deeply embroiled in the pursuit of some immediate research project or other. But as long as we are studying business history it would do us some good to find the time to go back to our starting point and ask ourselves: What is “business history”? What is “enterprise management”? One good way to return to the starting point would be, I suggest, the reading of this book by Prof. Ohkohchi. I think it would be beneficial in helping us sort out what the important problems are and discovering new lines of research. Naturally, we need not accept wholesale the tenor of all the arguments made in the book. We can experience questions, maybe, and we can then mull over them and hopefully come up with some excellent ideas.
The book deals with large-enterprise management based on the factory–mass production system, and it focuses upon the circumstances surrounding the establishment of large-enterprise management and the mass production system. The central problem is always seen in terms of the group of human beings that shapes the enterprise, i.e., as consisting in “grasping what people saw as the problems, and what they did, and how, by way of solutions to those problems, when they set out to expand business activities; also, grasping the developmental trends in enterprise management that appeared as a result of their various repeated efforts, as well as the problems they involved.” This, just as it stands, probably represents the business history perspective that runs through all of the professor’s work.

The professor’s account revolves principally around England and the United States, as being the two countries that played the leading roles in the process of development of the large-enterprise system. Another point to mention is that such things as the social responsibility of enterprises, the relations between government and enterprise, and other similar technical or specialized problems are all passed over. This limiting of the matter treated, however, does not in the least detract from the value of the work.

It would be impossible to sketch in this review all that is contained in the book, so, to give an overall picture, I shall content myself with a list of the chapters. After an introduction, there follow:

Chap. 1: The Approach to Business History Studies
Chap. 2: The Establishment and Development of Modern Enterprise
Chap. 3: The Enterprise Opportunity for Moving toward Large-scale Business
Chap. 4: The Development and Limitations of Monopolistic Enterprise
Chap. 5: The New Business Strategies of Modern Enterprise
Chap. 6: Technology and Organization in Modern Business Management
Chap. 7: Enterprise Business Activities in the Industrialization of Developing Countries.

Several things in the book made a strong impression on me, but I will comment on three of them, in the hope that Prof. Ohkohchi
will elaborate on them in some future work.

The first thing that made a strong impression on me was the important position that the professor gives to technological innovation in his scheme of things. Of course, if one is a regular reader of the professor’s numerous writings there would not seem to be any need to make a big fuss over it, but it made an especially strong impression on me when seen as part of such a highly compacted system of business history.

In his introduction he states that, when one looks at business history from his perspective, “The key problems are the actions of those who discovered the new enterprise-management problems that had to be solved and opened up new paths to deal with them, and the innovations that were produced as a result of their efforts. Whether in the case of technological questions, or organizational problems, or even management problems, in this book we shall attribute importance to innovation.”

How is innovation, and in particular technological innovation, given importance in the book? Well, in the first chapter, on the approach to business history studies, following two sections on the tasks to be met in business history studies and the basic concepts, there is a third section devoted entirely to technological innovation. Then in the fifth section of the second chapter, with the heading “Maladjustment to Sustained Development,” the author discusses how England lost its world economic dominance after the Industrial Revolution because British enterprise managers lost all sense of direction as regards technological innovation and became negative towards it. And finally, in the seventh chapter (on enterprise management in the industrialization of developing countries), the introduction of advanced technology by, and the technological orientation of, the underdeveloped countries form the key factors in his argument.

The second thing that made a strong impression on me (again, the reader might wonder why the fuss) was the author’s keen interest in, and the importance he attached to, the “cultural makeup.” Of course, one cannot dismiss cultural factors lightly when studying business history, and the author has already referred to cultural makeup before in his Keiei kōsūryoku [Capacity for business planning] (Tokyo: Tōkyō Daigaku Shuppankai, 1979), but I did not realize that he attached so much importance to cultural makeup.
His statement in the second section of the first chapter that "It is methodologically indispensable that one adopt a perspective in which the economy, the organization, the cultural makeup, and technology form four interrelated cornerstones" (p. 21) made a deep impression on me. Still, despite being one of the four cornerstones, not much mention is made of it in this book: "cultural makeup" is the topic in section two, item 7 in the first chapter; it is mentioned in the context of the limits of achievement of the "business spirit supported by the Max Weberian economic ethic" adopted by British managers after the Industrial Revolution (ch. 2, p. 67); and it crops up again in a discussion of the ideology, the desire to catch up, and the system of social values supporting that desire, that all go to lend support to industrialization in the later-developing countries (ch. 7, p. 181).

This may, however, be an indication that the author is temporarily assigning "cultural makeup" a rightful place within the scope of business history studies and is waiting until the time is ripe before he develops it further. At any rate, we look forward to some future work in which the idea of cultural makeup will be expanded upon.

Finally, I would like to discuss one point that left me dissatisfied after I had finished reading this book. It is something that is connected with the most important issue in business history research. Professor Ohkohchi maintains that "The steps one has to take in one's research when one is dealing with an individual enterprise, and especially with an individual manager, are not merely some simple ex post facto analysis and evaluation; no, one has first to put oneself in the place of the person running the enterprise at the time, and then as much as possible understand his decision making and business actions; once this is done, then one analyzes and evaluates the objective meaning of his business actions, including the business results stemming from his decisions and courses of action" (ch. 1, p. 4). He argues that these steps are indispensable if one is to "understand what a manager saw and how he saw it, and thus why he made the decision he made, in isolation from the effects brought about by that decision" (p. 4). Thus far I am in agreement.

But in another place the professor argues as follows. "In the past, historians have for the most part painted a history of winners, and people who have succeeded have been justified and considered reasonable. Still, we have to recognize very seriously, if we stand in the
places of those who lost, of those who failed, the fact that they, too, acted with logicalness and reasonableness" (p. 6). This is the part that I could not accept.

If one is doing research in business history then, as Prof. Ohkohchi says, one should not deal with the failures of enterprise actions only by looking at the results. But is it possible to go on directly from that to say that "if we stand in the places of those who lost, of those who failed," we would have to recognize that they "acted with logicalness and reasonableness"? In actual fact would it not be the case that, in the processes leading up to results, there would be some failures in which one could admit logicalness and reasonableness, and some failures in which one could not? Couldn't the same thing be said in regard to those results that were successes? Is it not true to say that one of the most interesting things in business history research is precisely the delving into those processes?

As long as the historical materials can be secured, it is possible for the researcher to enter into the processes of decision making and implementation of past business managers. It is possible, to borrow the words of Prof. Ohkohchi, "as much as possible to draw near to the standpoint of the manager in question and to analyze and understand the situation from that standpoint" (p. 6). Digging up historical materials is a difficult undertaking, true, but this does not mean it is impossible.

Naturally, it is not a question only of historical materials. The analytical perspective needed to enter into the decision-making process also has to be solidly established. And it is there that we find the significance of the professor's theory of the capacity for business planning. By linking objective business conditions that he has been apprised of through information channels with such subjective conditions as motivation, purposes, philosophy, knowledge, and experience, the business manager produces a business plan (concept). Furthermore, most theorists are of the opinion that it is after the business plan (concept) has been concretized in the form of a business strategy that it goes on to produce enterprise operations.

The business manager combines, on the basis of the business plan or concept (which leads to a strategy/strategies), the business elements (or business resources, as they are commonly called), then puts in place some organization and sets it into motion; in this way
he executes business operations. Within this process it is possible to
discover the causes for failures in business operations. If I may be allowed
to make an extreme simplification, there are three kinds of causes:

1) even though the concept remains unclear (in extreme cases,
unusual even to the manager himself), and before there is a suitable
adjustment made among the concept, strategy, resources (including
among individual resources themselves), and organization, a decision
is taken on the basis of the manager’s inspiration and arbitrary lead-
ership—and failure results; 2) the concept is clear and, in the man-
ger’s subjective view, a reasonable strategic decision is taken, but a
suitable adjustment among the strategy, the resources, and the orga-
nization cannot be achieved, and there is failure; 3) despite an over-
arching clear and farsighted concept, and the adoption of all the rea-
sonable means possible, failure occurs because of a sudden change
in the domestic or foreign environment that is beyond human control.
(Sometimes the opposite happens, and decisions made on the basis of
inspiration or arbitrary whim have been blessed by good fortune and
have led to success stories—but such successes are rarely repeated.)

Instead of arguing for the success or failure of an enterprise’s
business operations from their results, one can track down the caus-
es of success or failure by studying the process of decision making and
implementation. What I have given are three patterns of the causes
for failure in extremely simplified cases, but I am sure that empirical
research would surely result in a much more diversified conclusion.
Prof. Ohkohchi’s work, even though it criticizes the folly of arguing
the successes or failures of decision making from results alone, could
have gone much further, in my opinion, in showing the possibility of
discovering the causes of success and failure through an appropriate
application of the idea of capacity for business planning.

Zōsen ō — Kawasaki Shōzō no shōgai [Shipbuilding king: The life of Shōzō

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