This chapter analyzes the value characteristics of the corporate culture and its role as observed in Shogun Two, which is a heavy industrial conglomerate in Japan. Before going into quantitative modeling, we have presented a qualitative evaluation of the management system of the company.

The nature of the corporate culture

This company is a giant in its sector, with subsidiaries all over the world. It is allied to a number of well known Western companies. As a result, its corporate purpose is continuously changing to approach that of a typical Western company. Continuous growth and development are still the missions of this company along with growth in sales and market share and continuous improvement, but in recent years there have been some changes. In the past, the company adopted the traditional behavior of a typical Japanese company, by offering lifetime employment, making seniority-based promotions, operating the Keiretsu system, implementing the industrial policy of the government of Japan, and respecting the relationship between the private sector and the government as determined by the regional policy and economic planning of the government. Assets used to be the real estate and the knowledge of the employees. Now, the market valuation of the company in the Western stock markets means that profit maximization is the primary aim of the company. Thus, the focus is mainly on customer satisfaction in the marketplace of the world.

Japanese national culture has influenced the corporate culture of the company, but that is largely historical now. Managers’ attitudes and the corporate culture depend less on the national culture today. People
from foreign countries are on the board of directors and are having a significant influence on how the managers manage the employees. As the managers are more cosmopolitan now, they do not carry national culture over into their behavior as much as before.

The basic features of Japanese national culture have not changed, but some techniques of management in this company have. In the case of domestic industrial management, national culture can have a considerable effect. However, this company is now a multinational company in a global market. So, there may not be any intensive relationship between the Japanese national culture and the corporate culture of this company in the global arena. Within Japan, however, national culture and corporate culture are interrelated, and that has influenced its domestic management, but for the global management in the subsidiaries in foreign locations such influences may not be important.

Corporate culture is influenced by the aims of the company. The business of this company is customer oriented. Thus, a close relationship between the company and its customers is essential. For example, a superior product from the point of view of the customer is also good for the company. It creates growth in sales volume. Thus, once the policy is decided among the board members, all workers and managers try to implement that policy in practice. This creates a process of bringing about the appropriate changes in the corporate culture. Thus, a new corporate culture can be formed through this process.

Organizational culture in a locally based company can be affected by the national culture. In Japanese companies, corporate cultures do not change rapidly but very slowly. Cultural changes also depend on capital structure to some extent. If a company operates in the Western capital structure, it is extremely difficult to prevent the influence of the local corporate culture on the corporate culture in the overseas subsidiaries. Gradually the management adopts the local corporate culture.

The managers of this Japanese company transfer the Japanese techniques of management and manufacturing to the overseas operations, but not so much the Japanese national culture. The personnel management policy including the promotions system, for example, are according to the local corporate and industrial regulations but the manufacturing process follows the Japanese operations management system. Due to this contradictory nature, during the initial period, a subsidiary may have some industrial disputes due to the problems regarding adjustments for both the managerial and non-managerial employees.

Shogun Two is one of the oldest companies in Japan. The founder used to be a very powerful Shogun himself, who later became a zaibatsu