

Japan's Network Economy

Japan's economy has long been described as organized around or embedded in networks. In times past, the web of stable, reciprocated relations among Japanese banks, firms, and ministries was thought to play an important role in Japan's ability to navigate smoothly around economic shocks. Now those networks are widely blamed for Japan's faltering competitiveness. This book applies the perspective of structural sociology to a study of how the form and functioning of the Japanese network economy has evolved from the pre-war era to the late 1990s. It asks in particular whether, in the face of deregulation, globalization, and financial disintermediation, Japan's corporate networks – the keiretsu groupings in particular – have withered away in terms both of lost cohesion and their historical function of supporting member firms in hard times. Based on detailed quantitative and qualitative analysis, the book's answer is a qualified “yes.” Relationships remain central to the Japanese way of business, but they are much more subordinated to the competitive strategy of the enterprise than was true of the network economy of the past.

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