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Reviews

Max Eli, unter Mitarbeit von H. Laumer und T. Shimizu: Sogo Shosha. Strukturen und Strategien japanischer Welthandelsunternehmungen , herausgegeben von Institut für Asienkunde Hamburg, Düsseldorf und Wien: Econ Verlag, 1977, 783 pages, DM 248. -

It was Max Eli's and his collaborators' intention to give a comprehensive survey of the Japanese general trading companies, or sogo shosha, their structures and strategies. Founded by the Stiftung Volkswagenwerk and sponsored by the Institute of Asian Affairs in Hamburg, this task has been admirably fulfilled.

On 783 pages, including some 120 tables and more than 50 graphs, a complete picture of these big corporations and their relationship to business partners, administration and the public, both nationally and internationally, has been drawn on the basis of empirical research, including questionnaire surveys and qualitative interviews with the sogo shosha headquarters in Japan as well as their subsidiaries in selected foreign countries. Due to their rapidly extending activities, the term "many-sided trading house" or "general trading company" comes only relatively close to the real essence of the sogo shosha, although their staff are still very proud of that label which still enjoys a high reputation in public as something like an elite group of companies.

Eli's analysis starts with a description of the Zaibatsu-past of the sogo shosha and their development after the second world war, a process he calls "economic break-up and dissolution and then quick and impressive restoration". Even before world war II those sogo shosha which belonged to the zaibatsu had developed into powerful trading companies and, by the middle of the thirties, had controlled most of the manufacturing industries in Japan; Mitsui Bussan became the biggest trading company in the world. After world war II and immediately after their dissolution, in informal meetings as e. g. the famous hakusuikai (white water club) or the kinyokai (Friday club), all necessary contacts were renewed for an effective reorganisation of the former zaibatsu which are now to be found as a group or kigyo keiretsu, in which the sogo shosha play key roles.

In 14 rather comprehensive sogos shosha monographs, their structures, strategies and characteristics are analysed, a chapter that may prove to be especially valuable to businessmen. Following are three chapters on the contribution of the sogo shosha to the overall economic growth of Japan, their special influence on selected sectors and industries, and on their functions in the complex organisations of kigyo keiretsu. Both quantitative and qualitative analysis is undertaken which shows the extraordinary importance regarding shares in the main economic aggregates and their being a driving force behind Japanese growth and expansion. In the cases of the Japanese iron and steel and textile industries and in the distribution sector the sogo shosha play extremely important roles, and in the overall economic concern-groups of kigyo keiretsu they are said to be "nucleus" corporations assuming entrepreneurial functions.

Regarding the activities of the sogo shosha in the world markets, Eli et al. come to the conclusion that they contribute a great deal to the high international competitiveness of the Japanese economy and that "they have become the motive force of Japanese foreign trade development, not only by using their global information systems and world-wide purchase and sales organisation but by relentless

efforts to develop and promote foreign trade". Eli believes that in contrast to former frictions between Japan and many developing countries, and because to recent changes in foreign investment and trade policy, accusations of exploitation, dumping, and economic invasion now belong to the past.

However, in a separate chapter he also gives evidence of the sogo shosha' s economic power and its misuse of the same. Quoting the Fair Trade Commission it is shown that six kigyo keiretsu (Mitsubishi, Mitsui, Sumitomo, Fuyo, DKB-C. Itoh, and Sanwa) were holding more than 40 % of total Japanese corporate capital, and that by 1974 almost 8,5oo Japanese corporations were controlled by the six mentioned groups. Eli attributes the concentration of economic power in Japan to the strong cooperation between government and private industry, which he maintains is similar to the situation in countries with planned economic systems. Again this brings the sogo shosha into a position to influence the decision-making processes of the administration and to guide public activities in a way suited to their own business activities. Although the sogo shoshas have been involved in a number of cases of misuse of power (which became especially obvious after the oil price increases in 1973/74), and have been accused by the Fair Trade Commission of abuse of their leadership position, the emanating discussion on a revised Anti-Monopoly-Law has been effectively channeled by Japanese big business.

Eli also discusses the organisational structure of the sogo shosha, the opinion formulation, decision-making, and personnel management processes. A rather sophisticated system of appeal, the ringi-seido, is observed; the employment system is still dominated by the principle of ancienneté, though various elements of personal achievement have been introduced into the promotion mechanism.

In the final chapter, an attempt is made to compare the sogo shosha internationally. However, this comparison has its limitations since theire is no direct parallel to the Japanese sogo shosha in the capitalist, communist or socialist economies. According to certain criteria, Eli describes them as multinational corporations with profiles of internationalization indicating a fast widening of their scope. Already, the ten biggest sogo shosha rank among the 40 biggest multinational corporations in the world; the Mitsubishi Corporation being only second to General Motors. However, certain peculiarities have to be considered when comparing them to general trading companies in other countries, and many details are given to show these differences.

In a voluminous appendix, among other things, an overall list is given of the international investment activities of the sogo shosha between 1946 and 1974.

To sum up, Max Eli, H. Laumer and T. Shimizu have made a most valuable and informative study; to the Stiftung Volkswagenwerk this study should be one of the most remunerative investments ever undertaken in the field of economic and social sciences.

Udo E. Simonis