

International Research-Workshop

**"The Modern Turn in Governance: Understanding Institutions,
Actors, and Cognitive Patterns in East Asia"**

PROGRAM and ABSTRACTS

International Research-Workshop
“The Modern Turn in Governance: Understanding Institutions, Actors, and
Cognitive Patterns in East Asia”

Duisburg, 3.–5. April 2006

PROGRAM

Monday, 3. April 2006

9:00–9:15

Lothar ZEHLIN

Rector of the University of Duisburg-Essen

Welcoming Address

9:15–9:30

Markus TAUBE (University of Duisburg-Essen)

Managing Director IN-East

Introductory Remarks

SECTION 1: INSTITUTIONAL AND REGULATORY CHANGE

Chair: Werner PASCHA (University of Duisburg-Essen)

9:30–10:15

Markus TAUBE (University of Duisburg-Essen)

Parameters of Institutional Change: Transaction Cost and Social Embeddedness in China

10:15–11:00

Stefan BREHM (University of Lund)

Governing the Banks – the Chinese State as Regulator and Innovator

11:00–11:45

Eric SEIZELET (University of Lyon)

New Constitutional Revisionism and Political Change in Japan

11:45–13:30 Lunch break

SECTION 2: DECLINE OF OLD AND RISE OF NEW ACTORS

Chair: Patrick HEINRICH (University of Duisburg-Essen)

13:30–14:15

Flemming CHRISTIANSEN (University of Leeds)

Authority and Status in Contemporary China

14:15–15:00

Winfried FLÜCHTER (University of Duisburg-Essen)

Demographic Shrinking and Ageing in Japanese Cities – Triggering a Modern Turn in Governance?

15:00–15:30 Coffee break

Chair: Claudia DERICHS (University of Duisburg-Essen)

15:30–16:15

Jørgen DELMAN (Nordic Institute of Asian Studies, Copenhagen)

Business Organization and Governance in China

16:15–17:00

Yoshihide SANO (University of Tokyo)

Human Resource Management and the Changing Staffing Business at Japanese Manufacturing Sites

Evening: Free

Tuesday, 4. April 2006

SECTION 2: DECLINE OF OLD AND RISE OF NEW ACTORS (CONTINUED)

Chair: Doris Fischer (University of Duisburg-Essen)

9:00–9:45

Kjeld Erik BRØDSGAARD (Copenhagen Business School)

Government Capacity and Institutional Reform in China

9:45–10:30

Etsuko HAYASHI (Kanagawa University)

Workforce Diversification in an Aging Society: The Case Study of the Steel and Auto-parts Industries in Japan from the Viewpoint of Skill Succession

10:35–11:00 Coffee break

SECTION 3: COGNITIVE PATTERNS SHAPING NEW UNDERSTANDINGS OF ROLES AND REGULATIONS

Chair: Ralph LÜTZELER (University of Duisburg-Essen and University of Bonn)

11:00–11:45

Seán GOLDEN (Autonomous University of Barcelona)

Default Civil Society in Contemporary China

11:45–12:30

Thomas HEBERER (University of Duisburg-Essen)

Elections, Participation, and Social Stability in China's Urban Neighborhoods. Developing a Model of Authoritarian Communitarism?

12:30–14:00 Lunch break

Chair: Thomas Feldhoff (University of Duisburg-Essen)

14:00–14:45

Zhihong YI (Renmin-University of China, Beijing)

Financing Patterns and Corporate Governance: The Japanese Experience and China's Choice

14:45–15:30

Karen A. SHIRE (University of Duisburg-Essen and University of Bremen)

The Transformation of Employment Institutions in Japan: Changing Societal, Organizational, and Workplace Relations

15:30–16:00 Coffee break

16:00–16:45

Lulu LI (Renmin-University of China, Beijing) (cancelled due visa not issued)

The Transition of Chinese Society from the Perspective of Globalization

16:45–18:15

Panel Discussion: Change and Continuity of Governance Patterns in East Asia

Moderator: Markus TAUBE (University of Duisburg-Essen)

19:00–21:00 Conference Dinner (*Faktorei Duisburg Inner Harbor Region*)

Wednesday, 5. April 2006

9:30–10:00

Markus TAUBE (University of Duisburg-Essen)

The research agenda on “The Modern Turn in Governance” at the INEast, University of Duisburg-Essen

10:00–10:30

Karen A. SHIRE (University of Duisburg-Essen and University of Bremen)

The MA program and the PhD program concept at the IN-EAST, University of Duisburg-Essen

10:30–11:00 Coffee break

11:00–12:30

Discussion of potential cooperation in European-wide research and graduate training in East Asian Studies

12:30 End of workshop

Parameters of Institutional Change: Transaction Cost and Social Embeddedness in China

Markus TAUBE
Institute of East Asian Studies, University of Duisburg-Essen

The transformation of China's economy from a hierarchical plan based system into a market based system has been extremely successful - and differs markedly from the transformation processes in Eastern Europe and Russia. Understanding the economy as a sub-system embedded in an overall social compact the paper looks at various parameters determining institutional change. Focussing on the parameters 'transaction costs' and 'social embeddedness' the paper argues that a major success factor of China's transformation has been its gradual approach permitting more or less parallel institutional innovation in the economy and other spheres of the social value system.

Governing the Banks -the Chinese State as Regulator and Innovator

Stefan BREHM
University of Lund

The financial sector in China has undergone encompassing restructuring to improve solidity and efficiency of domestic banks. In recent years, the legal system has come closer to meeting international concepts in the area of regulation and supervision. Furthermore privatization of state banks and China's opening for foreign financial institutions is widely believed to improve overall performance and service quality. In spite of these formal changes this paper reveals that the role of the market is restricted to the efficient implementation of the central state's developmental strategy. Supervision and rules governing capital adequacy serve as an instrument to discipline managers and to reduce direct interference of local governments in loaning decisions. By contrast, stability and liquidity rest on economic rather than on prudential regulation. This creates an environment in which the state assumes the genuine market function of product innovation while financial institutions enjoy the freedom to implement respective policies independently. Banking regulation, therefore, can be interpreted consistently in a state-guided context of politicized capitalism.

New Constitutional Revisionism and Political Change in Japan

Eric SEIZELET

Lyon Institute of East Asian Studies, Université de Lyon

During the five past decades the Japanese political system endured an apparent paradoxical situation: while the reconstruction and the expansion of the country was largely due to stable institutions and leadership under the LDP rule, the discussion over the legitimacy of the Constitution became a highly controversial matter of political division and differentiation not only between the right and the left, but also within the dominant party between hardliners promoting constitutional revisionism for ideological, psychological and legal reasons and pragmatists attached to the preservation of the constitutional status quo in order to protect and promote national interests. If this long-running debate over constitutional issues is mainly focused on the "peace" clause and the so-called "constitutional pacifism", it also encompasses a large set of topics ranging from the position of the emperor to local government. The prospect for effective constitutional revision was longly affected by the balance of powers within the Diet, permitting the opposition parties to gain a sufficient number of seats to hamper any attempt at a modification of the fundamental law, and forcing the conservatives to promote "interpretative revision" instead of formal constitutional reform. But during the 1990s, the reorganization of the Japanese political landscape, the implementation of administrative and political reforms as well as changes in Japan's international environment appeared to be strong incentives for abolishing the constitutional taboo, while the structural decline of traditional political forces which identified themselves with "the protection of the Constitution" coupled with the strengthening of the Prime minister's leadership capacity provides a new political climate sustaining the possibility of substantial constitutional reform for the first time in postwar Japan. If the outcomes of this evolution are hardly predictable since the respective positions of the political parties are still flexible, it is needless to say that the issues at stake are a determining factor for the shaping of Japan's future political identity.

Authority and Status in Contemporary China

Flemming CHRISTIANSEN

Department of East Asian Studies, Institute for Research on Contemporary China,
Centre for Chinese Business and Development, School of Modern Languages and
Cultures, University of Leeds

The paper aims to explore emerging social differentiation in China and its impact on leadership roles. Where formal command lines, comradeship and clientelist ties were vectors of authority in the planned economy, the emerging social configurations in China generate new class and status divisions, negotiated and exercised by individuals in social value judgements. Authority has changed accordingly, from public office to a broad mixture of institutions, including also a range of contractual relationships and mutually competing status hierarchies. The paper will argue that leadership roles have changed profoundly and will identify new patterns of suasion and behaviour for exercising authority.

Demographic Shrinking and Ageing in Japanese Cities -Triggering a Modern Turn in Governance?

Winfried FLUCHTER

Institute of East Asian Studies, University of Duisburg-Essen

In the postwar period national and local governments of the industrialized countries have made their spatial planning policies by assuming ever-growing socioeconomic conditions. However, in the coming era of rapid demographic shrinking and ageing, issues of vitality loss of communities become prominent. Most importantly, shrinking cities and regions are a phenomenon that will be significantly intensified in the near future. This is particularly true for a country like Japan. Policy-makers need to take into account the demographic shift and create strategies to deal with its spatial effects. In particular, it is a major duty of policy-makers to ensure that residents are provided with a range of infrastructural facilities in a coordinated, accountable, and affordable manner, Innovative ways of managing and using infrastructural facilities as well as integrated planning and development approaches are requested, Instead of traditional urban government like top-down approaches in infrastructural planning policy domains it is necessary to promote urban governance like bottom-up involvement and citizen participation in policy shaping and implementation.

Business Organization and Governance in China

Jürgen DELMAN

NIAS Nordic Institute of Asian Studies, Copenhagen

In recent years, the private business sector has come to play an important role in China. As a consequence, the CPC and the party state have been prompted to reassess both capitalism and their former class enemies, the capitalists. At the same time, the party state has increasingly engaged in close collaboration with the business sector regarding improvements in the business environment, especially for the private sector. The argument in this paper is that considerable existing evidence of challenges and gaps in the business environment can be representative of problems embedded in institutional arrangements in the system of governance surrounding the private business sector. Business associations are a case in point. They have become important platforms for the private business sector to collaborate with or to challenge the party state to address outstanding issues. At this stage, both sides seem to benefit from a peculiar party state-business nexus that has emerged within the associations themselves. The institutional mechanisms for governing the associations have been described as corporatist, and yet there are elements in their governance that point in other directions, e.g. towards a certain degree of 'autonomization" in some areas and sectors. The paper notes that while reforms of the business environment are happening quite fast, it is as yet uncertain whether they will lead to real associational autonomy, i.e. to a clearer separation of functions of government and business representation.

Human Resource Management and the Changing staffing Business at Japanese Manufacturing Sites

Yoshihide SANO

Institute of Social Science, University of Tokyo

Since the mid 1990s, many Japanese manufacturers started or increased to use temporary agency workers in their manufacturing sites under the pressure of minimizing fixed personnel costs. Deep depression and the deregulation of the temporary dispatching work business accelerated this trend. The rapid increase of the use of temporary agency workers is said to radically change the employment practice of Japanese manufacturers. Our research however suggests the opposite. According to our survey, a majority of the firms only assign their direct employees to some restricted job areas to keep the 'core' skills inside their firms. These employers try to provide stronger employment security (than before) for these workers by using temporary agency workers as a buffer to cope with business fluctuations. The use of temporary agency workers could be said to help the survival and even the purification of the Japanese long-term employment practice. Further, this situation does not mean that temporary agency workers have to suffer employment insecurity. It is true that not a small number of temporary agencies employ hire-and-fire employment practices. It is however also true that an increasing number of temporary agencies tries to provide employment security and even the opportunity of career development for temporary workers in order to keep long-term relationships with their client manufacturers. More and more manufacturers seem to start choosing such agencies as their partners because the retention of temporary agency workers is becoming a bigger problem for them as they use more temporary agency workers as a regular workforce. The survey tells that providing the opportunity of promotion inside the temporary agency promotes a positive attitude of agency workers towards staying at their agency for a longer period. Since Japanese staffing agencies are heavily depending on a young workforce which is decreasing steadily due to the shrinking birth rate, it is vital for the growth of the temporary agencies whether they are able to provide such steady employment opportunities to temporary workers in order to be more attractive to the young workforce.

Government Capacity and Institutional Reform in China

Kjeld Erik BRÖDSGAARD

Copenhagen Business School

In the mid-1980s and most of the 1990s Chinese policy makers and scholars advocated 'small government'. China was burdened with a large state sector and heavy welfare payment from its SOEs and it was thought that a smaller government would stimulate economic and political reform. The slogan of "small government big society" entailed the twin goals of trimming government and enlarging the role of social organizations and other non-state organizations. However, in reality the focus was on downsizing and involved quantitative reductions of the size of the bureaucracy and government agencies regardless of qualitative improvements. In short institutional reform centered on reducing the scope of the state rather than improving institutional efficiency.

As China's economic reform has proceeded, with the government pushing for SOE reform including laying off workers (xiagang) and reducing social security benefits, central government revenues have been substantially reduced. Today the Chinese government is actually quite small by international standards in terms of government revenue and expenditure as well as in terms of employment.

The paper discusses these issues and poses the fundamental question of the future direction for further Chinese institutional reform. It is argued that to continue to go in the American direction by cutting down on bureaucracy and government agencies is dysfunctional to the overall goals of creating sustained development and a "harmonious society". Instead China would benefit from learning from the Nordic model with its focus on institutional efficiency and competitiveness, i.e. China's institutional reform process needs to be informed by qualitative rather than quantitative concerns. As China develops the government will have to spend more on education, health, social security and on creating the preconditions for sustainable development. Further reductions of the bureaucracy in terms of personnel and financial resources could seriously affect the regime's governing capacity.

Workforce Diversification in an Aging Society: The Case Study of the Steel and Auto-parts Industries in Japan from the Viewpoint of Skill Succession

Etsuko HAYASHI

Faculty of Business Administration, Kanagawa University

Japan now faces the most advanced and rapid case of an aging society among the industrial nations; a very serious national problem exacerbated by Japan's critically low birth rate. The human resource development (HRD) policy revision outlined below stems from the manufacturing industry's growing recognition of the tight labor market especially for young Japanese males, and is deeply concerned with ensuring the industry's survival in this anticipated fast aging society.

The industry is now in the process of evolving shop floor HRD strategies to overcome or bypass the young male labor shortage for the core workforce. These strategies feature implementing effective skill formation and its succession programs on a significant scale that will open its internal labor market to (1) aged workers as well as female workers, and (2) pre-retirement experienced senior workers as specific skill instructors to promising young trainees, to maintain international competitiveness in accordance with the industry's two basic skill types shown as follows. (1) "Horizontal multi-skilling": mainly characteristic of assembly workshops where skills should be acquired horizontally, while (2) "vertical multi-skilling": mainly needed for steel working and mechanical workshops, in which vertically sharpened specific skills are required.

The empirical study indicates that in the process of restructuring the manufacturing industry, the companies' HRD policies have changed to positively utilize aged workers in accordance with their skill characteristics. The tendency represented by these cases is beginning to prevail in the Japanese competitive manufacturing industry. In addition to the above-mentioned phenomena, there is a case of systematic training style in a competitive auto-parts company which adopts traditional yoseiko style, i.e. a systematic apprenticeship style in-house training school for junior-high school graduates. This case will be examined as an example of fostering vertically sharpened specific skills [(2)' vertical multi-skilling] of present time in this presentation.

Default Civil Society in Contemporary China

Sean GOLDEN |
Universitat Autònoma de Barcelona

Civil Society in China cannot yet play the same role it plays in Europe as part of the Public Sphere, but we can speak of a kind of "default" Civil Society in China, that would include those members of the intelligentsia who act as advisers to the government while working in academic circles, and thereby influence both short to mid-term policy decisions, as well as mid to long-term policy, or who act as opinion makers who can influence policy-makers, people like Hu Angang, Wang Shaoguang, Wang Hui, Cui Zhiyuan, Yu Keping, Wen Tielun, Zhang Longxi, Liu He or Dai Jinhua, among others. This has been a traditional role for the intelligentsia in China, but it has acquired new characteristics in the context of reform and opening up in the present globalisation. Various groups of these leading intellectuals configure epistemic communities that contribute to the construction of the cognitive patterns that define governance and its institutions in contemporary China.

Elections, Participation, and Social Stability in China's Urban Neighborhoods. Developing a Model of Authoritarian Communitarism?

Thomas HEBERER

Institute of East Asian Studies, University of Duisburg-Essen

This presentation is organized around the results of a research project on "Participation, elections and social stability in rural and urban areas in China". I shall focus on urban locations. Three surveys were conducted altogether (based on interviews of ordinary residents and local officials).

One intention of the project was to examine the political awareness of urban citizens and officials in terms of participation and elections. The pivotal question was how institutional change is reflected in the minds of the people concerned? Not only according to the political leadership but also to many Chinese social scientists, village and - more recently - urban elections are crucial for the political reform agenda and for a "socialism with Chinese characteristics". Are we right in the assumption that this "local democracy" prescribed from above will transcend the institutional restrictions set by the authorities? Will it dynamically reinforce tendencies of social pluralization which have evolved during the reform process?

The presentation discerns two major goals of urban neighborhood communities: to preserve social and political stability by (a) enhancing participation, and (b) by reinforcing social welfare and public security. Concurrently, further institutional change is taking place, as, for instance, neighborhood communities gradually create citizens and organize people to learn how to participate in social affairs. Thus, neighborhoods commence to function as strategic spaces of political engineering.

The Transformation of Employment Institutions in Japan: Changing Societal, Organizational, and Workplace Relations

Karen A. SHIRE

Institute of East Asian Studies, University of Duisburg-Essen / University of Bremen

In this talk I develop a concept of employment institutions in relation to societal, organizational and workplace dimensions of employment relations. By focussing on both explicit and implicit dimensions of employment contracts, as well as the ways in which contracts structure work biographies in time and space, I map out a perspective, which helps to conceptualize contemporary changes in Japanese employment relations. These changes are discussed in relation to regulatory changes, the changing division of labor and the effort bargain at work. From a sociological perspective, I argue that shift in state-employer-labor relations at the societal level and employer-employee relations at the organizational level are the basis for contemporary changes in labor regulations and organizational practices. The talk also aims to develop directions for subsequent research on Japanese employment relations to include (1) a broader set of shifts in social relations impacting on employment institutions, and (2) a focus on the generation of new sets of shared understandings between employers and employees about what constitutes a fair employment relation and the role of such shared understandings for social stability.