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CORPORATE SPACE AND EMERGING SPATIAL ORDER IN JAPAN

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An urban system is the most concrete socio-economic phenomenon which gives us a key to understand the contemporary meaning of space.

We need to know who the organizers of the urban system at the first stage are. It is natural that we cannot go forth without considerations of the gigantic corporation's spatial preferences. At the second stage, we need to know why they build up such system. This must be deeply concerned with the formation of what I call "ADMINISTERED SPACE". At the third stage, we need to know how they organize and manage the system. This will lead us to see a light which focuses and makes clear the mechanism and meanings of the linkages and networks.

In this research, Japanese urban system will be taken up. Japan is a country that probably has the clearest spatial order in the world. It takes on a pyramid shape which connotes a highly centralized and hierarchical structure.

Tokyo is situated on the top of the system and controls the region extending beyond the national border today. Under it, several levels of the sub-systems which support the hierarchy exist. The points are that how far can we explain the urban system by looking at the corporate spatial organisation.

Key Words: Corporate Space, Urban System, Japan

I. General setting

Since the Second World War, Japanese economy has achieved phenomenal growth in a relatively short period of time. In these processes, socio-economic maps in Japan has drastically been changed (see Table 1).

In 1950, more than 48 percent of the working population were engaged in the primary sector, 22 percent in the secondary and 30 percent in the tertiary sector respectively. By 1990, the percentage in primary sector had rapidly decreased to only about 7 percent and concomitantly great changes had also taken place in other sectors, putting 34 percent of the working population in secondary and 59 percent in tertiary sector.

Figures for classes of workers show that 39 percent were employees, 26 percent were self-employed and 35 percent were unpaid family workers in 1950. A fairly equal distribution among the sectors can be recognized. By 1990, however, these percentages had altered dramatically: employed workers climbed to 78 percent while self-employed and unpaid family workers had dropped to 14 percent and 8 percent.

Due to these shifts, the urban population, which had been only 37 percent in 1950, zoomed to 77 percent by 1990, especially in the three major metropolitan areas such as Tokyo, Osaka and Nagoya, which together account for about half of the total population. The concentration on the Tokyo Capital Region has been particularly

Table 1 Socio-economic Changes in Postwar Japan

Index	1950	1970	1990
Workers by industry sectors			
Primary sector	48.3 %	17.4 %	7.2 %
Secondary sector	21.9	35.1	33.6
Tertiary sectors	29.7	47.5	59.2
GDP by industry sectors			
Primary sector	26.0	11.4	2.5
Secondary sector	31.8	37.1	39.3
Tertiary sector	42.2	51.5	58.2
Classes of workers			
Employees	39.3	65.0	77.6
Self-employed	26.2	19.2	14.1
Unpaid family workers	34.5	15.8	8.3
Populations by urban & rural			
Rate of urban population	37.3	72.1	77.4
Rate of rural population	62.7	27.9	22.6
Total	84.6 mil.	104.7 mil.	123.6 mil.

Source: 'Nihon Kokusei Zue' Kokuseisha

eminent and caused serious city problems there. By contrast, the rural areas occupying most part of the national land lost their economic importance and were abandoned to the mercy of national development projects.

Under these rapid economic changes, the Japanese way of looking at things and their sense of value had dramatically been changed. This was deeply concerned with the disorganization of the traditional social and economic system built upon traditional ideas, and brought about a highly capital oriented social and economic system. As a result, functionally and rationally unified spatial order has emerged clearly in Japan.

Though these processes apparently took on a chaotic aspect at each local phase, these were the very processes in a larger sense to incorporate individual regions into the whole spatial system rationally, based on economic functions and importance.

In this paper, the actual conditions of changing spatial systems in Japan will be made clear by analyzing the behavioral pattern of 1,138 major manufacturing corporations and 20 insurance companies. The number of manufacturing corporations covered in this research reach more than 90 percent of the corporations listed in the Tokyo, Osaka, Nagoya and other local stock exchange market in Japan.

Also, in this paper, a logic of the ways of organizing space and a key to grasp the contemporary meaning of spatial reorganization will be discussed.

II. Some ideas on actual conditions of the spatial system

As the driving forces for forming a spatial system, including the urban system, or as the organizers of the spatial system, we have to analyze the corporate behavior. Why did they build up the present system. What kind of system do they want to construct finally. How do they manage the system.

Japan is a country which has probably the most clear-cut spatial order in the world. It takes a huge pyramid type which connotes highly centralized and hierarchical structure which reflects the corporate strategy in itself. So, when we take up spatial systems at any regional level such as national, international or even local level, the evaluation of corporate spatial behaviors becomes important. Their huge spatial organizations cover the whole country and even beyond the national boundary to all over the world. If we think of the subsidiaries and other related companies, their spatial organizations become even more gigantic. As a corporate size grows, the spatial division of labor within corporate organization gains its importance. We can see a part of this point - concretely in a set of arrangements of 'spatial units'¹. Through the arrangement of spatial units, a more organizationally linked urban system came to the fore. Therefore, by analyzing these corporate behavior, the mechanism and the contemporary meaning of the urban system's formation can be made clear.

III. The characteristics of headquarter location

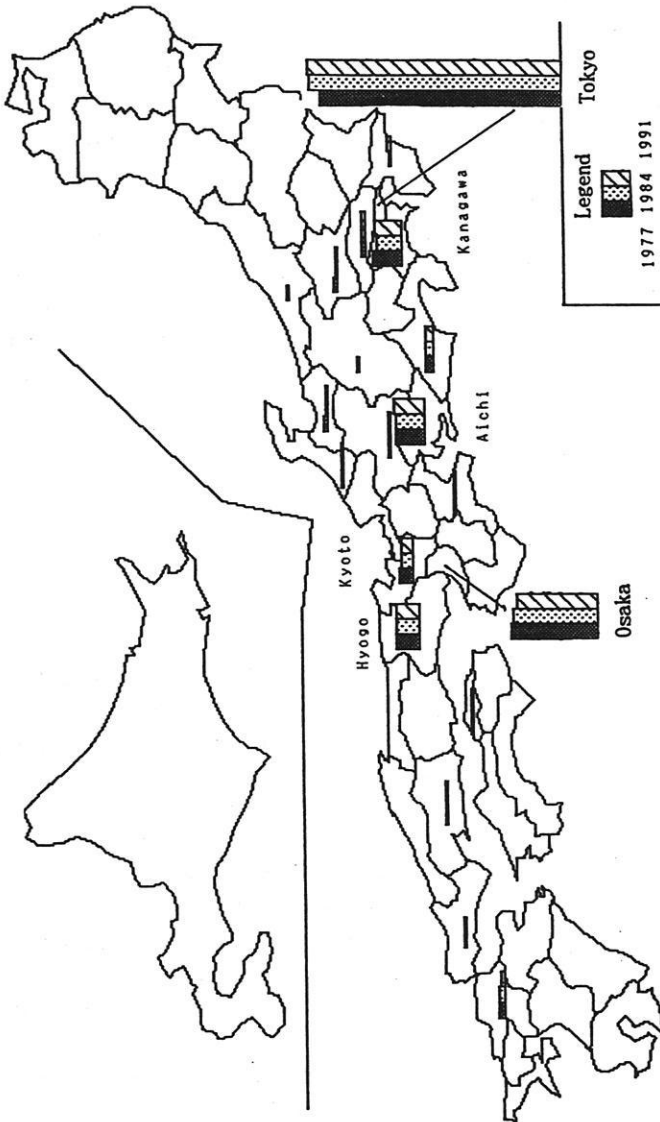
1. Single-headquarter system

Figure 1 shows the actual conditions of the concentration of headquarters on the very limited cities. A city in which major corporate headquarters are located has generally very much implication on space and imprints itself as the largest node of economic flow, since it situates on the top of the huge hierarchically organized spatial systems which are to be constructed by sub-spatial units.

The largest concentration of headquarters can be seen in Tokyo. Of 1,138 corporations, about half of them have a headquarter within the city of Tokyo. This number has increased even more from 552 in 1977 to 587 in 1991. Conversely, Osaka, with the second largest concentration, shows a decrease from 157 to 153. Nagoya, with the third largest concentration, also decreased in number from 38 to 32; Kyoto 27 to 23, Kobe, Yokohama and Kawasaki 22 to 21. There are 8 cities which have more than 10 headquarters, 12 cities have 4 to 9, 17 cities have 3, 27 cities have 2 and 105 cities have 1 headquarter. Altogether, the number of cities which have at least one headquarter of major manufacturing corporation became 169 which correspond to about 5 percent of the total number of municipalities in Japan.

The headquarters relocation is substantially even more dynamic. When we look at

Figure 1 Locational Pattern of the Headquarter of Major Manufacturing Corporations



the history of each corporation, of 1,027 corporations data are available, 341 corporations moved their headquarter at the inter-city level. 181 corporations of them (53 percent) moved their headquarters from other parts of the country to the city of Tokyo. 47 corporations, corresponding to 14 percent, moved out of the city of Tokyo mainly to its suburbs. If we look at this in more detail, we find that the larger the corporations become in size, they tend to be more concentrated on the city of Tokyo.

For example, 124 corporations belong to the largest group with a capital of more than 100 million US-dollar. 51 corporations have changed their headquarters location. 78 percent of them, 40 corporations moved their headquarters to the city of Tokyo, while 7 to the city of Osaka. 139 corporations belong to the next largest group with a capital from 50 to 100 million US-dollar. 56 corporations changed their headquarters location. About 66 percent of them, 37 moved to the city of Tokyo and 9 to the city of Osaka. The number of corporations belonging to the third group with a capital from 10 to 50 million US-dollar amount to 522. 163 of them changed headquarters location. 78, about 48 percent moved it to the city of Tokyo and 25 to its suburbs, while 10 to the city of Osaka and 4 to its suburbs. The number of corporations belonging to the fourth group with a capital less than 10 million US-dollar is 242. 71 of them changed headquarters location. 26, about 37 percent of them moved to the city of Tokyo and 19 to its suburbs, while 3 to the city of Osaka and 3 to its suburbs.

Thus, we can point out that the locational change of corporate headquarters becomes more dynamic in the larger size groups and takes clearer concentrated form in very limited areas within the Capital space. Figure 2 shows the situation that the location of corporate headquarters is spatially limited to very central part of Tokyo such as Chiyoda-ward, Chuo-ward and Minato-ward areas. About two third of major corporate headquarters posted in these parts of the city.

2. Double-headquarter system

There emerged another movement which reinforces the control and administrative functions of Tokyo. This is the adoption of a two-headquarter system. 42 corporations had adopted this system within the period of 1955 and 1982. 36 of them have newly established another headquarters in Tokyo, so-called "Tokyo Honsha (= Tokyo Head Office)". This trend becomes eminent particularly in larger size corporations.

As a result of these trends, the substantial component ratio of Tokyo went up in each group: to 38.4 percent in IV, to 49.7 percent in III, to 58.4 percent in II and to 76.9 percent in I.

Osaka has still kept strategical importance in headquarters location of lower ranking groups. However, the city had already lost its importance in higher ranking groups. The turning point for that can be seen when the corporations capitalized somewhere around 100 mil. US-dollar at present.

Figure 2 Spatial Characteristics of Headquarters Location within the City of Tokyo

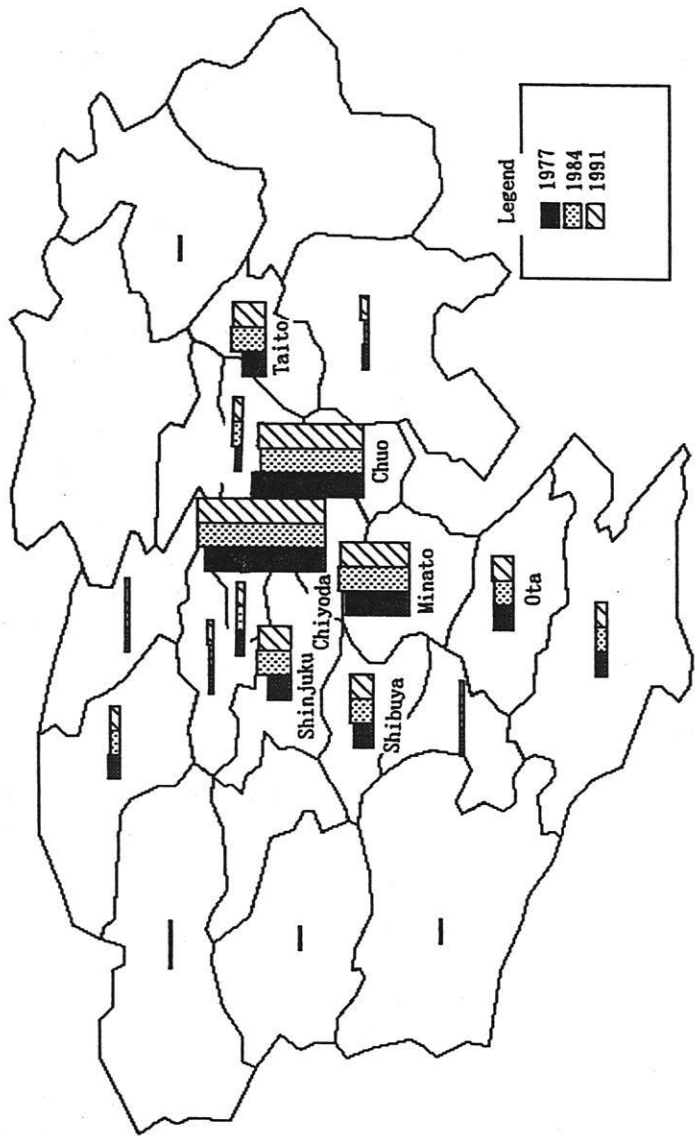


Table 2 Locational pattern of corporate headquarters by size and cities in 1955

	IV	III	II	I	Total
Tokyo	69 (47.3%)	201 (48.4%)	71 (46.0%)	4 (40.0%)	345 (50.6%)
Osaka	12 (8.2)	69 (16.6)	19 (17.1)	1	101 (14.8)
Kobe	7 (4.8)	10 (2.4)	5 (4.5)	1	23 (3.4)
Nagoya	8 (5.5)	12 (2.9)	1		21 (3.1)
Yokohama	7 (4.8)	7 (1.7)	2 (1.8)		16 (2.3)
Kyoto	2 (1.4)	9 (2.2)	1		12 (1.8)
Kawasaki	2 (1.4)	6 (1.4)	2 (1.8)	1	11 (1.6)
Amagasaki	2 (1.4)	7 (1.7)		1	10 (1.5)
Sakai	2 (1.4)	5 (1.2)	1		8 (1.2)
Kariya		6 (1.4)			6 (0.9)
Others	35 (24.0)	83 (20.0)	9 (8.1)	2 (20.0)	129 (18.9)
Total	146 (100.0)	415 (100.0)	111 (100.0)	10 (100.0)	682 (100.0)
No. of cities and towns	42	76	17	7	108

Note: 1) Corporations are classified into four groups by capital size.

I = 50 mil. US-dollar ∞ II = 10 - less than 50 mil. US-dollar

III = 1 - less than 10 mil. US-dollar IV = 0.1 - less than 1 mil. US-dollar

2) Numerical values enclosed in parenthesis below total show number of cities which have at least 1 headquarter. of major corporation.

Source: Historical record of each corporation listed on the Tokyo, the Osaka and the other Stock Exchanges, 'Kaisha Nenkan' published by the Nippon Keizai Shinbunsha and author's own hearings.

Table 3 Locational pattern of corporate headquarters by size and cities in 1982

	IV	III	II	I	Total
Tokyo	137 (36.8%)	232 (46.5%)	70 (56.0%)	79 (67.5%)	518 (46.5%)
Osaka	46 (12.4)	60 (12.0)	23 (18.4)	17 (14.5)	146 (13.1)
Nagoya	15 (4.0)	18 (3.6)	1	2 (1.7)	36 (3.2)
Kyoto	10 (2.7)	14 (2.8)	3 (2.4)	1	28 (2.5)
Kobe	8 (2.2)	10 (2.0)	2 (1.6)	3 (2.6)	23 (2.1)
Yokohama	7 (1.9)	12 (2.4)	4 (3.2)		23 (2.1)
Kawasaki	5 (1.3)	11 (2.2)	1	2 (1.7)	19 (1.7)
Amagasaki	6 (1.6)	7 (1.4)	1		14 (1.3)
Sakai	6 (1.6)	3 (0.6)	1	1	11 (1.0)
Higashi-Osaka	3 (0.8)	3 (0.6)	1		7 (0.6)
Others	129 (34.7)	129 (25.9)	18 (14.4)	12 (10.3)	288 (25.9)
Total	372 (100.0)	499 (100.0)	125 (100.0)	117 (100.0)	1,113 (100.0)
No. of cities and towns	115	104	25	18	189

Note: 1) Corporations are classified into four groups by capital size.

I = 50 mil. US-dollar ∞ II = 10 - less than 50 mil. US-dollar

III = 1 - less than 10 mil. US-dollar IV = 0.1 - less than 1 mil. US-dollar

2) Numerical values enclosed in parenthesis below total show number of cities which have at least 1 headquarter. of major corporation.

Source: Historical record of each corporation listed on the Tokyo, the Osaka and the other Stock Exchanges, 'Kaisha Nenkan' published by the Nippon Keizai Shinbunsha and author's own hearings.

Other large cities do not have so much importance in headquarter location. Regional capital cities as Sapporo, Sendai, Hiroshima and Fukuoka have little importance in this term. Under these circumstances, the cities located in the suburbs of Tokyo and Osaka have gradually increased their weight as headquarters location of lower ranking corporations. But they do not have large concentration individually.

Thus, the locational characteristics of corporate headquarters can be summarized briefly as the process of reinforcing even more concentrated pattern centering the capital city Tokyo.

IV. Locational characteristics of sub-spatial units

The development of a rational and effective network of sub-spatial units is prerequisite to corporate existence and its further growth under severe competition. The structure of their arrangements are the factors deeply concerned with the formation of spatial order of the national economy.

1. Branch offices (= a fundamental unit of self-supporting accounting systems within corporate organization)

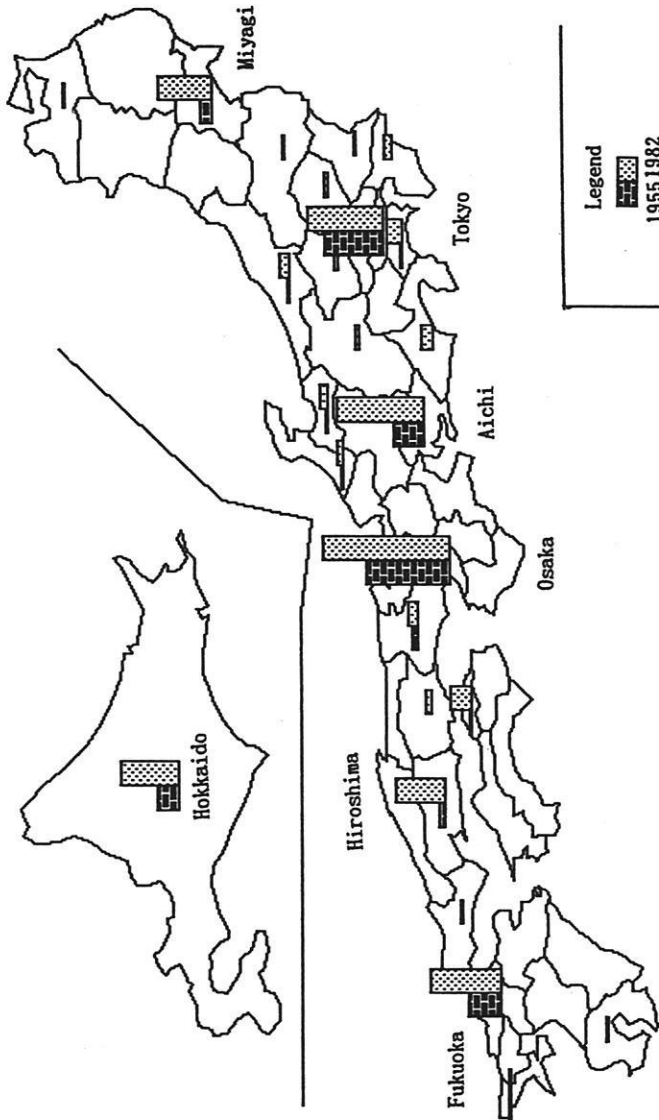
662 corporations listed in the First Stock Exchange Market are taken for my conveniences. They had 882 branches of this level and arranged them to 60 cities in 1955. In 1982, the number of branches increased to 2,151. They are arranged to 242 cities.

Their locational characteristics are shown in Figure 3. In group IV, the rate of branch arrangement was still very low in 1955. Even for Tokyo and Osaka, the degrees remained only 46.8 percent and 27.8 percent respectively. All other cities were insignificant in the rate with less than 10.0 percent. In 1982 it has risen to 89.4 percent in Tokyo and 52.4 percent in Osaka. Also the rate went up to the 20 percent level in Nagoya and to the 10 percent level in Fukuoka, Sendai, Sapporo and Hiroshima.

In group III, Tokyo had already reached 62.7 percent in 1955, while Osaka still remained in 39.0 percent. The rate of the other cities was very low. In 1982, the rate became 78.3 percent in Tokyo and 63.8 percent in Osaka. Also, the rate has remarkably risen to 39.2 percent in Nagoya and to the 20 percent level in the regional capital cities. The rate of other cities were not eminent.

In group II, the rate of Tokyo and Osaka has already reached such a high level as 81.0 percent and 67.5 percent in 1955. Other cities with a rate more than 10.0 percent were Nagoya, Fukuoka, Sapporo and Sendai. In 1982, the rate of Tokyo and Osaka went up even more to 85.7 percent and 71.1 percent. Nagoya broke the 50 percent line, Fukuoka reached the 40 percent level, Hiroshima, Sapporo and Sendai showed the 30 percent level. In addition, Takamatsu rose up to the 10 percent level.

Figure 3 Spatial Arrangement of the Branch Offices of Major Manufacturing Corporation



In group I, Tokyo got 97.5 percent even in 1955. Also, Osaka attained 70.1 percent. The cities with a rate of the 20 percent level were Nagoya, Fukuoka and Sapporo, while Sendai remained in the 10 percent level. Others had a rate less than 10.0 percent. In 1982, the rate of the two largest cities did not have so much change. However, Nagoya exceeded the 50 percent line, Fukuoka, Sapporo and Sendai reached the 40 percent level, Takamatsu reached the 20 percent level, Niigata and Toyama have newly emerged as a city with a rate more than 10 percent.

Thus, the larger corporations have established the more extensive and dense network from the earlier times across the country. However, it can be said that branch locations have been mostly confined to only 7 cities.

2. Sub-branch offices

The location of sub-branch offices showed more dispersed pattern in comparison to that of upper ranking branch offices (see Figure 4). The number of branches on this level increased from 547 to 2,706 between the periods. Accordingly, spatial scope of its location extended, and the number of cities in which a sub-branch office is located increased from 140 to 500.

As to group IV, no noticeable trend can be seen in 1955, because the number itself was very small. On the contrary, such cities as Nagoya, Sendai, Hiroshima, Fukuoka and Sapporo became to have a rate over 10 percent.

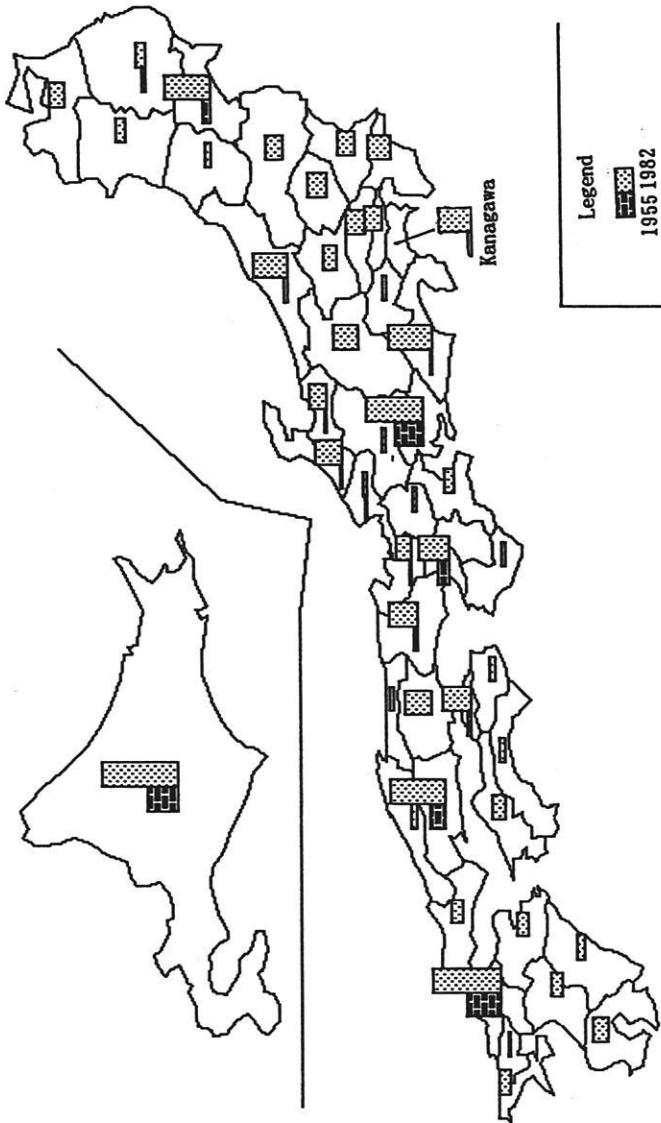
In III group, only Nagoya reached the 10 percent level in 1955. In 1982, the rate of such 5 cities as Nagoya, Hiroshima, Sapporo, Sendai and Fukuoka went up to the 20 percent level. The cities reached the 10 percent level are Shizuoka, Niigata, Takamatsu and Okayama.

As to group II, the relatively high rate of sub-branch arrangement had been attained even in the earlier times. For examples, Sapporo had the 20 percent level, Nagoya, Fukuoka and Hiroshima showed the 10 percent level even in 1955. And the number of cities which hold relatively high rate of sub-branch arrangement increased in the period between 1955 and 1982. 6 cities had a rate of the 20 percent level. Those are Nagoya, Sendai, Sapporo, Fukuoka, Hiroshima and Takamatsu. Also, the following cities as Shizuoka, Kobe, Okayama, Niigata, Osaka, Toyama, Kanazawa and Chiba reached the 10 percent level.

The trend was shown more clearly for group I. Nagoya and Sapporo had already attained the 20 percent level. Hiroshima, Fukuoka, Kitakyushu, Sendai and Takamatsu reached the 10 percent level in 1955. In 1982, the cities which had a rate more than 20 percent were Sapporo and Fukuoka. Those with a rate of the 10 percent level were Aomori, Akita, Sendai, Niigata, Nagano, Chiba, Yokohama, Toyama, Kanazawa, Shizuoka, Nagano, Kyoto, Kobe, Okayama, Hiroshima, Takamatsu, Kitakyushu, Nagasaki and Oita.

Thus, the ways of the development of the branch network at this level mainly covered prefectural capital cities.

Figure 4 Spatial Arrangement of Sub-branch Offices of Major Manufacturing Corporations



3. Plants

As for plant's location, Tokyo still occupies the largest part. But a share in the total number of plants has declined very rapidly. Their locations can be seen mainly in the areas immediately outside of the city of Tokyo. Contrastingly, its locational areas have extended to the fringe of the large cities and further out to the peripheral regions. Some of them moved beyond the national border to foreign countries.

In case of Osakas corporations, the location of the plants shows a glass type which has two main regions: the Osaka metropolitan area and the Tokyo metropolitan area.

4. Insurance companies

How is space organized? An answer will be found by looking at the spatial organization of insurance companies which are the largest and the most densely, and which have developed their own network throughout the country.

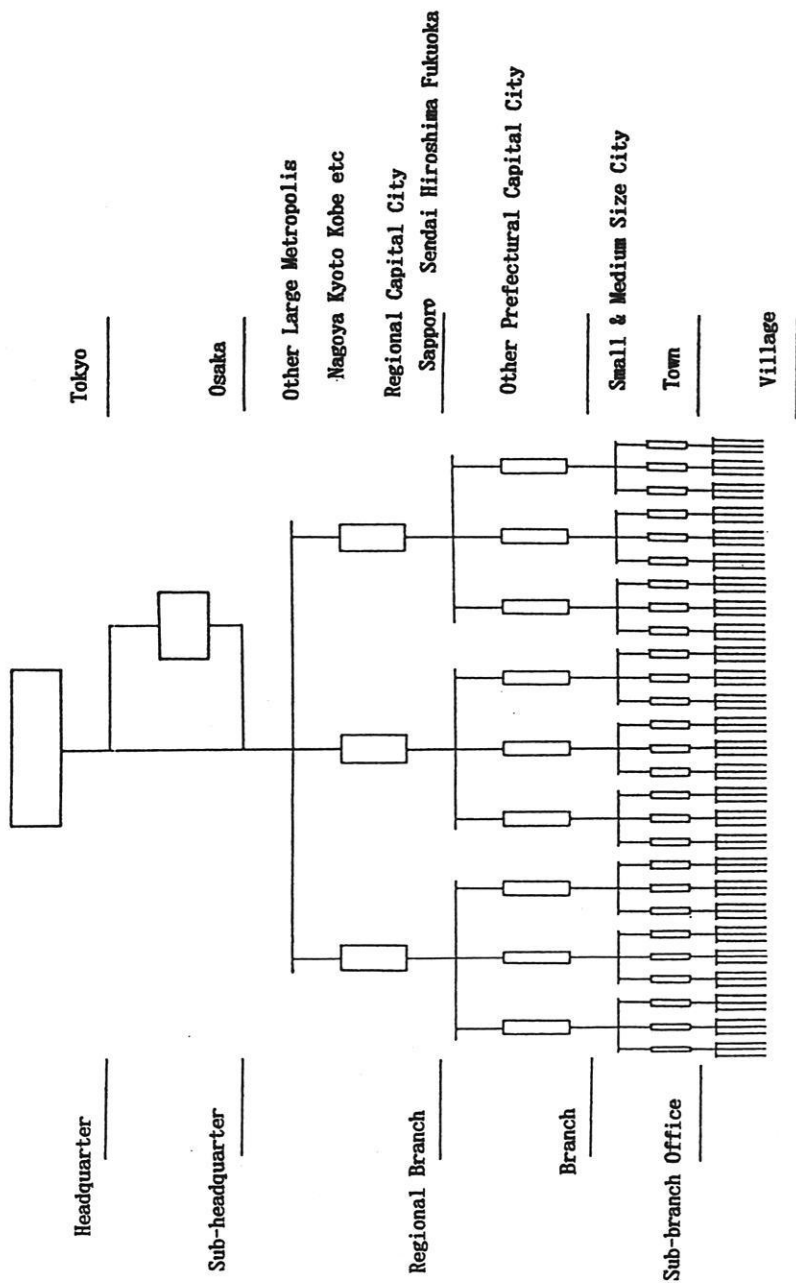
Three maps on the left show how Nihon Insurance Company, which is the world's largest company and once posted its headquarters in Osaka and now substantially relocated it to Tokyo, has organized space. Three maps on the right are on the Meiji Insurance Company which is the oldest and posted in Tokyo from its foundation. Both have initially different pattern in the formation of their network. Nihon Insurance had developed from the western part of Japan to the eastern, while Meiji developed from the eastern to the western part. However, at a certain stage of growth, they became to have almost the same spatial pattern as shown in those maps.

At least 4 functional unit levels can be recognized from the maps. From the lowest level, the units have been arranged at sub-divisional areas within a metropolitan area or at a major city level. The next level units are arranged for covering a prefecture level. The next level units are arranged at a regional level which covers several prefectures. And a unit with the highest function, a headquarters, covers national space as well as international.

Thus, the corporations tend to have quite similar spatial preferences which brought about the emergence of clear-cut spatial order as shown in my explanatory model. This spatial pattern can be seen not only in a network of most major private corporations and institutions, but also, as shown in Figure 5, in the network of the national government. As a result of these, 'ADMINISTERED SPACE', a kind of space emerged and functions as if it is a machine socially built in for sustaining the whole capitalistic economic system.

HAKANSON, L., Swedish geographer, built up a very interesting model on corporate space which is very much applicable to the Japanese case, they expand their spatial units in accordance with the corporate growth. However, the model has several problems. On the headquarters location, it was treated as immovable existence. But as I showed in this paper, a corporate headquarter changes its location dynamically

Figure 5 Corporate Spatial System and National Urban System



in the course of its growth. Changing location in response to its growth is an important point to explain the ways of organizing space.

V. Conclusion

Several characteristics concerning the location of "spatial units" were made clear in this paper. The idea of central place theory is applicable to this.

1. For Japanese corporations, financial institutions, foreign affiliated companies and the national government, the space of the capital city Tokyo is strategically important in terms of headquarters or central office location. This is especially true for the larger size corporations and institutions.

2. Osaka has still kept important in headquarter location of lower ranking corporations and sub-headquarters of major corporations used to be Osaka posted. Conversely, no national government central office, almost no foreign affiliated company is located here.

3. Nagoya, Yokohama, Kyoto and Kobe have further a limited number of headquarters of major corporations. Also, these cities are relatively less important for branch location. But they have relatively large agglomeration of headquarters of medium sized corporations and financial institutions.

4. In regional capital cities as Sapporo, Sendai, Hiroshima, and Fukuoka no major corporate headquarters is located - except regional oriented companies as electric power and so on. This space is strikingly important for branch locations, the regional offices of national government, and emerged branch economy there. They have also a certain agglomeration level of small-medium sized corporations and financial institutions.

5. In prefectural capital cities is the space for sub-branch locations and a smaller number of major corporate branches.

NOTES

- ¹ The 'Spatial units' is a functional unit: headquarter, branch offices, sub-branch offices, research and development centers and plants.

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