

Reconciling Japanese Archival Traditions with the New Demands of the Global Age: Focusing on Business Archives in Japan

Mr. Takeo KATO

President

National Archives of Japan

【Abstract】

With corporate governance activities gaining momentum in recent years, the critical importance of accountability in business management has increasingly come to the fore. Traditionally, however, accountability is not something that has been recognized as important in Japanese business management. Instead, companies have taken the position that they can be evaluated exclusively on their measurable outcomes, and it has not been considered management responsibility to make the process of decision-making clear to the stockowners and other stakeholders. With corporate activities becoming increasingly global, putting a company's current status and vision out to the entire world is now recognized as an essential function of company's recordkeeping. Whereas records held by most of the Japanese business archives were collected and preserved for the compilation of corporate history chronicling the success story of the founder and/or the company's development, in order to respond to the global expansion, Japanese companies need to go beyond their traditional definitions of business archives, working more closely with top executives so that their focus shifts to communicating company information on a global scale while promoting more robust corporate governance. The author was appointed to his position as President of the National Archives of Japan in 2013 following an extensive career in the business world. He found that many of the unique features of and problems with Japan's business archives have been present in the national archives as well. If we substitute "national" or "government" for the word "business," we find that this discussion by and large applies to the current situation at the National Archives as well. This presentation hopes to offer the recent trends of business archives in Japan as an example of efforts to reconcile Japanese archival traditions with the new demands of the global age.

【Biography】

Mr. Takeo KATO assumed the office as President of the National Archives of Japan effective June 1, 2013. His commitment to public records management dates back to his service as a member of a government committee launched in 2008, whose proposals culminated in the Public Records and Archives Management Act, an epoch-making legislation of the field in 2009. Before his appointment to the presidency, Mr. Katoh spent most of his career in the private sector, where he developed a strong background in organizational operation and strategy planning. Not only did he serve as Chairman of the board of the Fuji Electric Co., Ltd., a leading global energy technology company, he has also held leadership roles for a broad spectrum of organizations including Japanese Business Federation, Japan Opera Foundation and the Kaisei Academy, a top-rate Japanese preparatory school. Mr. Katoh holds a bachelor's degree in law from the University of Tokyo.

Reconciling Japanese Archival Traditions with the New Demands of the Global Age: Focusing on Business Archives in Japan

Introduction

Before I became the President of the National Archives of Japan (NAJ) three and a half years ago, I had a long managerial career as the chairman of a private company.

Needless to say, works in public sector and private sector differs significantly, but the roles of the archives which preserve historical materials and provide access to them are common to both sectors and they face the same challenges for the further development. For example, the value and use of archives have been neglected for a long time in both sectors, however, as the importance of archives has been pointed out in recent years, both the nation and businesses make further efforts to promote to make access and use of their archival records.

I would like to now talk about recent improvement in business archives in Japan as well as the initiatives conducted by the Japanese government.

I Business Archives in Japan

I-1 Fostering and Maintaining Corporate Culture

1) The Commitment to the Compilation of “Corporate History”

Documents on business activities such as the minutes of board meetings and financial statements are obliged to be prepared, preserved, and published due to legal reasons. In addition to these documents, what are generally called “business archives” include summaries on the business activities of a company from its establishment to the present, archival records on histories of the industry, or histories of economic communities that the company is part of, and the autobiographies of inspiring managers.

In terms of “Corporate History”, many corporations make commemorative books on their 50th or 70th anniversary. Large corporations with long histories make gorgeous books and distribute them to their clients and customers. These corporations often have their own Office for Corporate History specialized for preparing these commemorative books.

Some corporations maintain their own museums to exhibit business archives and old products since their establishment.

2) People love reading autobiographies of inspiring managers

Famous autobiographies of Japanese inspiring managers include those of Eiichi Shibusawa, who founded many companies during the Meiji period when the modernization of the nation began, Kōnosuke Matsushita, the founder of Panasonic Corporation, and Kazuo Inamori, the founder of KYOCERA Corporation. In the same way as the quotes by Andrew Carnegie are used in the United States, these autobiographies are still popular and many people in business enjoy reading them.

I think every Panasonic employee read the autobiography of Kōnosuke Matsushita, and by reading his autobiography, the employees understand the management philosophy of Matsushita, or “Matsushita-ism”, as a common value in the company and the standards of conduct of Panasonic’s employee.

Similar to the case with Panasonic, we can understand the characteristics of a company by reading the autobiography of its founder. It’s fair to say that companies in Japan compile “Corporate History” more enthusiastically than other countries. Japan has the greatest numbers of “long-standing firms”, which is relevant to Japanese companies’ views to value “Corporate History”. While amongst companies currently listed on the Tokyo Stock Exchange, only 65 companies have their history that stretch back more than a century, among non-listed companies, there are about 26,000 companies that have more than 100 years of history, which is far greater than the numbers in other countries.

3) Building up Corporate Culture

Every corporation has its own characteristics such as having excellent development capabilities or strong marketing powers, or valuing its employees. Such characteristics have been built up with long history and they are called corporate philosophy or corporate culture.

As Japanese business community has a tradition of valuing corporate philosophy, the compilation of “Corporate History” has a clear role in conveying the corporate culture to both inside and outside the corporation.

4) Supporting an Employment System that is Unique to Japan

Respect to corporate culture is deeply committed to employment system in Japan. That is, to start working for a company after graduation and continue working with the same company until one’s retirement at the age of 60 or 65. Companies with this type of employment system treat their young and old employees like members of a family, with the president taking the role of the father and the employees as his or her sons and daughters. They may not actually be related to each other, but they do feel as if they are living under the same roof as a family. This feeling of camaraderie helps to build common values, in other words, the corporate philosophy unique to the company. This corporate philosophy continues to grow from generation to generation and becomes the company’s DNA. It is believed that sharing common sense of values strengthens common bonds and helps motivate employees, which in turn leads to the further growth of the company.

I-2 Contributing to Corporate Governance

1) Promoting Access to Corporate Information Leads to Build Trust with Stakeholders

In these days, there is a growing trend to accelerate the disclosure of not only the archival records of the past but also the records of current business activities and corporate goals. Disclosure of corporate information aims to enhance corporate governance and

ensure accountability. Providing correct corporate information leads to build trust with stakeholders and by getting such information, people will think: “I can purchase this company’s products without worry”, “I want to work for this company”, or “I will invest in this company”.

However, while this practice became common in other countries, Japanese companies only became aware of the importance of accountability after the 1990s. Before that, most managers thought that corporate management would be evaluated by financial performance and there was no need to disclose the business process to outside the company. As this was the prevailing view of the past, only small numbers of corporations were publishing their corporate information.

Things changed in the 1990s, when stakeholders such as stockholders started to insist that the records on the management decision-making process were as important as the records on the final results. And it became the responsibility of senior managers to disclose the contents and background of the decision-making process. Consequently, it is now widely understood the importance of preserving background documents on all business activities.

2) Contributing to the Globalization of Companies

The globalization of business activities increased the recognition of the business records. Companies faced the necessity of providing information on the current status of the business operations, future targets, or management visions to investors, customers, and clients overseas who may not have up-to-date information on the companies they were interested in.

As I previously described, it is hard for individual business persons overseas to understand the relationship between Japanese corporate culture and the employment system including “lifetime employment“, “salaries based on seniority system”, and “internal labor unions”. It is true that Japanese companies are increasingly applying western employment methods in recent years. However, still, many Japanese companies maintain their own systems, and it is believed that this is the reason of the distinguished growth of Japanese companies.

Again, I would like to point out that in order to improve oversea stakeholders’ understanding and appreciation of the business strategies of Japanese companies, and to encourage them to start investing and trading, it is crucial to give them a better understanding of the unique corporate systems and corporate culture in Japan, and business archives can play an important role for a better understanding.

3) Good Records Management Assists Good Corporate Governance

Recently, many cases on accounting errors or defects in products were reported and it turned out that companies concerned often had operational difficulties due to a lack of evidential records of their business activities.

Discovery of a product defect may sometimes lead to a spread of rumors that all products from the particular company are defective. Such rumors may cause heavy damages to the company's revenue. To prevent such damages, it is indispensable to maintain accurate and complete records on product quality and disclose them anytime if needed.

I-3 Business Archives for the Future

We can see that Business Archives in charge of managing and preserving records can play an important role in connecting the past, the present, and the future of the company's activities, as well as providing evidence to justify its business operations.

However, we have to say there is a lack of awareness of the importance of Business Archives in Japan even now. It's only when a corporate scandal occurs resulting in lawsuits that corporate leaders realize for the first time the important role of Business Archives

The status of Business Archives within a company is not that high and always not fully functioning nor playing active roles because of the small number of personnel. This is the current situation, but I believe heads of corporations need to recognize the importance of archives for the corporate governance and to show leadership to strengthen the function of Business Archives in the future.

II Japanese Initiatives to Improve Archival Systems

As I said at the beginning, I was appointed to the position as President of the National Archives of Japan in 2013 after a long career in the business world. Now I found that many of the unique features of and problem with Japan's business archives have been present in the national archives as well. In the second part of this presentation, I would like to talk about improvement of archival systems in Japan from a more general perspective.

II-1 Commitment to Saving Historical Materials

1) The Long History in Preserving Materials in Japan

Apart from the mythical age, Japan became united under the Emperor 1,300 years ago in the early 8th-century. We have a rich 1,000-year tradition of record keeping in Japan. Records of sovereigns and governments, as well as extensive amounts of materials for the history of each family of samurai and nobility, as well as that of temples and shrines, have been preserved as priceless documentary heritage.

And it was after 1868, about 150 years ago, that Japan eventually became a modern nation following the Meiji Restoration. In Meiji period, Japan facilitated the modernization by formulating the Constitution, establishing the National Diet, and focusing on fostering domestic industries and international trade. However, the government was dominated by bureaucrats under the imperial sovereignty, and the opportunities for citizens to participate in politics were very limited. Japan's defeat at the end of the World War II in 1945 changed the traditional form of government completely. A more democratic chapter in the nation's

history began after the war that followed the establishment of the constitution of the sovereignty of people, liberalism, and pacifism.

2) Continuous Fight to Protect Records from Disasters

While historical records have been preserved over the years, the country's frequent natural disasters such as earthquakes, volcanic eruptions, tsunami, storm and flood damage, have repeatedly destroyed valuable materials of our history. Japan is still exposed to the same risks, but it has been finding new ways to protect its valuable historical materials and important cultural properties from disasters for many years.

Apart from losses due to natural disasters, tremendous amount of records were lost in the devastation of Japanese cities by the air attacks of World War II. These national experiences of losing valuable records have a significant impact on how to protect records.

II-2 Initiatives to Improve Archives

During the 70 years after the World War II, Japan experienced remarkable economic development. However, in terms of archival systems, the interest level from the public was low and there was not much progress in improving the system for archives in both central and local governments.

I think this was mainly because the basic principles of democracies had not been fully recognized by Japanese citizens. In a democratic nation, citizens can voluntarily make conclusions by reviewing past events for further development, but Japanese citizens did not get used to such initiatives.

It took more than 40 years after the war for the Japanese government to start a real commitment on improving archival systems and developing legal regulations on records management. Public Archives Act was established in 1987, and then the Act on Access to Information Held by Administrative Organs (in 1999) and the Act on the Protection of Personal Information (in 2003) were established. It could be said the democratization of the nation took time and the development of a legal system for records management came after.

And finally in 2011, the Public Records and Archives Management Act came into force, which is the first legislation in Japan for management of records and archives of the state. This law was introduced because the loss of important public records caused by improper management in government agencies had come to light one after another and the government agencies had been subjected to criticism from society.

By this law, the basic rules of preparing, preserving, and providing access to public records had been established and both current and non-current records are maintained under the conditions set force by the law.

However, as it has been only five years since the enforcement of the Act, it will probably take more time until the archival system is fully matured. 90 local archives throughout

Japan are also facing similar challenges.

II-4 A New Building for Archives is the Starting Point of the New Era

Recently, the national project of “building a new national archives as a national monument” is moving forward in Japan.

Last year, a report for the new archival building was prepared based on the discussions by experts about possible locations for a new building and the functions that the building should be equipped with. The construction site will be decided and a construction plan will be formulated based on this report. The new building project will be executed after securing the budget. This project is not merely about building a new facility, but has great impacts on improving the management of public records and archives in Japan.

Firstly, under the government's leadership, the importance of management of public records and archives will be more widely recognized across the country, and preserving system and use of archives will be better promoted.

Secondly, by the new building being equipped with state-of-the-art facilities for exhibition, learning, and digitization, this project will be regarded as a model case throughout Japan for facilities and functions in local archives around the country.

Thirdly, along with the construction of the new building, we have to focus on fostering records professionals, and it is expected to enhance the human resources that are currently insufficient all over the country.

Conclusion

Japan has the ancient saying: “continuity and change 不易流行.” This means that while protecting a tradition that have been kept for a long time, one must flexibly adapt oneself according to changing times by not being stuck in old habits. I believe this is the fundamental concept for both corporations and governments to bear in mind as they continue to grow in the new era.

Yet, it must be remembered that it is the archives that will have one of the most important roles in supporting the growth of both corporations and nations.

Thank you very much for your kind attention.